ADDRESS	TENANT
OTHER – CARAVAN PARK & LIBRARY	
Dover – St Margaret's Holiday Park, Reach Road	Park Resorts*
Risca – 77 Tredegar Street	Caerphilly Borough Council **** & Tesco*
LEISURE – HOTELS	
Alnwick – Willowburn Trading Estate (Development due to be completed June 2022)	Premier Inn **
Catterick – Princes Gate Shopping Park	Premier Inn **
LEISURE – BOWLING & BINGO	
Bradford – Tong Street	Buzz Group*
Doncaster – The Leisure Park, Bawtry Road	Ten Entertainment Group*
Stafford – Tenpin, Greyfriars Place	Ten Entertainment Group*
ROADSIDE	
Bebington – 152 Kings Road	Sainsbury's Supermarkets*
Louth – Spar Fairfields Services, Bolingbroke Road	A.F. Blakemore & Sons *
Southampton – Applegreen, Swaythling Road	Co-operative Group Food****

* RPI-linked rent reviews
** CPI-linked rent reviews
*** CPIH-linked rent reviews
**** Fixed rent reviews

The running yield on valuation was 5.8% at the end of September (MSCI: 4.4%) against 6.4% at the end of March. There were no empty properties, against an MSCI void rate of 9.7%. All 39 properties and 40 tenancies are let on full repairing and insuring leases with upwards only rent reviews and a weighted average unexpired lease length of 13.8 years (if the tenants' break options are exercised), with 65% of the income having leases with over 10 years to expiry (33 out of 40 tenancies).

The Market

A Polarised Recovery Post Pandemic

UK commercial property capital values have, on average, recovered their pandemic losses, and are now pushing ahead as the economy rebounds from the crisis. Underlying rental growth has also turned positive after falling for over a year. Capital values, as measured by the MSCI Quarterly Index rose by 5.3% over the six months to end September, to give a total return of 7.6%. Industrial/warehouse property accounts for most of this gain with alternative investments also improving, retail patchy and office values still flat.

These averages mask highly divergent trends across different property sub-sectors, reflecting fundamental structural changes in work and spending patterns across the UK, which COVID has highlighted and speeded up. As the following table of capital value changes in the MSCI Quarterly Index from the beginning of the pandemic at end March 2020 to the latest figures for end September 2021 shows, the pattern of winners and losers is stark:

Capital Value Changes % March 2020 To September 2021

	%
Industrial/Warehouse	+ 23.8
Supermarkets	+ 8.7
ALL PROPERTY	+ 1.6
Retail Warehouses	- 3.3
Offices	- 4.4
Leisure	- 7.6
Shops	- 17.9
Shopping Centres	- 30.8

Source: MSCI Quarterly Index

UK COMMERCIAL PROPERTY – AVERAGE ANNUAL % GROWTH RATES TO SEPTEMBER 2021

	6 Months	1 Year	3 Years	5 Years	10 Years
Capital Values	+ 10.7	+ 5.7	- 1.5	+ 0.6	+ 2.1
Rental Values	+ 1.5	- 0.1	- 1.1	+ 0.0	+ 1.0
Total Returns	+ 15.3	+ 10.6	+ 3.0	+ 5.3	+ 7.3

Source: MSCI Quarterly Index – Annualised

Comparative Investment Yields – End December (Except 2021)

		2021 Sept	2020	2019	2017	2011	2008	2006
Property (Equivalent Yield)		5.5	5.7	5.6	5.5	6.8	8.1	5.4
Long Gilts:	Conventional	1.0	0.2	1.0	1.4	2.5	3.7	4.6
	Index Linked	-2.5	-2.6	-2.0	-1.8	-0.2	0.8	1.1
UK Equities		3.1	3.4	4.1	3.6	3.5	4.5	2.9
R.P.I. (Annual Rate)*		4.9	0.9	2.2	4.1	4.8	0.9	4.4
Yield Gaps:	Property less Conventional Gilts	4.5	5.5	4.6	4.1	4.3	4.4	0.8
	less Index Linked Gilts	8.0	8.3	7.6	7.3	7.0	7.3	4.4
	less Equities	2.4	2.3	1.5	1.9	3.3	3.6	2.5

Source: MSCI and ONS (*to December except September 2021)

Total commercial property transaction volumes halved from normal levels in the first six months of the pandemic, with Central London office sales and lettings both near their nadir in 2009, along with shopping centres and high street retail. But the strongest sectors, industrials and supermarkets, were hardly affected and are now running well above pre-pandemic averages. Turnover and valuations are now rising rapidly in retail warehousing, alternatives, hotels and leisure. Offices present a very mixed picture, with long-let and super prime stock hot and much older secondary stock virtually unsaleable. Meanwhile, property void rates have risen from 8.2% to 9.6% (and 13.1% to 17.8% on offices) since March 2020.

Rental income was under pressure during the pandemic, from a combination of tenants unable or unwilling to pay, defaults and insolvencies, and rising void levels as tenants exercise break clauses or vacate at lease expiry, or sign new leases at lower rents in weaker sectors.

