VALUE AND INCOME TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

Contents

Financial Calendar

26 October 2018	First quarterly dividend of 2.8p per share for year ended 31 March 2019
30 October 2018	Announcement of Half-Yearly Financial Report for six months to 30 September 2018
25 January 2019	Second quarterly dividend of 2.8p per share for year ended 31 March 2019
26 April 2019	Third quarterly dividend of 2.8p per share for year ended 31 March 2019
5 June 2019	Announcement of Annual Financial Report for year ended 31 March 2019
5 July 2019	Annual General Meeting, London (12.30pm)
26 July 2019	Proposed final dividend of 3.4p per share payable for year ended 31 March 2019
25 October 2019	First quarterly dividend payable for year ending 31 March 2020
November 2019	Announcement of Half-Yearly Financial Report for six months ending 30 September 2019
31 January 2020	Second quarterly dividend payable for year ending 31 March 2020

This document is important and requires your immediate attention. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary Shares in Value and Income Trust PLC, please forward this document, together with the accompanying documents, immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Value and Income Trust PLC (VIT or the Company) is an investment trust company and its Ordinary Shares are listed on the Premium segment of the Official List and traded on the main market of the London Stock Exchange. The Company is registered as a public limited company in Scotland under company number SCO50366. VIT is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company has one class of share. VIT is a member of the Association of Investment Companies (AIC).

Investment Aims

VIT invests in higher-yielding, less fashionable areas of the UK commercial property and quoted equity markets, particularly in medium and smaller sized companies. VIT aims for long-term real growth in dividends and capital value without undue risk.

Investment Policy

VIT's policy is to invest in quoted UK equities, UK commercial property and cash or near cash securities. It is not normally VIT's policy to invest in overseas shares or in unquoted companies. Further information on VIT's investment policy is detailed in the Business Review on page 19.

Capital Structure

As at 31 March 2019, VIT's share capital consisted of 45,549,975 Ordinary Shares of 10p nominal value in issue. Each Ordinary Share entitles the holder to one vote on a show of hands and, on a poll, to one vote for every share held.

Share Dealing

Shares in VIT can be purchased and sold in the market through a stockbroker, or indirectly through a lawyer, accountant or other professional adviser. Further information on how to invest in VIT is detailed on page 84.

Recommendation of Non-Mainstream Investment Products

VIT currently conducts its affairs so that the shares issued by it can be recommended by independent financial advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority (FCA) in relation to non-mainstream investment products and intends to do so for the foreseeable future. VIT's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust company and the returns to investors are based on investments in publicly quoted securities and directly held property.

Alternative Investment Fund Managers Directive

In accordance with the Alternative Investment Fund Managers Directive (AIFMD), VIT has appointed its wholly owned subsidiary, Value and Income Services Limited (VIS), as its Alternative Investment Fund Manager (AIFM) and has appointed BNP Paribas Securities Services as its Depositary.

Financial Highlights and Long-Term Record

Highlights of the Year

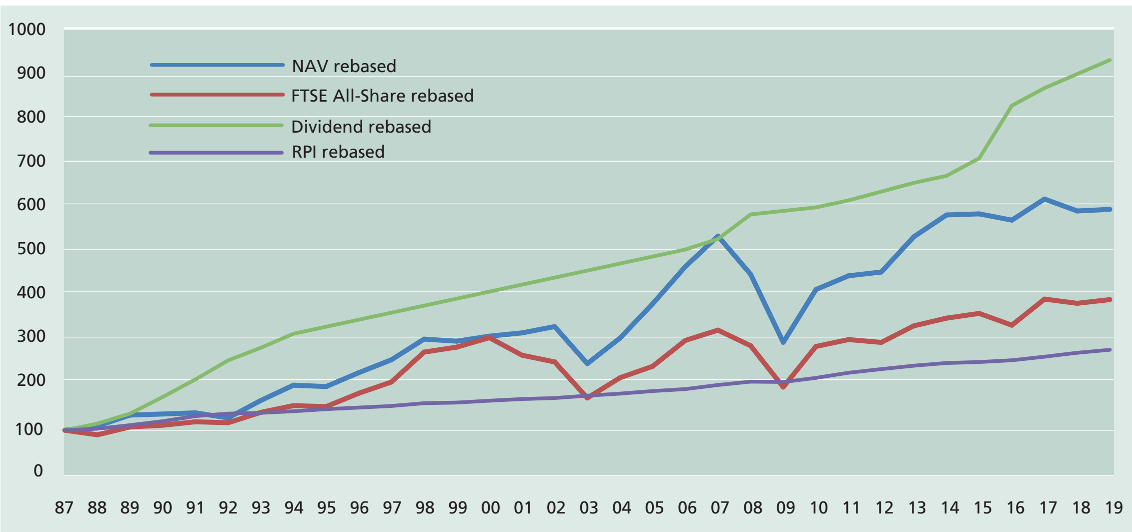
- Net Asset Value total return (with debt at par)** of 4.2% over one year and 15.3% over three years.
- Share Price total return** of 0.2% over one year and 30.6% over three years.
- FTSE All-Share Index total return of 6.4% over one year and 31.3% over three years.
- Dividends for year up 3.5% - increased for the 32nd consecutive year.

