

Company registration number 13083766

Portfolio REIT Plc

Unaudited interim consolidated financial statements

For the six month period ended 31 March 2025

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DIRECTORS, ADVISORS AND OTHER INFORMATION

The Board of Directors

Stephen Vakil (Non-executive Chairman)
Timothy Downing (Non-executive Director)
Mark Beddy (Non-executive Director)

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STRATEGIC REPORT

The Directors of Portfolio REIT plc (“the Company” or “the Fund” and together with its subsidiaries “the Group”) are pleased to present the interim report for the six month period ended 31 March 2025.

On 18 June 2025, the Company changed its accounting reference date from 31 March to 30 September. Consequently, this report covers the activities of the Company for the period from 1 October 2024 to 31 March 2025. The Company's next annual report and accounts will be prepared for the 18 month period ending 30 September 2025 and will be required to be published on or before 31 March 2026.

Principal activity and investment policy

The Group's principal activity since inception has been to invest, through subsidiaries, in freehold and long leasehold interests in residential properties in and around UK cities and let such properties generally on an assured shorthold tenancy (“AST”) basis. While initial seed capital was successfully raised in 2021, it has not been possible since then to raise significant additional equity to provide sufficient scale to the fund and the trajectory of interest rates since 2022 has made raising debt finance more difficult and commercial terms have been less attractive.

On 12 May 2025, shareholders voted for and adopted a new divestment policy whereby the Company will pursue an orderly disposal of the Group's portfolio of investment properties in order to facilitate a return of capital to shareholders and dissolution of the Company.

The Company will not make any further property investments, but capital expenditure will be permitted where it is deemed necessary to protect or enhance assets' realisable value or in order to comply with statutory obligations.

Portfolio and operating review

During the 12 month period ended 31 March 2025, the Group's portfolio of properties (the “Portfolio”) remained stable with no acquisitions or disposals. At 31 March 2025, there were 18 properties (31 March 2024: 18) in the Portfolio.

While the Group's property portfolio has not attained the desired scale, ultimately resulting in the decision to recommend a managed realisation plan, the Board notes the positive performance of the Portfolio during this period, reinforcing the value of acquiring high-quality residential assets in strong growth markets.

At the period end, all properties in the portfolio were fully occupied, with a total annual rent of £411,000 (31 March 2024: £386,000) – an increase of approximately 2.0% and an average rent of £1,902 (31 March 2024: £1,787) per calendar month. The Fund currently has no voids.

Positive rental growth has been achieved over the last 12 months by 15 of the 18 properties in the Portfolio, with annual rental growth achieved on individual properties ranging between 1.4% and 7.4%.

As at 31 March 2025, the Portfolio was independently valued by Allsop LLP at £7,490,000, a slight increase of 1.3% from £7,395,000 at 31 March 2024. It has been valued in accordance with the definitions published by the Royal Institution of Chartered Surveyors' (“RICS”) Valuation – Professional Standards, July 2020, Global and UK Editions (commonly known as the “Red Book”).

The valuation of the REIT's property assets is primarily based on sales comparables and vacant possession sale value. In the absence of an appropriate comparable, the evidence for a change in the valuation of properties may be limited and may lag the reported movements in the wider property market.

The value of the Portfolio at 31 March 2025 was 8.61% (31 March 2024: 7.23%) above the original acquisition cost.

Financial Review

Statement of Comprehensive Income

Financial performance of the Company for the six month period ended 31 March 2025 compared to the corresponding six month period ended 31 March 2024.

Rental income for the six month period ended 31 March 2025 was £206,000 (2024: £202,000) – an increase of 2.0%.

The loss for the six month period to 31 March 2025 was £3,000 (2024: £234,000). The reduction in the loss compared to the comparable period in 2024 was primarily due to reduced administrative expenses of £187,000, (2024: £384,000) and the positive movement in property valuation of £50,000 (2024: no change), offset by reduced finance income of £37,000 (2024: £57,000).

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STRATEGIC REPORT - continued

If the movement in property values is excluded the loss for the six month period was £53,000 (2024: £234,000).

The loss for the six month period resulted in a small loss per share of 0.04p (31 March 2024: 2.96p) based on the weighted average number of 7,973,378 (2024: 7,905,544) shares in issue for the period.

The EPRA loss per share which adjusts for the movement in investment property valuation was therefore 0.66p for the six month period ended 31 March 2025 (31 March 2024: 2.96p).

Financial performance of the Company for the 12 month period ended 31 March 2025 compared to the corresponding 12 month period ended 31 March 2024.