As a result, rents actually received on the properties comprising the MSCI Quarterly Index have fallen by over 9% since the start of the pandemic in March 2020, as this table shows:

Rental Income Changes % March 2020 To September 2021

	%
Industrial/Warehouse	+ 6
Office	- 7
Other	- 8
ALL PROPERTY	- 9
Retail	- 24

Source: MSCI Quarterly Index

The Government has repeatedly suspended landlords' traditional tools for enforcing rent collection – eviction orders, use of Commercial Rent Arrears Recovery (CRAR) bailiffs and statutory demands for winding up. The latest extension is until end March 2022, with no clarity on what will follow. With almost all properties now open again and able to trade normally, there is no longer any excuse for tenants not to pay their rent promptly and in full; rent collection rates should therefore now be back to normal on professionally managed institutional property portfolios.

Sector Prospects

Warehouse/Industrials – A Virtuous Circle of Rental and Capital Growth

Warehouse and Industrial property has delivered most of commercial property's capital growth over the past year for the right reason: voracious occupier demand, especially from food and online retailers driving up rents across the country for both "big box" warehouses near motorways and smaller units on estates nearer city centres. Valuation yields have come down to reflect improving rental growth prospects, and this virtuous circle is far from over.

Investment demand from mainstream institutions, specialist funds, private equity and overseas investors has driven transaction volumes in the first half of 2021 to double the five year average for the whole industrial/warehouse sector, despite the reluctance of most potential sellers.

Even if rising costs and supply chain problems put pressure on some weaker occupiers as economic growth slows over the next year, industrial property values will still be supported by the conversion of older and lower value sites to residential and other alternative uses. Well-located industrial and warehouse property in all sizes should continue to outperform the property market as a whole for at least another year.

OFFICES – At the Foot of the Performance Charts

Offices are now bottom of the performance charts, not retail property. As the gradual return to the office continues, there is no sign of office rents or capital values in general rising. Occasional headline-grabbing investment or letting deals for the very best space are just a sign of a flight from quantity to quality, with tenants usually downsizing at the same time, leaving property owners with obsolescent or obsolete space which will cost a fortune to upgrade.

Mid and back-office work is now done much more from home or partly at low cost non-city centre locations. Cost reduction is tenants' top priority, with break clauses exercised in most cases and tenants demanding considerable capital expenditure from landlords to renew leases even in part. Many London office buildings, in particular, will not be economic to upgrade to the necessary A-C Energy Performance Certificate ratings, so will become unlettable. Functional obsolescence and depreciation will therefore need to be factored more specifically into most office valuations, leading to rises in average office valuation yields and falls in capital values to reflect lower effective net rents and greater re-letting risk.

RETAIL – Off the Bottom Overall – Out of Town Buoyant, In Town Improving If Rents Realistic

Many retailers in high streets and shopping centres were already on their last legs before COVID; online retail sales market share reached 36% in 2020, up from 20% a year before and only 14% five years ago. The pandemic hit them hard in two ways: mainly by getting older shoppers, in particular, used to the range and convenience of shopping online, but also by encouraging a switch from public transport and parking in congested city centres to the relative ease of car-borne shopping out of town, especially where well-run retail warehouse operators like B&Q, trade counters, B&M and Home Bargains trade alongside the leading supermarkets. Retail warehouse rents were under downward pressure pre-pandemic, but have now stabilised and capital values are growing rapidly – partly because many institutional investors have missed the market in industrial property, want no more offices, and have money which they are struggling to invest.

On the high street, the steepest falls in property values have happened in "prime" Central London and other prime highly valued cities and towns which are now unaffordable for both multiple and individual retailers. Unfair business rates had already crippled urban high streets in less prosperous parts of the UK, with fundamental reform rejected in the latest Budget. Suburbs and market towns with more affordable rents and an attractive mix of convenience and independent traders are outperforming as shops re-open and new retailers take space. Transaction volumes are rising again for high street shops and shopping centres, but only at double figure yields unless they offer compelling residential or other alternative use values.

Supermarkets

Supermarkets and convenience stores (including petrol filling stations) had a good crisis, often with increases of 20%-30% in their turnover, part of which they have retained with more people working on average nearer home. The market leaders are much better at combining physical and online shopping than most non-food retailers.

The bidding war for Morrisons, with their mainly freehold portfolio, shows how highly private equity investors value UK supermarkets' stable and sustainable cash flows. On-line penetration remains far lower than in non-food retail, and many consumers still prefer the choice and convenience of a nearby food shop in a small or medium-sized store, where the Co-op is particularly well placed, along with Aldi, Lidl, Sainsburys, Tesco and M&S Food.

Non-Traditional Alternatives – Well-Funded Strong Survivors Thrive

Property in the "Alternatives" sector – i.e., everything except office, industrial or retail - has been growing rapidly in importance for institutional investors in recent years and now accounts for one-sixth of the MSCI Quarterly Property Index. It covers a wide range of property types and tenants, often with long, index-linked leases, so tenants' covenant strengths and ability to pay are crucial.

COVID with its ever-changing lockdowns posed a once in a lifetime challenge to alternative sector operators and investors. Tenants with strong long-term business models and short-term crisis management, working with investors who knew how and when to give help and improve leases, have usually come out of COVID stronger than before it struck. But their weaker multiple competitors, and many private operators, have been savagely squeezed or forced out of business altogether.

Alternatives – Leisure And Hotels – Record Non-City Centre Trade

The leading pubcos, like Greene King and Wetherspoons, as well as most traditional regional brewers, have strong balance sheets with plenty of freehold assets and borrowing capacity. Profitable, spacious pubs with outside space, have been trading well above pre-pandemic levels outside Central London, and should, therefore, be able to manage rising cost pressures. Pubs of this type in suburban, smaller town and rural locations will be both short and long-term winners, with more of their customers working nearer home for part of the week for the foreseeable future.