Financial Record

	30 Sept 1986*	31 Mar 1987	31 Mar 2005	31 Mar 2006	31 Mar 2007	31 Mar 2008	31 Mar 2009	31 Mar 2010	31 Mar 2011	31 Mar 2012	31 Mar 2013	31 Mar 2014	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019
NAV (valuing debt at par) (p)	44.0	55.1	213.9	260.6	299.0	251.0	165.6	231.8	249.1	253.8	298.2	325.5	326.9	319.0	345.5	330.5	332.5
NAV (valuing debt at market) (p)**	N/A	N/A	189.0	226.9	271.1	222.7	129.6	218.3	233.7	227.6	269.8	304.3	299.5	299.2	318.1	309.2	312.2
Ordinary share price (p)	42.0	52.0	181.0	227.0	253.0	166.0	88.5	169.0	186.0	181.5	210.8	265.0	254.3	221.8	255.0	262.0	251.0
Discount of share price to NAV (valuing debt at market) (%)	–	–	4.2	0.0	6.7	25.5	31.7	22.5	20.4	20.3	21.9	12.9	15.1	25.9	19.8	15.3	19.6
Dividend per share (p)	N/A	1.25	6.20	6.40	6.70	7.40	7.50	7.60	7.80	8.05	8.30	8.50	9.00	10.50	11.00	11.40	11.80
Total assets less current liabilities (£m)	17.4	24.8	133.0	156.8	174.8	151.8	111.5	141.8	149.4	151.3	171.2	183.6	189.0	185.5	207.3	200.4	201.3

* Date from which the current Investment Managers were appointed.
** This is an Alternative Performance Measure (APM) which has been explained in the Glossary on page 87.

Growth In Net Asset Value*



* Net Asset Value calculated with debt valued at par; 31 March 1987= 100.
(Source: Maven Capital Partners UK LLP, London Stock Exchange & Office for National Statistics)

James Ferguson*

Chairman

James Ferguson was appointed as a Director in 1986 and as Chairman in 1994. He joined Stewart Ivory in 1970, became chairman in 1989 and retired in 2000. He is chairman of The Scottish Oriental Smaller Companies Trust PLC, The North American Income Trust PLC (formerly Edinburgh US Tracker Trust PLC), Northern 3 VCT PLC and The Monks Investment Trust PLC. He is the senior independent director of The Independent Investment Trust PLC. He is a former deputy chairman of the Association of Investment Companies.

John Kay*

John Kay is an economist specialising in the application of economics to business issues. He has been chairman of London Economics, has held chairs at the London Business School and Oxford University and is currently a visiting Professor of Economics at the London School of Economics. He is a director of Scottish Mortgage Investment Trust PLC and was formerly a director of The Law Debenture Corporation PLC. He was appointed as a Director on 4 February 1994.

David Smith*

David Smith retired from the legal firm Shepherd and Wedderburn LLP in 2008 where he was a partner for 34 years, specialising in commercial property. He was appointed as a Director on 10 July 2009. David is Chair of the Audit and Management Engagement Committee.

Dominic Neary*

Dominic Neary was appointed as a Director on 26 January 2018. Dominic is currently a non-executive director of JPMorgan US Smaller Companies Investment Trust PLC and was previously Head of the Global Income Growth team at Baillie Gifford & Co. until August 2017 where he was also the manager of The Scottish American Investment Company PLC (SAINTS). He previously held various fund management roles at Stewart Ivory & Co., Henderson Global Investors and Insight Investment and holds an MSc and PhD in Statistics.

Angela Lascelles

Managing Director OLIM Limited

Angela Lascelles has been professionally engaged in investment business since graduating in philosophy from London University. She spent four years in stockbroking before becoming a fund manager, first of an investment trust, then at the Associated British Foods Pension Fund and at Courtaulds Pension Fund from 1979 until 1986. She has been a director of OLIM Limited since 1986. She was appointed as a Director on 6 March 2008 and retired from the Board on 1 April 2019.

Matthew Oakeshott

Chairman OLIM Property Limited

Matthew Oakeshott, after studying economics at Oxford University and a period as special adviser to Mr Roy Jenkins as Home Secretary, joined S.G. Warburg & Co in 1976 and became a director of Warburg Investment Management in 1978. He was Investment Manager of Courtaulds Pension Fund from 1981 to 1985. He was a director of OLIM Limited from 1986 to April 2012 and is now chairman of OLIM Property Limited which he controls. He is a Life Peer and was appointed as a Director on 1 April 2007 and retired from the Board on 1 April 2019.

*Member of the Audit and Management Engagement Committee.
All Directors are members of the Nomination Committee.
All Directors are also directors of Value and Income Services Limited.

Chairman's Statement

The Board is recommending a final dividend of 3.4p per share which would make total dividends of 11.8p per share for the year to 31 March 2019 compared to 11.4p per share in the previous year, an increase of 3.5%. This would be the 32nd year of dividend increases following the reconstruction of Value and Income Trust (VIT).

During the course of last year we reviewed the investment aims of VIT. These were established in 1986 and have served us well as is shown by our dividend and long-term total return record. However, the combination of equities and direct property investment is unusual for an investment trust. It has meant that the share price of VIT has tended to be at a larger discount to its Net Asset Value (NAV) per share than its peers. Our conclusion from the review was that this is still a good formula for our purpose of providing long-term real growth in our dividend and capital, but that we needed to demonstrate the reasons for confidence in our ability to achieve this.

A practical outcome of the review was the establishment of an annual income target for the equity portfolio. The target is for the equity portfolio to generate income in any given financial year equivalent to 115-130% of the yield on the FTSE All-Share Index as calculated on the last day of the Company's prior financial year. We believe that such a range combines a focus on strong near-term income from dividends, while allowing the Manager to select a portfolio of equities which will, in aggregate, produce steady and predictable income growth into the future. You will see from the equity report on pages 7 and 8 that as a result of this renewed focus on equity income generation there has been some rearrangement of the portfolio which now has a yield of 4.8%. In the property portfolio, a recent reorganisation has led to 79% of the portfolio's rental income now being subject to RPI-linked or fixed increases.

These portfolio developments, alongside the repayment of your Company's relatively high-cost 11% debentures in 2021, give the Board encouragement for the outlook for longer-term income and capital growth. It is this that is behind the Board's proposal to augment this year's earnings with modest use of the Company's reserves to maintain above-inflation growth in dividends.