Rental income for the 12 month period ended 31 March 2025 was £411,000 (2024: £386,000) – an increase of 6.5%, reflecting positive rent reviews and limited void periods between tenancies while the gross rental yield on cost for the 12 month period was 5.96% which remains above our targeted KPI of 5%.

The loss for the 12 month period to 31 March 2025 was £102,000 (2024: £479,000). The reduction in the loss compared to the comparable period in 2024 was primarily due to reduced administrative expenses of £460,000, (2024: £629,000) and the positive movement in property valuation of £95,000 (2024: negative movement of £60,000).

If the movement in property values is excluded the loss for the 12 month period was £197,000 (2024: £419,000).

The loss for the 12 month period resulted in a loss per share of 1.28p (31 March 2024: 6.06p) based on the weighted average number of 7,957,987 (2024: 7,907,289) shares in issue for the period

The EPRA loss per share was 2.48p for the 12 months ended 31 March 2025 (2024: 5.30p).

Statement of Financial Position

Investment properties include completed assets at fair value. The independent valuation of the Group's investment properties as at 31 March 2025 was £7,490,000 (30 September 2024: £7,440,000, 31 March 2024: £7,395,000).

There has been no change to the Group's debt facilities during the 12 month period. As at 31 March 2025 and 31 March 2024, the Group had two secured loan facilities from Secure Trust Bank of £3,357,000 in aggregate with a blended interest rate of 2.85% which is fixed until maturity. Both the facilities have been fully drawn and are secured over the Group's investment properties. The loans are interest only and have an initial term of five years, repayable on 26 October 2026 and 7 March 2027. Proceeds from future sales of properties will be used to initially repay the Group's debt facilities.

As at 31 March 2025, the LTV (Loan to Value) for the properties financed with Secure Trust Bank was 44.1% (31 March 2024: 45.4%) and the interest cover ratio (ICR) for the six month period ended 31 March 2025 was 4.3 times (31 March 2024: 4.2 times). The loan covenants are 55% LTV and 2.5 times ICR, representing a significant margin of headroom within each level of covenant. The loan covenants are assessed and submitted to Secure Trust Bank on a quarterly basis.

The EPRA adjusted NAV, on which the share price is based, was 83.0p per share (30 September 2024: 84.0p, 31 March 2024: 86.0p per share), a decrease of 1.0p in the six month period and 3.0p in the 12 month period.

The Directors considered EPRA NRV to be the most relevant NAV measure for the Group for the period from inception to 31 March 2025. This allows adjustments to net asset value to exclude assets and liabilities that are not part of normal operations.

Under EPRA rules, £437,000 (31 March 2024: £430,000) has been added back to the NRV through the real estate transfer tax adjustment.

Following the approval of the managed realisation plan in May 2025, the Directors will adopt EPRA NDV as the NAV measure reported with effect from the quarter ending 30 June 2025.

Statement of Cash Flows

The net cash inflow for the six month period ended 31 March 2025 was £194,000. During the six month period, the Company paid dividends of £72,000.

The net cash inflow for the 12 month period ended 31 March 2025 was £123,000. During the 12 month period, the Company paid dividends of £144,000.

Cash balances at 31 March 2025 were £2,200,000 (30 September 2024: £2,006,000, 31 March 2024: £2,077,000).

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STRATEGIC REPORT - continued

Dividends

The Company's dividend programme commenced in September 2022. In accordance with the REIT rules, at least 90 per cent of the Fund's annual net property income must be distributed to shareholders.

During the 12 month period ended 31 March 2025, the Board declared and paid four interim dividends which were all paid as Property Income Distributions.

On 28 May 2025, the Board declared an interim dividend of 0.44957p per share which was paid on 28 May 2025, again as a Property Income Distribution.

The aggregate dividend paid per share in the 12 month period ended 31 March 2025 was 1.5p, which represents an annualised dividend yield calculated versus closing EPRA NAV per share of 1.8%.

The Company expects that further dividends will be paid each quarter.

Outlook

The Directors are pleased with the year on year increase in rental growth and that the portfolio has appreciated in value during the 12 month period ended 31 March 2025. The cost reduction programme undertaken last year has also led to a material reduction in the losses being generated by the Group.

The REIT has continued to be insulated from prevailing interest rates due to our fixed rate debt facilities and the Group's portfolio which is fully occupied continues to deliver a strong rental yield.

Strategy update

On 12 May 2025, shareholders voted to approve the Board's recommendation to implement a managed realisation strategy for the Company. This decision reflects the Board's assessment that a controlled and orderly sale of the REIT's property portfolio is the optimal route to deliver value to shareholders, in light of prevailing market conditions and the limited opportunities for sustainable long-term growth under the existing strategy.