Hotel values have also bottomed out. Modern hotels in prosperous smaller towns and rural areas, serving British holidaymakers, workers and businesses, are very well placed to grow their profits and outperform large city centre and airport hotels dependent on international business and travel. Zoom and ESG will kill first class corporate frequent flying. Covenant strength will remain crucial for investment value – for example, a Premier Inn is valued well above a similar Travelodge, because long-term investors hate CVA's (Company "Voluntary" Arrangements). Caravan parks have also been outstanding COVID beneficiaries and will continue to outperform.

Other Alternatives

Health and Fitness clubs are steadily rebuilding their memberships. The leading brands on large out of town sites, with good car parking and customers often able to work from home, offer the best long-term investments. The two main ten pin bowling companies are both also trading exceptionally well and offer a sensibly priced family treat which cannot be replicated online.

Direct-let student accommodation investments on long leases to well-established universities will continue to perform well, but indirect student housing investments with nomination agreements or third-party providers may not benefit from yield hardening for safe long-let property.

COVID has hit care homes hard with costs rising and severe, partly Brexit-related staff shortages. High quality homes with self-funded residents will continue to outperform those dependent on squeezed local authority budgets. Medical centres and private hospitals will stay in demand as the NHS faces years of non-COVID catch up and outsources more profitable work.

The Economy

The UK, like most developed Western economies, is on track to recover to its pre-COVID level of national output by the end of 2021, but inflationary pressures and severe sectoral labour shortages are generally worse here. It is now clear that the pandemic struck at a particularly awkward time for Britain post-Brexit, as our exporters and importers were still struggling to adjust to new trading rules and restrictions, while many workers from the EU left the country, with only a small fraction of them now willing or able to return.

As furlough has just ended, it looks likely that a substantial number of older workers, in particular, have dropped out of the labour market permanently. Furloughed workers were heavily concentrated at the end in the aviation, travel and live entertainment industries, so there is a fundamental sectoral and geographical mismatch with the jobs employers are desperate to fill.

Shortages and sharply rising prices of energy, timber, car components, commodities in general and other internationally traded goods are to be expected in a rapidly recovering world economy, and these markets should gradually return towards more normal levels next year. But the danger for the UK is that employers aggressively bidding up labour costs (with active encouragement from Government) across a wide variety of stressed sectors, from lorry driving to food picking and processing and from hospitality to care homes to the NHS, will set off a wage-price spiral which may prove hard to bring under control. Sharply rising food and fuel prices in the short term may also hurt lower-paid employees who have not been able to work from home as easily as people in better paid and white collar jobs.

UK GDP has bounced back strongly in 2021, with the estimated growth rate just revised up by the Office for Budget Responsibility (OBR) and a strong boost from re-opening retail and leisure outlets as Britons holidayed in this country. But business tax rises (N.I. and Corporation Tax) and labour, energy and materials shortages are clouding the outlook for profits. The employers' National Insurance increase will cost businesses an extra £8bn a year, overtaking corporation tax – and, unlike corporation tax, it has to be paid whether a business is profitable or not. The recovery is clearly slowing and UK GDP may be growing at less than 3% p.a. again by late 2022, and under 2% in 2023.

Price inflation is rising rapidly, with the annual rates of CPI (+3.1%) and RPI (+4.9%) near ten-year highs and heading higher, probably to over 6% for the R.P.I. this winter. The annual rate of output price (factory gate) inflation has risen from -0.2% in December to +6.7% in September, while input price (raw material) inflation shot up from 0.9% to 11.4%, and the oil price has risen by over 60%. The Bank of England, clearly, should now stop their asset purchase programme, which has led to the Bank now owning almost half of all gilts, reducing the effective maturity of UK Government debt from 11 to 4 years. This is a very risky position for a country whose government debt is now around 85% of GDP, and a public sector annual deficit of 6.5% of GDP, with rising interest payments on index-linked gilts putting further pressure on the public finances.

UK domestic spending has been the main driver of economic recovery in 2021, with savings exceptionally high in total post-pandemic and housing market transactions and prices at record levels. But real earnings are now under pressure at the lower end of the income scale, from the £20 a week cut in Universal Credit and rising energy and food bills, with higher National Insurance payments to come in April. Even modest rises in mortgage interest payments could seriously stretch some household budgets from late 2022.

Unless there are serious further outbreaks of COVID or especially dangerous new variants, the world economy should continue its strong recovery over the next year, under the lead of the United States and China. Inflation is rising but generally manageable across most of the developed world. International interest rates have been kept artificially low by massive Government bond buying programmes, but these are now tapering off and both short and long term interest rates will rise. Commercial property markets are benefitting as recovering world economies and trade support tenant demand and rental growth. The risk will be if Central Banks lose control and interest rates have to be raised too far and too fast – but commercial property yields are generally so far above interest rates, particularly in the UK, that property has a healthy margin of safety before that should become a serious concern.

Conclusion – Index-Linked Income As The Holy Grail

UK commercial property values stabilised in late 2020 and have been rising with the recovering economy in 2021. Industrials will be the star performer, and the office sector will struggle. Retail values have now bottomed out, with gains for supermarkets, convenience stores and retail warehouses outweighing slowing rates of decline in shopping centres and high street shops. The alternative sectors are also on the up, with pubs, hotels, bowling, health and fitness and caravan parks benefitting strongly outside London from "staycations" and working from home. Healthcare and nursing home investments will stay in demand despite their staffing problems. The commercial property market in 2022, with slowing growth and rising interest rates, looks likely to deliver lower but still satisfactory average real returns with industrials and alternatives still leading the way and offices bringing up the rear.