Another consequence of our review, and in line with current practice, was the retirement of Angela Lascelles and Matthew Oakeshott from the Board on 1 April 2019. Patrick Harrington and Louise Cleary have succeeded them as the lead portfolio managers, having worked closely with them in managing VIT's portfolio. We are very grateful for all that Angela and Matthew have contributed to VIT as the architects of its success. We know that they will continue to take a keen interest in the progress of VIT.

Over the year the NAV total return (with debt at par) was 4.2% and the share price total return was 0.2%. This compares with the FTSE All-Share Index total return of 6.4%. The total return from the equity portfolio was 5.5% and from the property portfolio was 8.0%.

VIT has two debentures and one bank loan which, in the Group's Financial Statements, are stated at cost, adjusted annually over their lives to write off the issue premium and issue expenses. These numbers are used to calculate the year end NAV of 332.5p per share. We also show in Note 17 to the Financial Statements on page 74 a NAV of 312.16p per share which is adjusted for borrowings at fair value, being amounts greater than their respective nominal values. This fair value is calculated by reference to the market. The first of our debentures is repayable for £15,000,000 in 2021 and has a fair value of £16,966,000 whilst the second debenture is repayable for £20,000,000 in 2026 and has a fair value of £26,620,000. The bank loan of £15,000,000 is repayable in 2026 and has a fair value of £15,658,000. All these figures are shown in Note 21 to the Financial Statements on page 81.

It is important to note two points: first, the differences between the two values of each of our debentures and our loan will reduce until each instrument is repaid at its nominal value, thus increasing the NAV with borrowings at fair value over the period. The two debentures have covenants attached to them. Information about these is included in Note 12 to the Financial Statements on pages 71 and 72; there is plenty of headroom in terms of both capital and income. Secondly, I would remind Shareholders that new Articles of Association were adopted in July 2016. These included a requirement for the Board to put an Ordinary Resolution to Shareholders in 2024 in relation to the future direction of the Company, including proposals that provide an opportunity for any Shareholders to realise their investment in full at NAV, less costs, by March 2027 at the latest. The details of this are shown on page 28.

As was the case last year, we remain fully invested. Both of our portfolios continue to provide good value when compared to the yields available from UK gilts.

Our Managers have been working on the production of a new monthly factsheet which will shortly be available on the Managers' websites at www.olim.co.uk and www.olimproperty.co.uk.

I hope that we shall see as many Shareholders as possible at the Annual General Meeting to be held on Friday, 5 July 2019 at 12.30pm at the offices of Shepherd & Wedderburn LLP, Condor House, 10 St. Paul's Churchyard, London EC4M 8AL. Our Managers will give a brief presentation on the investment strategy, portfolio and market outlook.

James Ferguson
Chairman
4 June 2019

Summary of Portfolio

	31 March 2019		31 March 2018	
	£m	%	£m	%
UK Equities	128.7	63.9	128.9	64.3
UK Property	68.8	34.2	68.7	34.3
Cash	3.8	1.9	2.8	1.4
	201.3	100.0	200.4	100.0

UK Equities

Market Background

Global equities gained ground steadily during the first six months of VIT's financial year to the end of March 2019, encouraged by widespread economic growth. As the summer progressed, trade tensions grew between President Trump and China, whilst the Federal Reserve continued to tighten monetary policy. The positive economic background outweighed these negatives and markets made good progress. In the first half of VIT's year the UK market rose by 6.0% and gave a total return of 8.2%.

In the second half of VIT's year stock markets were more volatile. The final three months of 2018, the third quarter of VIT's financial year, saw UK equities fall by 11.0%, as the combination of rising interest rates and the potential for a damaging trade war between the US and China began to hit economic growth expectations and undermined investor confidence. At the end of the year, the Federal Reserve indicated that it would halt its programme of monetary tightening as evidence of weakening economic growth mounted. No further interest rate rises from the current Fed Funds rate of 2.5% are now expected in 2019. Consequently, share prices have rebounded strongly since the turn of the year and have recovered much of the ground lost in the previous quarter. Over the six month period the UK stock market fell by 3.6% and gave a total return of -1.9%.

Over the year as a whole, the FTSE All-Share Index rose marginally by 2.2% and, including income, the total return was +6.4%. The MSCI World Index, which is measured in US Dollars, also registered a small increase of 2.0%, but to sterling-based investors the capital value rose by 9.6%, as the pound weakened from $1.40 to $1.30 during the year as Brexit concerns came to the fore. Within the UK market, high yielding companies performed in line with the FTSE All-Share Index, rising by 2.2%. The FTSE 100 Index of largest companies, which rose by 3.2%, outperformed the more domestically focused

Andrew Impey, Angela Lascelles and Patrick Harrington

FTSE 250 Index of mid-sized companies and FTSE Small Cap Index, which fell by 1.8% and 2.3% respectively. In the bond market, ten year gilt yields ended VIT's year at 1.0%, down from 1.4% a year earlier and twenty year gilt yields also fell to just 1.5%. The total return on the FTSE All Stocks Gilt Index was +3.7%. Commodities reflected the general background in financial markets and were volatile over the year. The price of a barrel of oil traded between $50 and $86 but ended little changed over the year at $68. Metal prices generally fell as Chinese growth slowed but iron ore rose substantially after the dam disaster in Brazil caused a large reduction in supply.