As a result, the Company will no longer operate as a going concern focused on income-generating property investment. Instead, the priority over the forthcoming months will be to execute an orderly disposal of all real estate assets in a manner that seeks to maximise net realisable value while managing risk and costs effectively. The timing and sequencing of disposals will be carefully managed to mitigate market volatility and preserve value, taking into account tenant interests, lease maturities, and local market dynamics.

Proceeds from asset sales, net of associated costs and liabilities, will be applied first to repay all borrowings and associated costs, with the balance remaining returned to shareholders as soon as practicable thereafter. The Board remains committed to ensuring transparency, operational discipline, and value preservation throughout the realisation process. During this transitional phase, the Company will continue to maintain appropriate governance, financial controls, and stakeholder communication.

Given the nature of the managed wind-down, the Company does not anticipate making any new property acquisitions or entering into long-term financial commitments. The strategic focus is now exclusively on delivering the managed realisation plan efficiently and responsibly, with the ultimate aim of winding up the Company once all assets have been sold and net proceeds distributed.

We appreciate the support of all our shareholders.

Stephen Vakil

Chairman

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 31 March 2025

		Six month period ended 31 March 2025 (Unaudited) £'000	Six month Period ended 31 March 2024 (Unaudited) £'000	12 month period ended 31 March 2025 (Unaudited) £'000	12 month Period ended 31 March 2024 (Audited) £'000
	Note				
Income					
Gross rental income		206	202	411	386
Property operating expenses		(46)	(52)	(97)	(103)
Net rental income		160	150	314	283
Operating expenses					
General and administrative expenses		(187)	(384)	(460)	(629)
Establishment and listing costs		-	-	-	(2)
Total operating expenses		(187)	(384)	(460)	(631)
Net operating loss before fair value changes		(27)	(234)	(146)	(348)
Changes in fair value of investment properties	5	50	-	95	(60)
Net operating profit/(loss) after fair value changes		23	(234)	(51)	(408)
Finance income		37	57	76	57
Finance costs		(63)	(57)	(127)	(128)
Operating loss before taxation		(3)	(234)	(102)	(479)
Taxation		-	-	-	-
Loss for the period attributable to owners		(3)	(234)	(102)	(479)
Total comprehensive loss for the period attributable to the owners		(3)	(234)	(102)	(479)
Loss per share – basic and diluted (pence)	11	(0.04)	(2.96)	(1.28)	(6.06)

All amounts included in the Consolidated Statement of Comprehensive Income relate to discontinuing operations, see Note 14 for further details.

The notes on pages 11 to 19 form part of these consolidated interim financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2025

		As at 31 March 2025 (Unaudited) £'000	As at 30 September 2024 (Unaudited) £'000	As at 31 March 2024 (Audited) £'000
Non-current assets				
Investment properties	5	7,490	7,440	7,395
Total non-current assets		<u>7,490</u>	<u>7,440</u>	<u>7,395</u>
Current assets				
Trade and other receivables		122	385	469
Cash and cash equivalents		2,200	2,006	2,077
Total current assets		<u>2,322</u>	<u>2,391</u>	<u>2,546</u>
Total assets		<u>9,812</u>	<u>9,831</u>	<u>9,941</u>
Non-current liabilities				
Bank borrowings		(3,303)	(3,287)	(3,271)
Total non-current liabilities		<u>(3,303)</u>	<u>(3,287)</u>	<u>(3,271)</u>
Current liabilities				
Trade and other payables		(310)	(295)	(289)
Total current liabilities		<u>(310)</u>	<u>(295)</u>	<u>(289)</u>
Total liabilities		<u>(3,613)</u>	<u>(3,582)</u>	<u>(3,560)</u>
Net assets		<u>6,199</u>	<u>6,249</u>	<u>6,381</u>
Equity				
Share capital	6	91	91	91
Share premium	7	2,678	2,678	2,678
Capital reduction reserve	9	6,032	6,104	6,176
Warrant reserve	10	53	53	53
Treasury shares	8	(1,072)	(1,097)	(1,136)
Profit and loss account		(1,583)	(1,580)	(1,481)
Total equity		<u>6,199</u>	<u>6,249</u>	<u>6,381</u>
IFRS NAV per share (pence per share)	12	77.6p	78.5p	80.6p
EPRA NAV per share (pence per share)	12	83.0p	84.0p	86.0p