The last year and a half has taught UK property investors a stark lesson: stick to properties let at affordable rents to strong tenants on long, preferably index-linked, leases. Safe, long-term indexed income is now being valued ever more highly in a yield-hungry world of slashed equity dividends, negative real interest rates and rising costs and prices. Avoid offices and in-town retail and stay safely on the right side of structural change. The direction of travel for UK interest rates and price and wage inflation is clearly upwards, with no destination yet in sight.

UK Equities

Portfolio

The first six months of VIP's financial year saw sales of non-property backed equities of £22.7m and purchases of £22.8m, completing the reorganisation of the equity portfolio. The direct equity portfolio is now valued at just over £30m in 10 investments.

New investment has been focused on industrial property with new holdings in Tritax Big Box REIT, Urban Logistics REIT and Warehouse REIT, plus a new holding in Tesco and an increased holding in Wm Morrison Supermarkets, prior to the initial bid approach. Elsewhere, new holdings have been made in Real Estate Credit Investments, which advances loans secured on property, Residential Secure Income REIT, which operates in the retirement housing and the shared ownership sector, and PRS REIT, which has a portfolio of over 5,000 private rented homes. The holding in Legal & General is being retained as it is a significant property investor with a high and growing yield.

Performance

VIP's remaining equity portfolio outperformed the FTSE All Share Index during the reporting period. Adjusted for the sizeable disposals and reinvestments made over the period, the portfolio recorded a total return of 9.2% compared to the 8.0% achieved by the FTSE All Share Index. The performance was helped by the portfolio orientation towards industrial property, which has been the strongest part of the commercial property market. However, the largest single contributor to performance was Wm Morrison Supermarkets which rose 61% over the six months after it became the subject of a takeover battle between two US private equity houses. Civitas Social Housing was a disappointing performer when directors were shown to have undisclosed shareholdings in the company's tenants. The shares have, therefore, been sold because of poor governance.

VIP EQUITY PORTFOLIO AT 30 SEPTEMBER 2021

PROPERTY BACKED EQUITIES	VALUE (£M)	PERCENTAGE
Wm Morrison	£4.4m	14.5%
Legal & General	£4.3m	14.2%
Tritax Big Box REIT	£3.7m	12.2%
Urban Logistics REIT	£3.4m	11.3%
Real Estate Credit Investments	£3.1m	10.2%
Warehouse REIT	£2.6m	8.5%
Residential Secure Income REIT	£2.6m	8.4%
Tesco	£2.5m	8.3%
Civitas Social Housing REIT	£2.2m	7.2%
PRS REIT	£1.5m	5.1%
Total	**£30.3m**	**100%**

The Market

The first six months of VIP's financial year has seen world stock markets continue their recovery as economies have bounced back from their lockdown-inspired recessions. The UK stock market, as measured by the FTSE All Share Index rose by 5.9% and delivered a total return of 8.0%, although the UK market continued to lag the stronger returns seen elsewhere in the world, particularly in the US. Nonetheless, the relative value in the UK stock market has been demonstrated by a number of high-profile takeover bids.

Property backed equities have generally performed well, especially REITs and investment companies focused on industrial property, where strong occupational and investment demand is driving rents and capital values higher.

Investment Manager
OLIM Property Limited

12 November 2021

Management and Administration of VIP

Value and Indexed Property Income Services Limited (VIS), a wholly owned subsidiary of the Company, is the Company's Alternative Investment Fund Manager (AIFM). As AIFM, VIS has responsibility for the overall portfolio management and risk management of the assets of the Company. VIS has delegated its portfolio management responsibilities for the property and equity portfolios to OLIM Property Limited (OLIMP) (the Investment Manager). The delegation by VIS of its portfolio management responsibilities is in accordance with the delegation requirements of the Alternative Investment Fund Managers Directive (AIFMD). The Investment Manager remains subject to the supervision and direction of VIS. The Investment Manager is responsible to VIS and ultimately to the Company in regard to the management of the investment of the assets of the Company in accordance with the Company's investment objective and policy. VIS has a risk committee which reviews the effectiveness of the Company's internal controls and risk management systems and procedures and identifies, measures, manages and monitors the risks identified as affecting the Company's business.

BNP Paribas Securities Services is the Company's Depositary and oversees the Company's custody and cash arrangements.

Principal and Emerging Risks and Uncertainties

The Board carries out a regular review and robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. These principal and emerging risks and uncertainties are set out in full in the Strategic Report within the 2021 Annual Report, and are considered equally applicable to the second half of the financial year as for the period under review.

Climate Change and Social Responsibility Risk

The Board recognises that climate change is an important emerging risk that all companies should take into consideration within their strategic planning. However, the Company has little direct impact on environmental issues. As an investment trust company, the Company has no direct employee or environmental responsibilities. The Board is aware that the Manager continues to take into account environmental, social and governance matters when considering investment proposals.

Other Risks

The Directors are cognisant of the continuing impact of the coronavirus (COVID-19) pandemic and the implications for the activities of the Manager and on the performance of investee companies and assets.