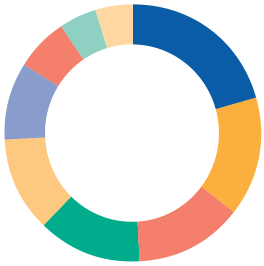
Brexit has dominated the UK political scene over the last year and, at the time of writing, it is no clearer what the UK's eventual relationship with the EU will be or even if the Brexit referendum result will be implemented at all. Despite this uncertainty, the Bank of England followed the Federal Reserve's lead and increased the UK base rate by 0.25% to 0.75% in August 2018. This is the first time base rates have been above 0.5% since the financial crisis. Given the weakening economic outlook and ongoing Brexit difficulties it would be surprising if UK interest rates were increased again in the near future. The fall in sterling over the last year has not fed through to inflation; the most recent reading of the Consumer Prices Index gave an annual figure for inflation of 1.9%, just below the Bank of England's 2.0% target.

UK economic growth moderated to 1.4% in 2018, which was lower than in America, which grew by 2.9%, and in the Eurozone, which grew by 1.8%. Recent economic surveys suggest that Eurozone economic growth has slowed sharply with even Germany posting disappointing readings. Even though UK growth has not been especially buoyant, the Chancellor has been successful in reducing the Government deficit to the lowest level seen since the financial crisis. It is perhaps unsurprising that the UK economy has not grown rapidly given this significant fiscal squeeze and the background of rising interest rates, although much of the blame is often placed on "Brexit uncertainty". Even though the rate of UK economic growth has fallen, the UK employment market has remained buoyant. As a result, the total number of people in jobs is at record levels and the rate of unemployment in the UK has fallen below 4%, the lowest level for several decades. This is putting some upwards pressure on wage inflation and giving hard-pressed UK consumers a welcome boost.

PERFORMANCE

Over the last twelve months the total return on VIT's equity portfolio was 5.5%, which was a little behind the FTSE All-Share Index total return of 6.4%. In overall terms stock selection was a net positive but this was more than offset by the negative asset allocation effect between sectors. In particular, the underweight positions in Mining, Pharmaceuticals and Oil & Gas Producers and overweight positions in Life Assurance and Chemicals were costly for performance, whilst the underweight positions in Tobacco (not held) and Banks were beneficial. To an extent, this reflected the portfolio's underweight position in FTSE 100 stocks and greater exposure to small and mid-cap stocks. The portfolio gains diversification benefits from being less concentrated in the largest sectors and this leads to the natural underweighting of large cap stocks. On the other hand, stock selection was positive overall with Britvic (+40% over the year after good results led to

DISTRIBUTION OF SECURITIES AT 31 MARCH



	2019 %	2018 %
Financials	**20.8**	**21.1**
Consumer Services	**14.8**	**15.4**
Consumer Goods	**13.7**	**11.5**
Industrials	**13.1**	**17.5**
Basic Materials	**12.0**	**9.7**
Oil and Gas	**9.6**	**9.3**
Utilities	**6.6**	**5.7**
Health Care	**4.8**	**4.2**
Telecommunications	**4.6**	**5.6**
	100.0	**100.0**

a re-rating), Cineworld (+24% as investors re-appraised the merits of its US acquisition) and the portfolio's two mining stocks Rio Tinto and BHP Group (+24% and +32% due to their exposure to iron ore) doing especially well. Disappointing performances came from Restaurant Group (-36%), Babcock International (-26%), Centrica (-20%) and Crest Nicholson (-19%). Restaurant Group has fallen as a result of the poorly received purchase of Wagamama. Although the acquisition was not cheap, we feel the quality and growth prospects of the group have been enhanced by the deal and see significant value in the shares at present. Babcock International has been affected by the market's aversion to outsourcing businesses after a number of high profile collapses, whilst Centrica and Crest Nicholson have faced trading difficulties.

PORTFOLIO

The year ended 31 March 2019 saw sales and purchases of equities totalling £43.49m, with net sales of £1.04m. In view of the attractive yields to be found in the market, our policy was to be as fully invested as possible in the equity portfolio throughout the year, in line with the Board's policy to receive maximum dividend income. During the year we took profits in several successful long-term holdings including Beazley, Informa, Unilever and Cineworld. We also made complete disposals of Halma, on valuation grounds, and of

British Land, as the outlook for its retail property assets worsened. We also disposed of N Brown, which has struggled to shift its clothing catalogue business on-line, and Wood Group, which is grappling with its purchase of AMEC. We also reduced Restaurant Group in order to take part in the rights issue that funded its purchase of Wagamama. New holdings were started in Phoenix Group, the leading life assurance consolidator, Devro, which manufactures edible food casings, and DS Smith, a FTSE 100 packaging business. All three were offering above average dividend yields with the potential for attractive dividend growth over the medium term. We also took advantage of Brexit-related concerns to add to Marstons and to start a new holding in Lloyds Banking Group. In the media sector we switched Daily Mail & General into ITV on a higher yield. At the end of March 2019 we held investments in 35 companies with an average yield of 4.8%.

Outlook

The overall investment outlook remains mixed. Global economic growth is undoubtedly slowing as a result of the monetary tightening seen over the course of the last two years. The economic outlook in Europe has deteriorated the most sharply with economic surveys now suggesting that growth in the Eurozone has completely stalled and that several major European countries may well be in recession. The ECB has softened its monetary stance as a result, but to little effect. Even in the US, the rate of economic growth has tempered as the effect of the Trump tax stimulus has worn off. Deteriorating economic growth will put pressure on company profit forecasts but monetary policy has become more accommodative and this should be supportive for investment markets. In the UK the interminable Brexit process grinds on and, at the time of writing, it remains highly uncertain as to when, or indeed if, the UK will leave the European Union or what form our future relationship with the EU will take.