The Consolidated Interim Financial Statements were approved by the Board of Directors and authorised on their behalf by:

Stephen Vakil
Chairman

18 July 2025

Company registration number 13083766

The notes on pages 11 to 19 form part of these consolidated interim financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 12 month period ended 31 March 2025

Audited		Share capital	Share premium	Capital reduction reserve	Warrant revaluation reserve	Treasury shares	Profit and loss account	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023		91	2,678	6,320	53	(1,061)	(1,002)	7,079
Loss for the year		-	-	-	-	-	(479)	(479)
Transactions with owners:								
Treasury shares sold	8	-	-	-	-	365	-	365
Shares repurchased	8	-	-	-	-	(440)	-	(440)
Dividends paid	4	-	-	(144)	-	-	-	(144)
Balance at 31 March 2024		91	2,678	6,176	53	(1,136)	(1,481)	6,381
Unaudited		Share capital	Share premium	Capital reduction reserve	Warrant revaluation reserve	Treasury shares	Profit and loss account	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024		91	2,678	6,176	53	(1,136)	(1,481)	6,381
Loss for the year							(102)	(102)
Transactions with owners:								
Treasury shares sold	8					64		64
Dividends paid	4			(144)				(144)
Balance at 31 March 2025		91	2,678	6,032	53	(1,072)	(1,583)	6,199

The notes on pages 11 to 19 form part of these consolidated interim financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the six month period ended 31 March 2025

		Six month period ended 31 March 2025 (Unaudited) £'000	Six month period ended 31 March 2024 (Unaudited) £'000	12 month period ended 31 March 2025 (Unaudited) £'000	12 month period ended 31 March 2024 (Audited) £'000
	Note				
Cash flows from operating activities					
Loss before taxation		(3)	(234)	(102)	(479)
Adjustments for:					
Changes in fair value of investment properties	5	(50)	-	(95)	60
Amortisation of loan arrangement fees		16	17	32	32
Interest expense		48	48	96	96
Interest income		(37)	(57)	(76)	(57)
Decrease in trade and other receivables		50	61	28	77
Increase in trade and other payables		15	66	21	7
Net cash generated by/(used in) operating activities		39	(99)	(96)	(264)
Cash flows from investing activities					
Refund of deposits for investment properties		-	1,618	-	1,575
Interest received from investments		-	43	-	43
Refund of aborted acquisition costs		213	-	320	-
Net cash generated by investing activities		213	1,661	320	1,618
Cash flows from financing activities					
Proceeds from treasury shares sold	8	25	348	64	365
Purchase of shares from investors	8	-	(314)	-	(440)
Dividends paid	4	(72)	(72)	(144)	(144)
Interest income received		37	7	76	7
Interest paid		(48)	(25)	(97)	(96)
Net cash used in financing activities		(58)	(56)	(101)	(308)
Net increase in cash and cash equivalents		194	1,506	123	1,046
Cash and cash equivalents at the beginning of the period		2,006	571	2,077	1,031
Cash and cash equivalents at the end of the period		2,200	2,077	2,200	2,077

The notes on pages 11 to 19 form part of these consolidated interim financial statements.

Portfolio REIT Plc

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Portfolio REIT Plc was incorporated as The Property Hub REIT plc in England and Wales under the Companies Act 2006 on 15 December 2020 and is now a public Company limited by shares with Company number 13083766. These unaudited consolidated interim financial statements include the financial statements of the Parent Company together with its subsidiaries Property Hub No.1 LP, Portfolio REIT Holdings Ltd, Portfolio REIT SPV 1 Ltd and Portfolio REIT SPV 2 Ltd, together known as the "Group".

The Company is registered as an investment company under section 833 (1) of the Companies Act 2006. The Company's registered office is 1st Floor B, 117-119 Portland Street, Manchester, M1 6ED. The Company's registered office changed from Suite 101 Bloc 17 Marble Street, Manchester, M2 3AW on 6 May 2025. The Group's principal activities are set out in the Strategic report.

2 Significant accounting policies

Reporting period

The Company's financial year end was changed from 31 March 2025 to 30 September 2025. Accordingly, the interim financial statements have been prepared for the six months ended 31 March 2025.

Basis of preparation other than going concern

At a General Meeting of the Company on 12 May 2025, the Directors proposed an orderly wind-down of the Company and shareholders voted in favour of this proposal. As such the Directors do not consider it is appropriate to adopt the going concern basis of accounting. Accordingly, the financial statements have been prepared on a basis other than going concern. No adjustments are required to the financial statements as a result of them being prepared on a basis other than going concern, all activities included in the financial statements are treated as discontinuing for all periods and no assets have been treated as held for sale.