While VIP's property portfolio is sufficiently robust to withstand the current market impacts of the pandemic, there is a risk that property values may fall and tenants may struggle to pay rent. If this happens, there is a risk that loan to value and interest cover covenants could be breached. If this were to occur, VIP has sufficient cash and liquid equity investments to cover any loan repayments triggered by covenant breaches.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- the condensed set of Financial Statements within the Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'; and
- the Interim Report includes a true and fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure, Guidance and Transparency Rules.

For and on behalf of the Board of Value and Indexed Property Income Trust PLC

James Ferguson
Chairman

12 November 2021

Group Statement of Comprehensive Income

For the 6 months ended 30 September 2021

		6 months ended 30 September 2021 (Unaudited)			6 months ended 30 September 2020 (Unaudited)		
	Notes	Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
Rental income	2	3,133	-	3,133	2,239	-	2,239
Investment income	2	1,096	-	1,096	2,376	-	2,376
Other income	2	-	-	-	107	-	107
		4,229	-	4,229	4,722	-	4,722
GAINS AND LOSSES ON INVESTMENTS							
Realised gains/(losses) on held-at-fair-value investments and investment properties		-	7,280	7,280	-	(3,008)	(3,008)
Unrealised gains on held-at-fair-value investments and investment properties		-	1,465	1,465	-	272	272
TOTAL INCOME		4,229	8,745	12,974	4,722	(2,736)	1,986
EXPENSES							
Investment management fees		(529)	-	(529)	(148)	(345)	(493)
Other operating expenses		(526)	-	(526)	(394)	-	(394)
FINANCE COSTS		(1,513)	-	(1,513)	(2,537)	-	(2,537)
TOTAL EXPENSES		(2,568)	-	(2,568)	(3,079)	(345)	(3,424)
PROFIT/(LOSS) BEFORE TAXATION		1,661	8,745	10,406	1,643	(3,081)	(1,438)
TAXATION		(200)	1,083	883	(153)	66	(87)
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT COMPANY		1,461	9,828	11,289	1,490	(3,015)	(1,525)
EARNINGS PER ORDINARY SHARE (Pence)	3	3.35	22.57	25.92	3.27	(6.61)	(3.34)

The total column of this statement represents the Statement of Comprehensive Income of the Group, prepared in accordance with IFRS. The revenue return and capital return columns are supplementary to this and are prepared under guidance issued by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of Value and Indexed Property Income Trust PLC, the parent company. There are no minority interests.

The Board has declared a first quarterly dividend of 3.00p per share (2021 - 2.90p), which was paid on 29 October 2021 to all Shareholders on the register on 1 October 2021 (ex-dividend date 30 September 2021). A second quarterly dividend of 3.00p per share (2021 - 2.90p) will be paid on 28 January 2022 to those Shareholders on the register on 31 December 2021, with an ex-dividend date of 30 December 2021. The third quarterly dividend of 3.00p (2021 - 2.90p) will be paid on 29 April 2022 to those Shareholders on the register on 1 April 2022. The ex-dividend date will be 31 March 2022.

The Notes on pages 25 to 30 form part of these Financial Statements.

	Year ended 31 March 2021 (Audited)		
	Revenue	Capital	Total
	£'000	£'000	£'000
INCOME			
Rental income	5,359	-	5,359
Investment income	3,414	-	3,414
Other income	159	-	159
	8,932	-	8,932
GAINS AND LOSSES ON INVESTMENTS			
Realised gains/(losses) on held-at-fair-value investments and investment properties	-	8,588	8,588
Unrealised gains on held-at-fair-value investments and investment properties	-	1,185	1,185
TOTAL INCOME	8,932	9,773	18,705
EXPENSES			
Investment management fees	(301)	(702)	(1,003)
Other operating expenses	(771)	-	(771)
FINANCE COSTS	(5,084)	-	(5,084)
TOTAL EXPENSES	(6,156)	(702)	(6,858)
PROFIT/(LOSS) BEFORE TAXATION	2,776	9,071	11,847
TAXATION	(359)	1,132	773
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT COMPANY	2,417	10,203	12,620
EARNINGS PER ORDINARY SHARE (Pence)	5.35	22.56	27.91

Group Statement of Financial Position

For the 6 months ended 30 September 2021

	Notes		As at 30 September 2021 (Unaudited)		As at 31 March 2021 (Audited)		As at 30 September 2020 (Unaudited)
		£'000	£'000	£'000	£'000	£'000	£'000
ASSETS							
NON CURRENT ASSETS							
Investment properties			110,085		81,132		77,076
Investments held at fair value through profit or loss			30,304		28,581		83,239
	8		140,389		109,713		160,315
Deferred tax asset			2,141		1,258		398
Receivables			2,695		2,017		-
			145,225		112,988		160,713
CURRENT ASSETS							
Cash and cash equivalents		42,665		65,965		26,928	
Receivables		1,140		972		744	
			43,805		66,937		27,672
TOTAL ASSETS			189,030		179,925		188,385
CURRENT LIABILITIES							
Debenture stock		-		-		(15,000)	
Payables		(2,898)		(2,318)		(1,590)	
			(2,898)		(2,318)		(16,590)
TOTAL ASSETS LESS CURRENT LIABILITIES			186,132		177,607		171,795
NON-CURRENT LIABILITIES							
Payables		(2,890)		(2,862)		(4,234)	
Borrowings		(56,701)		(56,662)		(56,649)	
			(59,591)		(59,524)		(60,883)
NET ASSETS			126,541		118,083		110,912
EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS							
Called up share capital			4,555		4,555		4,555
Share premium			18,446		18,446		18,446
Retained earnings	6		103,540		95,082		87,911
TOTAL EQUITY			126,541		118,083		110,912
NET ASSET VALUE PER ORDINARY SHARE (PENCE)			290.52p		271.10p		243.50p

These Financial Statements were approved by the Board on 12 November 2021 and were signed on its behalf by:

James Ferguson, Chairman

The Notes on pages 25 to 30 form part of these Financial Statements.