However, the valuation of the UK stock market in particular remains attractive even after the recent bounce. The market dividend yield of over 4% is rarely seen outside of recessionary periods, suggesting longer term investors will be well rewarded from current market levels. Additionally, the gap between the 10 year gilt yield of 1% and the dividend yield of 4.2% has not been wider for over 50 years. This level of yield differential, combined with expectations for another above-inflation increase in overall dividends this year, makes UK equities look exceptional value when compared to gilts. In addition, it should not be forgotten that the UK stock market provides a wide degree of international diversification and its constituents are relatively well insulated from any adverse effects of a "hard" Brexit. Furthermore, any Brexit-related devaluation of sterling would be of direct benefit to income investors as over half of the stock market's dividends are now declared in either US Dollars or Euros.

Patrick Harrington
OLIM Limited
4 June 2019

Holding		Description	Market Value (£)
176,000	Unilever	The global food, home and personal care company.	7,735,200
1,400,000	Beazley UK	A specialist international insurance company, primarily operating in Lloyds.	7,210,000
1,246,000	BP	One of the world's largest energy companies, providing fuel, retail services and petrochemicals.	6,958,910
389,000	GlaxoSmithKline	One of the world's leading pharmaceutical companies	6,211,552
121,944	Croda International	A world leader in natural based speciality chemicals which are sold to virtually every type of industry.	6,143,539
222,221	Royal Dutch Shell	A global group of energy and petrochemical companies.	5,395,526
790,000	HSBC	The banking group.	4,924,070
196,000	Spectris	Leading supplier of instrumentation and controls.	4,919,600
1,720,000	Legal & General	One of the UK's leading financial services companies, specialising in life assurance and pensions.	4,735,160
1,400,000	Cineworld	The UK's leading cinema operator.	4,096,400
550,000	Informa	A media company which specialises in events, conferences, business intelligence and academic publishing.	4,093,100
255,500	Prudential	Insurance and fund management company with interests in UK, North America and Asia.	3,928,313
6,250,000	Lloyds Bank	A provider of financial services to individual and business customers in the United Kingdom.	3,883,750
375,000	Britvic	Manufacturer and distributor of soft drinks in the UK and Ireland.	3,571,875
2,430,454	Vodafone	The leading mobile telecommunications company.	3,397,775
1,200,000	Rotork	The world's leading manufacturer of actuators serving particularly the oil, gas and water management industries.	3,393,600
180,000	BHP	One of the world's largest mining companies.	3,327,480
892,000	Crest Nicholson	A UK housebuilder, operating mainly in Southern England with one of the longest land banks in the industry.	3,300,400
3,130,000	Marstons	The regional brewer and pub company.	3,214,510
950,000	DS Smith	A leading cardboard packaging manufacturer with operations in Europe and the USA.	3,191,050
391,772	United Utilities	The UK's largest listed water company.	3,190,591
411,400	Pennon	Operates and invests in water, sewerage services and waste management operating in the UK and North Africa.	3,059,170
1,550,000	Devro International	The world's second largest manufacturer of edible food casings largely used in sausage production.	3,053,500
66,000	Rio Tinto	One of the world's largest mining companies.	3,065,403
150,000	Go-Ahead Group	Operator of trains and buses.	2,941,500
90,709	Johnson Matthey	A leader in speciality chemicals and sustainable technologies.	2,850,077
2,000,000	ITV	Television broadcaster with revenues from its valuable archive, advertising and video streaming services.	2,542,000
1,120,000	BT	The fixed-line telecommunications company.	2,497,040
885,000	SThree	A staffing company, both permanent and temporary.	2,380,650
475,000	Babcock International	An engineering support services group; the main customer is the Ministry of Defence.	2,344,125
2,000,000	Centrica	An integrated gas and electricity company.	2,284,000
1,785,888	Restaurant Group	The company owns chains of restaurants in airports and leisure parks.	2,107,348
286,000	Phoenix Group	A leading consolidator of closed life assurance businesses	1,937,650
645,000	Eddie Stobart Logistics	Provides leading supply chain transport and logistics across Europe.	632,100
477,761	Hansard Global	Provides, supports and services life assurance products for financial institutions and independent financial intermediaries globally.	188,716
			128,705,680

PROPERTY PORTFOLIO

THE MARKET

UK commercial property delivered a total return of 5.2% over 2018 as a whole, with average capital and rental values both 1% up. This was well above the total return on UK equities and gilts and most overseas equity and bond markets. In the last quarter of 2018, property capital and rental values turned down. They have slipped further on very few transactions so far in 2019 as Brexit chaos drags on. Average property capital values rose slightly over the first three quarters, but valuers were very slow to address weakness in high street shops, shopping centres and retail warehouses, and retail property pain only started to show through in annual valuations at the end of December. The MSCI Annual Property Index, the most comprehensive measure of the performance of institutional investment property portfolios, delivered a return of 5.2%, well below the Quarterly Index returns of 6.2% and the Monthly Index Return of 7.3% over calendar 2018 as a whole. The variations between these indices stem mainly from their differential weightings in shopping centres as against industrial/warehouse property.

UK COMMERCIAL PROPERTY – AVERAGE ANNUAL % GROWTH TO MARCH 2019

	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Capital Values	-2.8	-1.8	+0.1	+1.7	+4.5	+4.2
Rental Values	-0.4	-0.2	+0.2	+1.3	+2.3	+0.8
Total Returns	+1.6	+2.6	+4.6	+6.4	+9.4	+9.8

Source: MSCI Quarterly Index – Annualised

A flight to property safety is now taking off, with significant polarisation in UK property values between safe, long-let property and the rest of the market. Retail property is performing poorly almost across the board, with retail warehouses and high street shops down by around 10% over 2018, and shopping centres weaker still. Company Voluntary Arrangements (CVAs), even at profitable retail groups, have hammered values and there will be many more company

Matthew Oakeshott and Louise Cleary

failures in 2019. All these retail sectors have further to fall over 2019, with many shorter let retail properties, notably shopping centres, still overvalued by as much as a quarter. Only one retail sector is bucking the trend - supermarkets - where the high quality of income from the main operators on long, often index-linked leases, is proving attractive to investors fleeing the non-food retail storm. Even here however, over-rented and over-sized supermarkets are falling in value.