The Directors are satisfied that the Group and the Company have sufficient resources to meet all their financial and operating obligations for the foreseeable future, and they are also able to meet their liabilities as they fall due as the Group enters into a managed wind-down process.

Basis of preparation

The condensed consolidated interim financial report for the six month reporting period ended 31 March 2025 has been prepared in accordance with IAS 34 Interim Financial Reporting. The financial information is unaudited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial performance and position of the Group. The interim report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and accordingly should be read in conjunction with the annual report for the year ended 31 March 2024 which has been prepared in accordance with both International Financial Reporting Standards ("IFRS") and in conformity with the requirements of the Companies Act 2006.

The consolidated interim financial statements have been prepared on a basis other than going concern with assets and liabilities measured at net realisable value, except for investment properties which are stated at fair value and warrants that are initially recognised at fair value.

The consolidated interim financial statements are presented in sterling, the functional currency of the Parent Company.

The preparation of consolidated interim financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on the Directors' best knowledge of the events and amounts involved, actual results may differ from those estimates.

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)**

2 Significant accounting policies (continued)

Basis of consolidation

The Group's consolidated financial statements consolidate those of the parent Company and all of its subsidiaries as of 31 March 2025.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the 12 month period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the investors of the parent based on their respective ownership interests.

Investment properties

Investment properties comprise residential properties which are measured initially at cost, including related transaction costs. These are held as investments to earn rental income and for capital appreciation and are stated at fair value at the Consolidated Statement of Financial Position date.

After initial recognition investment properties are carried at fair value as determined by independent external valuers who hold recognised professional qualifications and have experience in the location and category of the investment property being valued. The fair value of the investment property reflects, among other things, the valuation of the individual dwellings if sold as a single asset in the light of current market conditions.

Subsequent expenditure is added to an asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other property-related costs are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

Any movement in the fair value of the properties is reflected within the Consolidated Statement of Comprehensive Income for the period.

The gain or loss arising on the disposal of investment properties is determined as the difference between the net sales proceeds and the carrying value of the asset at the beginning of the period and is recognised in the Consolidated Statement of Comprehensive Income.

Fair value hierarchy

In accordance with IFRS 13, the Group recognises investment properties at fair value at each balance sheet date which recognises a variety of fair value inputs depending upon the nature of the investment. Highest priority is given to Level 1, lowest priority is given to Level 3:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)**

2 Significant accounting policies (continued)

Warrants

The initial recognition of the warrants will be based on the fair value report provided by an external valuer as at the date at which the warrants were issued. As the warrants are classified as an equity instrument under IFRS it is not required for them to be subsequently re-valued after the initial recognition. When the warrants are exercised the resultant shares issued will be valued at the warrant exercise price which was specified when the warrants were initially issued.

Capital and reserves

The capital reduction reserve is a distributable reserve to which the value of share premium, as a result of share issuance, has been transferred. Dividends can be paid from this reserve.

The warrant revaluation reserve reflects the fair value of warrants at the date of issue, as explained above.

The profit and loss account reflects accumulated comprehensive income as at the reporting date.

Dividend distributions

Dividend distributions are recognised when paid to the investors or, if earlier, when shareholder approval is received. These amounts are recognised as a reduction in equity in the consolidated financial statements, detailed in the Consolidated Statement of Changes in Equity.

Alternative performance measures

The Group uses alternative performance measures to present certain aspects of its performance. These are explained and, where appropriate, reconciled to equivalent IFRS measures. The main alternative performance measures used are those issued by the European Public Real Estate Association ("EPRA"), which is the representative body of the listed European real estate industry.

EPRA issues guidelines and benchmarks for reporting both financial and sustainability measures. These are important in assisting investors in comparing and measuring the performance of real estate companies across Europe on a consistent basis as well as being key performance indicators for the Group.

EPRA NAV measures

EPRA has defined three measures in the 2019 Guidelines as below:

- EPRA Net Reinstatement Value ("NRV") highlights the value of net assets on a long-term basis. This assumes that entities never sell assets and aims to represent the value required to rebuild the entity.
- EPRA Net Tangible Assets ("NTA") assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
- EPRA Net Disposal Value ("NDV") represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax

For the EPRA adjustments to arrive at the EPRA NAV (for all three methods), the Group used the starting point from IFRS and followed the EPRA guidelines, subsequently determining the following adjustments to be non-applicable to the Group:

a) Revaluation of Investment Property (if IAS 40 cost option is used)

Since under IAS 40 the Group will be using the valuation option rather than cost option, this adjustment will not be applicable.