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
		6 months ended 30 September 2021 (Unaudited)			
Net assets at 31 March 2021		4,555	18,446	95,082	118,083
Profit for the period		-	-	11,289	11,289
Dividends paid	4	-	-	(2,831)	(2,831)
Net assets at 30 September 2021		4,555	18,446	103,540	126,541
		Year ended 31 March 2021 (Audited)			
Net assets at 31 March 2020		4,555	18,446	92,306	115,307
Profit for the period		-	-	12,620	12,620
Dividends paid	4	-	-	(5,512)	(5,512)
Buyback of Ordinary Shares for Treasury		-	-	(4,332)	(4,332)
Net assets at 31 March 2021		4,555	18,446	95,082	118,083
		6 months ended 30 September 2020 (Unaudited)			
Net assets at 31 March 2020		4,555	18,446	92,306	115,307
Loss for the period		-	-	(1,525)	(1,525)
Dividends paid	4	-	-	(2,870)	(2,870)
Net assets at 30 September 2020		4,555	18,446	87,911	110,912

The Notes on pages 25 to 30 form part of these Financial Statements.

Group Statement of Cash Flows

For the 6 months ended 30 September 2021

	6 months ended 30 September 2021 (Unaudited)		6 months ended 30 September 2020 (Unaudited)		Year ended 31 March 2021 (Audited)	
	£'000	£'000	£'000	£'000	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Rental income received		2,089		2,219		5,218
Dividend income received		1,320		2,420		3,486
Interest received		2		43		244
Operating expenses paid		(1,182)		(843)		(1,673)
NET CASH INFLOW FROM OPERATING ACTIVITIES		2,229		3,839		7,275
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments held at fair value through profit or loss	(21,224)		(4,500)		(4,500)	
Purchase of investment properties	(22,492)		(6,209)		(17,553)	
Sale of investments held at fair value through profit or loss	22,681		12,874		79,584	
Sale of investment properties	-		-		4,725	
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(21,035)		2,165		62,256
CASH FLOW FROM FINANCING ACTIVITIES						
Repayment of debenture stock	-		-		(15,000)	
Fees paid relating to loans	(18)		(4)		(4)	
Interest paid on loans	(1,602)		(2,527)		(4,938)	
Finance cost of leases	(39)		(95)		(191)	
Payments of lease liabilities	(4)		(8)		(17)	
Dividends paid	(2,831)		(2,870)		(5,512)	
Buyback of Ordinary Shares for Treasury	-		-		(4,332)	
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(4,494)		(5,504)		(29,994)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(23,300)		500		39,537
Cash and cash equivalents at the start of the period		65,965		26,428		26,428
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		42,665		26,928		65,965

The Notes on pages 25 to 30 form part of these Financial Statements.

1 Accounting policies

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee (IASC) that remain in effect, and to the extent that they have been adopted by the European Union.

The functional and presentational currency of the Group is pounds sterling because that is the currency of the primary economic environment in which the Group operates. The Financial Statements and the accompanying notes are presented in pounds sterling and rounded to the nearest thousand pounds except where otherwise indicated.

(a) Basis of preparation

The Financial Statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial assets. Where presentational guidance set out in the Statement of Recommended Practice *'Financial Statements of Investment Trust Companies and Venture Capital Trusts'* (the SORP) issued by the Association of Investment Companies (AIC) in April 2021 is consistent with the requirements of IFRSs, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

The Board has considered the requirements of IFRS 8, 'Operating Segments'. The Board is charged with setting the Group's investment strategy. The Board has delegated the day to day implementation of this strategy to the Investment Manager but the Board retains responsibility to ensure that adequate resources of the Group are directed in accordance with its decisions. The Board is of the view that the Group is engaged in a single segment of business, being investments in UK commercial properties and UK quoted equities. The view that the Group is engaged in a single segment of business is based on the fact that one of the key financial indicators received and reviewed by the Board is the total return from the investment portfolio taken as a whole. A review of the investment portfolio is included in the Investment Manager's Report on pages 4 to 17.

All expenses and finance costs are accounted for on an accruals basis. Expenses are presented as capital where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect and in accordance with the SORP, the investment management fees are allocated 100% to income, in line with the general practice of property companies.

The Group's Financial Statements have been prepared using the same accounting policies as those applied for the Financial Statements for the year ended 31 March 2021 which received an unqualified audit report.

(b) Going concern

The Group's business activities, together with the factors likely to affect its future development and performance, are set out in this Interim Report. The financial position of the Group as at 30 September 2021 is shown in the Statement of Financial Position on page 22. The cash flows of the Group for the half year to 30 September 2021, which are not untypical, are set out on page 24. The Group had fixed debt totalling £56,701,000 as at 30 September 2021; none of the borrowings is repayable before 2026. As at 30 September 2021, the Group's total assets less current liabilities exceeded its total non current liabilities by a factor of over 3.