Office values in general edged ahead in 2018, with rental growth in the big provincial cities and a handful of trophy purchases, mainly by Far Eastern buyers, propping up the London office market despite downward pressure on rents. But Brexit uncertainty has now frightened off most overseas buyers and made even large companies take serviced office space rather than sign long leases in London. Office capital values are likely to fall overall in 2019, with London leading the decline and regional offices generally steady.

Warehouse/industrial property was the star performer of 2018. The structural shift from bricks and mortar to online retailing has driven up demand, both for large distribution depots near motorway junctions and smaller warehouse units for "last mile" type local deliveries. Investor demand has forced investment valuation yields for industrial/warehouse property down below retail and office yields for the first time since reliable yield records began forty years ago – and, more seriously, to a yield level even lower than at the property market peak in 2007, showing clear signs of overheating. Average industrial/warehouse yields for all except the most secure, long let properties are now therefore starting to rise, given the present uncertain economic and political outlook, so growth in industrial/warehouse values in 2019/20 will be limited to the beneficial effect of rising rents on capital values.

Most other types of investment property (usually called "alternatives" in the property market), such as hotels, pubs, cinemas, bowling, bingo, petrol filling stations/convenience stores and healthcare and educational property, should continue to outperform the conventional commercial investment property market over the next few years, as they did by delivering total returns typically between 8% and 10% in 2018. In these alternative sectors, unlike traditional retailing, structural change can benefit multiple operators – as in pubs, where the 39,000 pubs still trading in 2018 have revenue 6% higher in real terms and employ 6% more people than the 50,000 pubs trading in 2008, with the biggest increases in pubs with over 10 employees.

The twin keys to outperformance by alternative property are generally strong national operators, often building a dominant position (e.g. in cinemas, bowling, pubs and budget hotels), and long, index-linked leases signed because rent reviews have been impractical on a conventional open market basis. Investments with such leases are increasingly sought after by many institutional investors who feel underweight in these alternative sectors.

These contrasting trends in UK commercial property will produce a fall in average capital values – maybe of 4%-5%, offset by a similar income yield, giving a total return around zero for the MSCI Index over 2019 as a whole. Average rental values may also fall by about 4%-5% with industrials and alternatives up, and offices (slightly) and retail (well) down. Within those averages, retail property (except supermarkets) may give a double-figure negative return. Many shops and retail warehouse units are only re-lettable well below current rent levels as tenants fail, leases expire and the few strong retailers left in the market dictate their own terms to take new space or renew short leases. Most traditional shopping centres are obsolescent or already obsolete in 21st century Britain.

Office rents in London could also fall if Brexit uncertainties drag on, so total returns in the office sector may average between 0-5%. Industrial/warehouse and alternative returns may average between 5% and 10%. These projections are on the basis that there is no "hard Brexit" in the sense of the UK leaving the Customs Union and European Single Market suddenly in mid-2019, with accompanying disruption to supply chains and serious labour shortages in construction, hospitality, the care sector and agriculture. In that event, risky property in more vulnerable sectors could suffer substantial falls in values, with an even faster flight to the safety offered by long leases to strong tenants.

The market for most types of property has been thin and sluggish so far in 2019, with most institutional buyers paralysed by indecision. Only very safe, long-let stock is trading in size, plus a few purchases by private buyers at sub-£2 million lot sizes.

COMPARATIVE YIELDS – END DECEMBER (EXCEPT 2019 END MARCH)

		2019	2018	2017	2016	2014	2011	2008	2006
Property (Equivalent Yield)		5.5	5.4	5.5	5.7	5.9	6.8	8.1	5.4
Long Gilts	Conventional	1.2	1.5	1.4	1.5	2.0	2.5	3.7	4.6
	Index Linked	-2.0	-1.8	-1.8	-1.8	-0.8	-0.2	0.8	1.1
UK Equities		4.2	4.5	3.6	3.5	3.4	3.5	4.5	2.9
R.P.I. (Annual Rate)		2.4	3.2	4.1	2.5	2.0	4.8	0.9	4.4
Yield Gaps:	Property less Conventional Gilts	4.3	3.9	4.1	4.2	3.9	4.3	4.4	0.8
	less Index Linked Gilts	7.5	7.2	7.3	7.5	6.7	7.0	7.3	4.4
	less Equities	1.3	0.9	1.9	2.2	2.5	3.3	3.6	2.5

Source: MSCI and ONS

Any forecast for the UK economy in 2019 and beyond continues to hang heavily on Brexit, which is by definition uncharted political and constitutional territory. The only clear light shining through the fog is a general acceptance that there is a substantial majority in this Parliament against the UK leaving the European Union without a negotiated settlement. But whether and when that can take effect on the terms of Brexit, or whether it is delayed or stopped altogether remained unclear at the time of writing.

Even if there is no hard Brexit, the UK economy may still only grow by about 1% in 2019, with a weak start and some recovery in the second half-year, after disappointing growth of around 1.4% in 2018. Business investment has fallen in each of the last seven quarters, services and consumption are flat, and manufacturing has been boosted by some short-term precautionary stock-building before 29 March which may unwind soon. Inflation is well under control at under 2% for the Consumer Price Index and around 2.5% for the Retail Price Index. Sterling's post-Referendum fall has now dropped out of the annual figures, bringing the annual RPI rate down from 4%, and the CPI from 3% in December 2017. Average earnings are now therefore growing again faster than prices, and the National Minimum Wage has just risen by 4.9% to £8.21 an hour. But retail spending is still under pressure as consumers have stopped running up debt, especially for big ticket purchases, and remain generally cautious. Short-term interest rates are unlikely to rise further for some time, and long-term rates have fallen further, with the 10-year gilt yield touching 1.0%, despite the danger of a high-spending, left-wing Labour government.