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NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

2 Significant accounting policies (continued)

EPRA NAV measures (continued)

b) Real estate transfer tax ("RETT")

According to the EPRA guidelines, this adjustment only affects the NRV and the adjustment has no impact on NTA or NDV. The Group considered in this case, stamp duty to be the RETT – Real Estate Transfer Tax. The guidance indicates that companies should use the gross value as provided in the valuation report. Under this adjustment, the Group will be adding back the stamp duty which was written off through the revaluation of the investment properties.

Treasury Shares

Treasury stock is a contra equity account recorded in the shareholders' equity section of the balance sheet. A contra equity account is a stockholders' equity account with a negative balance. When treasury shares are purchased by the Group, a contra-equity account (treasury shares) is set up and recorded in the equity section.

When treasury shares are sold by the Group, the sales proceeds offset against the treasury shares in the equity section, and any sales exceeding the purchase costs are credited to the share premium. If the sales proceeds are less than the purchase costs, the deficits are debited to the share premium remaining from prior treasury transactions, and any residual amount to retained earnings if there is no remaining balance in the additional share premium account.

3 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, the Directors have made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

REIT status

The Company will at all times conduct its affairs to enable it to remain qualified as a REIT for the purposes of Part 12 of the Corporation Tax Act 2010 (and the regulations made thereunder). The Company reviews this qualification on a regular basis with its tax advisors and has not identified any risk of non-compliance to date.

Valuation of properties

The Group adopts the valuation carried out by its independent external valuers as the fair value of its property portfolio. Information on the basis of valuation is provided in note 5.

The Group's properties have been independently valued by Allsop LLP ("Allsop" or the "Valuer") in accordance with the definitions published by the Royal Institute of Chartered Surveyors' ("RICS") Valuation – Professional Standards, July 2020, Global and UK Editions (commonly known as the "Red Book"). Allsop is a recognised professional firm and has sufficient knowledge, skills and understanding to undertake the valuations competently.

With respect to the Group's financial statements, investment properties are valued at their fair value at each Statement of Financial Position date in accordance with IFRS 13 which recognises a variety of fair value inputs depending upon the nature of the investment.

Given the nature of each of the Group's investments, all of the Group's investment properties are included in Level 3.

Classification of investment properties

Investment properties have not been classified as assets held for sale. The condition for being an asset held for sale is met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. At 31 March 2025 the process for the sale of the properties had not commenced and therefore the properties do not qualify as being immediately available for sale. As such the assets have been classified as investment properties.

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4 Dividends

	Six month period ended 31 March 2025 (Unaudited) £'000	Six month period ended 31 March 2024 (Unaudited) £'000	12 month period ended 31 March 2025 (Unaudited) £'000	12 month period ended 31 March 2024 (Audited) £'000
Dividends paid during the period				
Represents two interim dividends for the six month period and 4 interim dividends for the 12 month period.	72	72	144	144
	<u>72</u>	<u>72</u>	<u>144</u>	<u>144</u>
Total dividend paid	<u>72</u>	<u>72</u>	<u>144</u>	<u>144</u>

On 24 May 2024, the Company announced a first quarterly dividend of 0.45305p per share which was paid on 28 May 2024 to shareholders on the register on 22 May 2024.

On 30 August 2024, the Company announced a second quarterly dividend of 0.45216p per share which was paid on 30 August 2024 to shareholders on the register on 29 August 2024.

On 29 November 2024, the Company announced a third quarterly dividend of 0.45129 per share which was paid on 29 November 2024 to shareholders on the register on 28 November 2024.

On 28 February 2025, the Company announced a fourth quarterly dividend of 0.45041 per share which was paid on 28 February 2025 to shareholders on the register on 28 February 2025.

5 Investment properties

	As at 31 March 2025 (Unaudited) £'000	As at 30 September 2024 (Unaudited) £'000	As at 31 March 2024 (Audited) £'000
Opening balance	7,395	7,395	7,455
Change in fair value of investment properties	95	45	(60)
	<u>7,490</u>	<u>7,440</u>	<u>7,395</u>
Ending balance	<u>7,490</u>	<u>7,440</u>	<u>7,395</u>

In accordance with International Accounting Standard, IAS 40 Investment Property, investment properties have been independently valued at fair value by Allsop LLP, an accredited external valuer with a recognised relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuation basis conforms to the RICS Valuation Professional Standards (the "Red Book").