The assets of the Group consist mainly of investment properties and securities that are held in accordance with the Group's investment policy, as set out on page 2. Most of these securities are readily realisable, even in volatile markets. The Directors, who have reviewed carefully the Group's forecasts for the coming year and having taken into account the liquidity of the Group's investment portfolio and the Group's financial position in respect of cash flows, borrowing

1 Accounting policies – continued

facilities and investment commitments (of which there is none of significance, apart from a £6 million payment due on completion of the Alnwick hotel development), are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group's Financial Statements.

(c) Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and the entity controlled by the Company (its subsidiary). An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. The Company consolidates the investee that it controls. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Value and Indexed Property Income Services Limited is a private limited company incorporated in Scotland under company number SC467598. It is a wholly owned subsidiary of the Company and has been appointed to act as the Alternative Investment Fund Manager of the Company.

(d) Presentation of Statement of Comprehensive Income

In order to reflect better the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. In accordance with the Company's Articles, net capital returns may be distributed by way of dividend.

(e) Dividends payable

Interim dividends are recognised as a liability in the period in which they are paid as no further approval is required in respect of such dividends. Final dividends are recognised as a liability only after they have been approved by Shareholders in general meeting.

(f) Investments

Equity investments

All equity investments are classified on the basis of their contractual cash flow characteristics and the Group's business model for managing its assets. The business model, which is the determining feature, is such that the portfolio of equity investments is managed, and performance is evaluated, on the basis of fair value. Consequently, all equity investments are measured at fair value through profit or loss.

For listed investments, fair value through profit or loss is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE 100 constituents and most liquid FTSE 250 constituents along with some other securities. Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the retained earnings.

Investment properties

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period incurred and included within the book cost of the property.

1 Accounting policies – continued

After initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in retained earnings.

The Group leases out all of its properties on operating leases. A property held under an operating lease is classified and accounted for as an investment property where the Group holds it to earn rental, capital appreciation or both. Any such property leased under an operating lease is carried at fair value. Fair value is established by half-yearly professional valuation on an open market basis by Savills (UK) Limited, Chartered Surveyors and Valuers, and in accordance with the RICS Valuation - Global Standards January 2020 (the 'RICS Red Book'). The determination of fair value by Savills is supported by market evidence.

Leases

The Group leases properties that meet the definition of investment property. These right-of-use assets are presented as part of Investment Properties in the Statement of Financial Position and held at fair value.

2 Income	6 months ended 30 September 2021 £'000	6 months ended 30 September 2020 £'000	Year ended 31 March 2021 £'000
Investment income			
Dividends from listed investments in UK	1,096	2,376	3,414
Other operating income			
Rental income	3,133	2,239	5,359
Interest receivable on short term deposits	–	107	159
Total income	4,229	4,722	8,932

3 Return per Ordinary Share	6 months ended 30 September 2021 £'000	6 months ended 30 September 2020 £'000	Year ended 31 March 2021 £'000
The return per Ordinary Share is based on the following figures:			
Revenue return	1,461	1,490	2,417
Capital return	9,828	(3,015)	10,203
Weighted average Ordinary Shares in issue	43,557,464	45,549,975	45,216,413
Return per share - revenue	3.35p	3.27p	5.35p
Return per share - capital	22.57p	(6.61p)	22.56p
Total return per share	25.92p	(3.34p)	27.91p

4 Dividends paid	6 months ended 30 September 2021 £'000	6 months ended 30 September 2020 £'000	Year ended 31 March 2021 £'000
Dividends on Ordinary Shares:			
Third quarterly dividend of 2.90p per share (2021 - 2.90p) paid 30 April 2021	1,263	1,321	1,321
Final dividend of 3.60p per share (2021 - Fourth quarterly 3.40p) paid 30 July 2021	1,568	1,549	1,549
First quarterly dividend of 2.90p per share paid 30 October 2020 *	–	–	1,321
Second quarterly dividend of 2.90p per share paid 29 January 2021 *	–	–	1,321
Dividends paid in the period	2,831	2,870	5,512

* First and second quarterly dividends for the year to 31 March 2022 have been declared with pay dates falling after 30 September 2021. These have not been included as liabilities in these Financial Statements. See Note 5.

5 Interim dividend

The Directors have declared a first quarterly dividend of 3.00p per Ordinary Share, paid on 29 October 2021 to Shareholders registered on 1 October 2021, with an ex dividend date of 30 September 2021 (2021 - 2.90p). A second interim dividend of 3.00p per share will be paid on 28 January 2022 to Shareholders registered on 31 December 2021, with an ex dividend date of 30 December 2021 (2021 - 2.90p).

The third quarterly dividend of 3.00p (2021 - 2.90p) will be paid on 29 April 2022 to those Shareholders on the register on 1 April 2022. The ex-dividend date will be 31 March 2022.

6 Retained earnings	Revenue £'000	Capital £'000	Total £'000
The table below shows the movement in retained earnings analysed between revenue and capital items.			
At 31 March 2021	96	94,986	95,082
Movement during the period:-			
Profit for the period	1,461	9,828	11,289
Dividends paid (see Note 4)	(2,831)	–	(2,831)
At 30 September 2021	(1,274)	104,814	103,540

7 Transaction costs

During the period, expenses were incurred in acquiring and disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains and losses on investments in the Statement of Comprehensive Income.