After a generally benign world economic background in 2018, the outlook for growth in most developed economies is deteriorating, and the IMF has again cut its forecast for world economic growth in 2019 to 3.3%. Political turmoil in the United States and trade wars with China, together with instability in Italy and to a lesser extent, France and Germany, suggest the risks to that forecast are on the downside.

Despite Brexit uncertainty, and the challenges in retail property in particular, UK commercial property now offers a comfortable yield cushion of 4.3 points over UK conventional gilts and 7.5 points over UK index-linked gilts, (with both yield gaps near 10-year highs). This represents excellent absolute and relative investment value for investors sticking to safe, long, preferably index-linked leases secured on strong tenants in well-specified buildings in prosperous locations. The premium institutional investors are prepared to pay for that security against average or riskier commercial property has been growing since the Referendum in 2016 and will grow further and faster in 2019 as open market rental growth evaporates. Meanwhile the outlook for risky property in general, and retail property in particular, is poor and getting worse.

The Portfolio

VIT's property portfolio produced a total return of 8.0% over the year to March, against 5.5% for the MSCI (formerly IPD) Index, the main benchmark for commercial property performance. VIT's property record is shown in the table on page 14.

We specialise in properties with long, strong, preferably index-related, income streams to deliver outstanding long-term real returns. The total returns on our property portfolio have been between 11% and 13% a year over the past 3, 5, 10, 20 and 32 years and are above the MSCI averages over all these periods. The real returns above the RPI from VIT's property portfolio were 6% last year and between 8% and 9% a year over all cumulative periods from 3 to 32 years since the inception of our management.

We bought three new properties over the year with RPI-linked rent reviews: an industrial/warehouse in Aylesford, Kent just off the M20, and two bingo halls in Bradford and Manchester, at a purchase price of £8.8 million and an average net initial yield on purchase of 6.6%; their average unexpired lease length was 19 years. We sold two pubs in Lancaster in view of covenant concerns as well as short-leased retail properties in Bedford, Oxford and Sevenoaks at a sale price of £10.3 million (5% above valuation) with a net initial yield of 7.3%, falling to below 6.0% on their current rental values. The property portfolio was fully invested at the year end.

The capital value of properties held throughout the year rose by 1.5%, rental income rose by 4.4% and rental values by 4.9%. Industrial properties, pubs and the caravan park performed best, but retail properties were down. 10 properties gained in value, 9 fell and 4 were unchanged, with 3 new purchases.

All properties are let on full repairing and insuring leases, with upward only rent reviews and an average unexpired lease length now over 15 years. The portfolio has been fully let and income-producing throughout the year. 38% of the rental income is reviewed annually, with 62% five yearly. 79% of the portfolio's net rental income comes from index-related leases (up from 35% seven years ago).

The property portfolio has been funded for many years by long term fixed rate loans - £20 million of VIT 9⅜% Debenture Stock repayable in 2026 and £15 million of VIT 11% Debenture Stock repayable in 2021. Because these Debenture Stocks were issued at a premium, their effective interest cost averaged 9%, against the 13% p.a. long-term return from VIT's properties. We borrowed a further £15 million in 2015-2016 at a fixed interest rate of 4.4%, including all costs, also until 2026 and invested the proceeds in properties at a net initial yield of 6.9%.

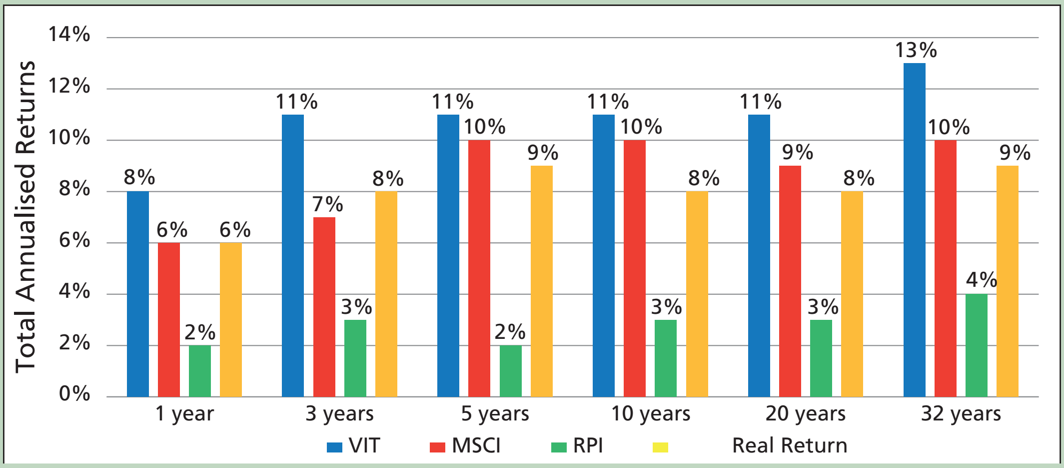
VIT's combined weighted cost of loan capital is thus 7.6%; this will fall sharply in two years' time when our original 11% Debenture is repaid, saving £1,650,000 in annual interest costs, almost 40% of VIT's present interest payable.

Results of Independent Revaluation

The VIT property portfolio was subject to an independent professional revaluation at 31 March 2019 by Savills. The revaluation showed a value of £68,800,000. Our properties are revalued every six months, at 30 September and 31 March. Twenty-four of the properties valued at 31 March 2019 are freehold and two are long leasehold with 86 and 39 years to run respectively.