The valuation is prepared using the comparable approach, and where properties are subject to tenancies the valuations do not reflect this. The valuations are of the individual dwellings if sold as a single asset and not as a part of a portfolio. Where there are multiple dwellings held in the same building or developments, it is assumed that the properties would be sold in an orderly fashion so as not to flood the market with similar dwellings.

Portfolio REIT Plc
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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6 Share capital

	As at 31 March 2025 (Unaudited) £'000	As at 30 September 2024 (Unaudited) £'000	As at 31 March 2024 (Audited) £'000
Ordinary shares of £0.01 each (allotted and fully paid)	<u>91</u>	<u>91</u>	<u>91</u>

The Group was incorporated on 15 December 2020 with an initial issue of 100 ordinary shares of £0.01 each.

As at 31 March 2025, the Group has issued 9,106,091 ordinary shares (2024: 9,106,091 ordinary shares) of £0.01 nominal value (31 March 2024: £0.01).

7 Share premium

	As at 31 March 2025 (Unaudited) £'000	As at 30 September 2024 (Unaudited) £'000	As at 31 March 2024 (Audited) £'000
Balance at beginning of period	<u>2,678</u>	<u>2,678</u>	<u>2,678</u>
Balance at end of period	<u>2,678</u>	<u>2,678</u>	<u>2,678</u>

8 Treasury shares

	As at 31 March 2025 (Unaudited) £'000	As at 30 September 2024 (Unaudited) £'000	As at 31 March 2024 (Audited) £'000
At beginning of period	1,136	1,136	1,061
Treasury shares sold	(64)	(39)	(365)
Treasury shares repurchased	<u>-</u>	<u>-</u>	<u>440</u>
Balance at end of period	<u>1,072</u>	<u>1,097</u>	<u>1,136</u>

9 Capital reduction reserve

	As at 31 March 2025 (Unaudited) £'000	As at 30 September 2024 (Unaudited) £'000	As at 31 March 2024 (Audited) £'000
At beginning of period	6,176	6,176	6,320
Dividends	<u>(144)</u>	<u>(72)</u>	<u>(144)</u>
Balance at end of period	<u>6,032</u>	<u>6,104</u>	<u>6,176</u>

The capital reduction reserve is a distributable reserve established on cancellation of the share premium reserve.

Portfolio REIT Plc
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

10 Warrant revaluation reserve

Under the Group's Offer for Subscription, the Group has issued ordinary shares with embedded warrants entitling the holder of each warrant to subscribe for shares in the Group, in the ratio of one warrant to every five shares subscribed at a price of £1.10 (the "Warrants"). The Warrants can be exercised until 2028 (inclusive), in June and December of each year.

The warrant revaluation reserve is based on a valuation provided by Interpath Advisory Limited an Independent external independent valuer as at 30 September 2022.

Valuation Approach

Based on the terms of the Warrants, the valuer has utilised the Black-Scholes Option Pricing Model to determine the fair value of the Warrants at 30 September 2022, which is as follows:

Period Issued	Warrants Issued	Value per Warrant (£)	Total Value of Warrants (£'000)
March 2021	1,134,900	0.0293	33
April to July 2021	194,351	0.0218	4
August 2021 to March 2022	85,838	0.0215	2
July 2022	(111,111)	0.0218	(2)
September 2022	131,137	0.1207	16
	1,435,115		53

The fair value of the Warrants has been primarily derived using analysis of recent market transactions, supported by market knowledge derived from Interpath agency experience. A table showing the yields and assumptions applied for the portfolio is included below:

	As at 30 September 2022
Volatility	4.50%
Risk-free rate	4.26%
Dividend yield	0.00%

11 Loss per share

Loss per share ("LPS") is calculated by dividing loss for the period attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the period. Amounts shown below are both basic and diluted measures as the dilutive instruments are anti-dilutive.

	Six month period ended 31 March 2025 (Unaudited) £'000	Six month period ended 31 March 2024 (Unaudited) £'000	12 month period ended 31 March 2025 (Unaudited) £'000	12 month period ended 31 March 2024 (Audited) £'000
IFRS loss	(3)	(234)	(102)	(479)
Adjustments to calculate EPRA loss:				
Changes in value of investment properties	(50)	-	(95)	60
EPRA loss	(53)	(234)	(197)	(419)
Company specific adjustments:				
Establishment and listing costs incurred	-	-	-	2
Group loss*	(53)	(234)	(197)	(417)

Portfolio REIT Plc
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

11 Loss per share (continued)

* The Group adjusted loss excludes one off costs related to the listing and establishment of the Group to provide a fair review of the performance. This has been done to contribute to the transparency and useful information to the market to allow comparability.