The total costs are as follows:-

	6 months ended 30 September 2021 £'000	6 months ended 30 September 2020 £'000	Year ended 31 March 2021 £'000
Purchases	84	27	27
Sales	23	13	75
	107	40	102

8 Fair value hierarchy disclosures

The table below sets out fair value measurements using the IFRS 13 Fair Value hierarchy:-

At 30 September 2021 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	30,304	–	–	30,304
Investment properties	–	–	110,085	110,085
	30,304	–	110,085	140,389
Borrowings	–	(61,795)	–	(61,795)
	30,304	(61,795)	110,085	78,594

At 31 March 2021 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	28,581	–	–	28,581
Investment properties	–	–	81,132	81,132
	28,581	–	81,132	109,713
Borrowings	–	(62,652)	–	(62,652)
	28,581	(62,652)	81,132	47,061

At 30 September 2020 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	83,239	–	–	83,239
Investment properties	–	–	77,076	77,076
	83,239	–	77,076	160,315
Borrowings	–	(79,757)	–	(79,757)
	83,239	(79,757)	77,076	80,558

8 Fair value hierarchy disclosures – continued

Fair value categorisation within the hierarchy has been determined on the basis of the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as follows:-

Level 1 - inputs are unadjusted quoted prices in an active market for identical assets

Level 2 - inputs, not being quoted prices, are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - inputs are not observable

The fair value of the debenture is determined by comparison with the fair values of equivalent gilt edged securities, discounted to reflect the differing levels of credit worthiness of the borrowers. The fair values of the loans are determined by a discounted cash flow calculation based on the appropriate inter-bank rate plus the margin per the loan agreement. These instruments are therefore considered to be Level 2 as defined above. There were no transfers between Levels during the period. All other assets and liabilities of the Group are included in the Balance Sheet at fair value.

9 Relationship with the Investment Manager and other Related Parties

Matthew Oakeshott is a Director of OLIM Property Limited which has an agreement with the Group to provide investment management services.

OLIM Property Limited receive an investment management fee of 0.60% of the capital assets that it manages.

The investment management agreement with OLIM Limited ceased with effect from 28 February 2021 and responsibility of the equity portfolio moved to OLIM Property Limited. OLIM Limited received an investment management fee of £nil (half year to 30 September 2020: £292,000 and year to 31 March 2021: £524,000).

OLIM Property Limited received an investment management fee of £529,000 (half year to 30 September 2020: £201,000 and year to 31 March 2021: £479,000). At the period end, the balance owed by the Group to OLIM Property Limited was £97,000 (31 March 2021: £84,000) comprising management fees for the month of September 2021, subsequently paid in October 2021.

Value and Indexed Property Income Services Limited is a wholly owned subsidiary of Value and Indexed Property Income Trust PLC and all costs and expenses are borne by Value and Indexed Property Income Trust PLC. Value and Indexed Property Income Services Limited has not traded during the period.

10 Half Yearly Report

The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in sections 434 - 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2021 and 30 September 2020 has not been audited.

The information for the year ended 31 March 2021 has been extracted and abridged from the latest published audited Financial Statements and do not constitute the statutory accounts for that year. Those Financial Statements have been filed with the Registrar of Companies and included the Report of the Independent Auditor, which contained no qualification or statement under section 498 of the Companies Act 2006.

This Half-Yearly Report was approved by the Board on 12 November 2021.

How to Invest in Value and Indexed Property Income Trust PLC

Direct

Investors can buy and sell shares in Value and Indexed Property Income Trust PLC directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser.

Keeping you Informed

The net asset value per Ordinary Share of the Company is calculated at each month end and published on the London Stock Exchange where the latest Ordinary Share price is also displayed, subject to a delay of 15 minutes. “VIP” is the code for the Ordinary Shares which may be found at **www. londonstockexchange.com.** Additional data on the Company and other investment trusts may be found at **www.trustnet.co.uk.**

Customer Services

For enquiries in relation to Ordinary Shares held in certificated form, please contact the Company’s registrars:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 703 0168
www.investorcentre.co.uk/contactus

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be immediatley reduced by the difference between the buying and selling prices of the shares, the market maker’s spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, may be changed by future legislation.

Unsolicited Offers for Shares (Boiler Room Scams)

Shareholders in a number of UK registered companies have received unsolicited calls from organisations, usually based overseas or using false UK addresses or phone lines routed abroad, offering to buy shares at prices much higher than their current market values or to sell non-tradeable, overpriced, high-risk or even non-existent securities. Whilst the callers may sound credible and professional, Shareholders should be aware that their intentions are often fraudulent and high pressure sales techniques may be applied, often involving a request for an indemnity or a payment to be provided in advance.

If you receive such a call, you should exercise caution and, based on advice from the FCA, the following precautions are suggested:

- obtain the name of the individual or organisation calling;
- check the FCA register to confirm if the caller is authorised;
- call back using the details on the FCA register to verify the caller's identity;
- discontinue the call if you are in any doubt about the intentions of the caller, or if calls persist; and
- report any individual or organisation that makes unsolicited calls with an offer to buy or sell shares to the FCA and the City of London Police.

Useful contact details:
ACTION FRAUD
Telephone: 0300 123 2040
Website: **www.actionfraud.police.uk**

FCA
Telephone: 0800 111 6768 (freephone)
E-mail: **consumer.queries@fca.org.uk**
Website: **www.fca.org.uk**

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VALUE AND INDEXED PROPERTY INCOME TRUST PLC

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