	Six month period ended 31 March 2025 (Unaudited)	Six month period ended 31 March 2024 (Unaudited)	12 month period ended 31 March 2025 (Unaudited)	12 month period ended 31 March 2024 (Audited)
Weighted average number of shares used in basic LPS and diluted LPS	7,973,378	7,905,544	7,957,987	7,907,289
IFRS LPS (pence)	0.04	2.96	1.28	6.06
EPRA and Group LPS (pence)	<u>0.66</u>	<u>2.96</u>	<u>2.48</u>	<u>5.30</u>

12 Net asset value per share

Net asset value ("NAV") per share is calculated by dividing the consolidated net assets attributable to ordinary equity holders of the Group by the number of outstanding ordinary shares at the period end. Amounts shown below are both basic and diluted measures as the dilutive instruments are anti-dilutive.

Basic and diluted NAV per share are quoted below:

	As at 31 March 2025 (Unaudited)	As at 30 September 2024 (Unaudited)	As at 31 March 2024 (Audited)
IFRS NAV (£'000)	6,199	6,249	6,381
Number of outstanding ordinary shares	7,990,970	7,960,605	7,914,743
IFRS NAV per share – basic and diluted (pence)	<u>77.6</u>	<u>78.5</u>	<u>80.6</u>

EPRA NRV

The Directors consider EPRA NRV to be the most relevant NAV measure for the Group for the period to 31 March 2025. Reconciliations between EPRA NRV and the IFRS financial statements are below:

	As at 31 March 2025 (Unaudited)	As at 30 September 2024 (Unaudited)	As at 31 March 2024 (Audited)
IFRS NAV (£'000)	6,199	6,249	6,381
Real estate transfer tax adjustment (£'000)	<u>437</u>	<u>436</u>	<u>429</u>
EPRA NAV (£'000)	6,636	6,684	6,810
Number of outstanding ordinary shares*	7,990,970	7,960,605	7,914,743
EPRA NAV per share (pence)	<u>83.0</u>	<u>84.0</u>	<u>86.0</u>

* Treasury shares are not included in this figure.

Portfolio REIT Plc
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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13 Related parties

Controlling Party

There is no ultimate controlling party of the Group.

Investment Advisor

Under the terms of the Investment Advisory Agreement dated 4 March 2021, Property Hub Advisors Limited was appointed as the Investment Advisor to the Group giving it significant influence over the decisions of the Group. Under this agreement, the Investment Advisor will advise the Group in relation to the management, investment and reinvestment of the assets of the Group.

During the 12 month period ended 31 March 2025, no advisory fees were charged (2024: £18,000 were charged) in the Consolidated Statement of Comprehensive Income, and £Nil (2024: £Nil) was payable at the period end.

Lettings Manager

Under the terms of the Deed of Novation of Contract dated 12 July 2022, Property Hub Lets Limited ('PHLL') entered into a Lettings Management Agreement with Portfolio Management and Lettings Limited ('PMLL'). Under this agreement, PHLL transferred the property management services that were agreed in the contract dated 4 March 2021 to PMLL. During the 12 month period ended 31 March 2025, lettings management fees amounting to £2,000 (2024: £2,000) were recognised in the Consolidated Statement of Comprehensive Income in relation to services provided by PHLL, of which £2,000 (2024: £5,000) was payable at the period end.

Directors

With effect from 1 January 2024, each of the Directors is entitled to receive a reduced fee of £14,500 per annum from the Company. In addition, the chair of the audit committee and the Chairman each receive an additional fee of £3,000 per annum.

Other Related Party Transactions

As part of the restructuring of the Nightingale Quarter, Derby transaction, it was agreed that the Company would be reimbursed in full by Property Hub Invest Ltd ('PHI'), for transaction costs incurred by the Company in relation to the original forward purchase agreement. The current outstanding balance owed as of 31 March 2025 is £Nil (2024: £365,078).

13 Post balance sheet events

Managed Realisation Plan

On 12 May 2025, shareholders voted for and adopted a new divestment policy whereby the Company will pursue an orderly disposal of the portfolio of investment properties held by the Group and then seek to return capital to shareholders.

The Company will not make any further property investments, but capital expenditure will be permitted where it is deemed necessary to protect or enhance assets' realisable value or in order to comply with statutory obligations.

Dividends

On 28 May 2025, the Board declared an interim dividend of 0.44957p per share which was paid on 28 May 2025, as a Property Income Distribution.