Louise Cleary
OLIM Property Limited
4 June 2019

VIT Total Returns (%p.a) – To 31 March 2019



VIT's Property Record

31 March	Rental Income £000	Capital Value £000	Yield on Valuation %	Total Return VIT %	Total Return MSCI (ex IPD) Quarterly Index*
2019	4,372	68,800	6.4	8	5
2018	4,329	68,700	6.3	11	10
2017	4,480	66,775	6.7	13	4
2016	3,940	55,125	7.2	10	11
2015	4,019	54,500	7.4	13	17
2014	3,552	46,475	7.6	11	14
2013	3,543	46,225	7.7	4	3
2012	3,537	48,250	7.3	7	6
2011	3,552	49,075	7.2	9	11
2010	3,463	48,750	7.1	18	17
2009	3,278	44,850	7.3	-11	-25
2008	3,261	51,000	6.4	0	-9
2007	3,116	54,525	5.7	15	16
2006	3,219	52,250	6.2	21	21
2005	3,124	45,875	6.8	21	17
2004	3,052	40,375	7.5	15	12
2003	3,089	40,550	7.6	12	9
2002	3,013	38,800	7.8	13	7
2001	3,117	39,825	7.8	10	10
2000	3,054	39,800	7.7	15	15
1999	3,410	41,055	8.3	25	11
1998	3,141	34,800	9.0	15	17
1997	3,111	32,805	9.5	10	12
1996	2,840	29,440	9.6	9	5
1995	2,948	31,125	9.5	10	6
1994	2,806	29,835	9.4	23	26
1993	2,773	26,415	10.5	12	-1
1992	2,709	25,880	10.5	10	-3
1991	2,331	23,800	9.8	2	-10
1990	2,050	24,390	8.4	15	15*
1989	1,915	23,475	8.2	30	30*
1988	1,329	14,939	8.9	24	26*
1987	1,155	11,375	10.2	N/A	N/A

*MSCI (ex IPD) Quarterly Index 12 months total returns to 31 March: except 1988 – 1990. IPD Annual Index

PURCHASES & SALES 2019

PURCHASES:

Price: £8,800,000 (3 properties)
Net Initial Yield: 6.6%
Weighted Average Unexpired Lease Term: 19 Years
Rent Reviews: Index-Related 100%

PROPERTIES:

Aylesford (Industrial)
Freehold industrial unit let to Kier Group plc for 20 years, with a tenant's option to break in 2036, at £400,000 a year with 5 yearly rent reviews index-linked to RPI (min 2% pa & max 4% pa) for £5,250,000 at a net initial yield of 6.7%

Bradford (Leisure – Bingo)

Bradford (Leisure – Bingo)
Freehold bingo hall let to Buzz Group Ltd (formerly Gala Leisure) for over 20 years at £91,352 a year, with annual rent reviews index-linked to RPI (min 1% pa & max 4% pa) for £1,335,000 at a net initial yield of 6.5%

Manchester (Leisure – Bingo)

Manchester (Leisure – Bingo)
Freehold bingo hall let to Buzz Group Ltd (formerly Gala Leisure) for over 20 years at £148,600 a year, with annual rent reviews index-linked to RPI (min 1% pa & max 4% pa) for £2,170,000 at a net initial yield of 6.4%

SALES:

Price: £10,300,000 (5 properties)
(5% above Valuation)
Net Initial Yield: 7.3%
(falling to 6% on current rental values)
Weighted Average Unexpired Lease Term: 8 Years
Rent Reviews: 86% of total rents had open market reviews

PROPERTIES:

Lancaster (Pub): Covenant concerns
Lancaster (Pub): Covenant concerns
Bedford (Shop): Short lease & over-rented
Oxford (Car Showroom): Short lease & over-rented
Sevenoaks (Shop): Short leases

PORTFOLIO AT 31 MARCH 2019

PUBS & RESTAURANTS

- 11 properties
- £1,258,720 rent
- Weighted Average Unexpired Lease Term 20.6 years

INDUSTRIALS

- 4 properties
- £1,174,305 rent
- Weighted Average Unexpired Lease Term 12.5 years

LEISURE

- 3 properties
- £474,952 rent
- Weighted Average Unexpired Lease Term 22.1 years

ROADSIDE

- 2 properties
- £318,202 rent
- Weighted Average Unexpired Lease Term 8.4 years

OTHER

- 2 properties
- £623,932 rent
- Weighted Average Unexpired Lease Term 14.1 years

SUPERMARKETS

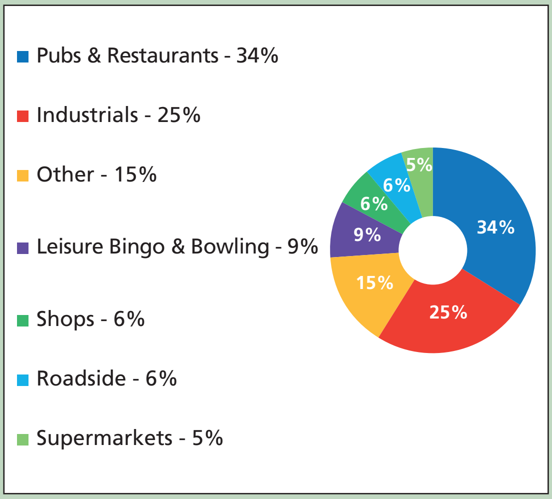
- 2 properties
- £226,825 rent
- Weighted Average Unexpired Lease Term 8.4 years

PORTFOLIO FACTS	31 MARCH 2019
Portfolio Value	£68,800,000
Rental as a % of Portfolio Value	6.4%
Occupancy rate	100%
Annual Total Return	8.0%
Total Number of Properties	26
Index-Related Income	79%
Weighted Average Unexpired Lease Term	15.1 years
Growth on held properties over the year:	
Capital:	1.5%
Income:	4.4%

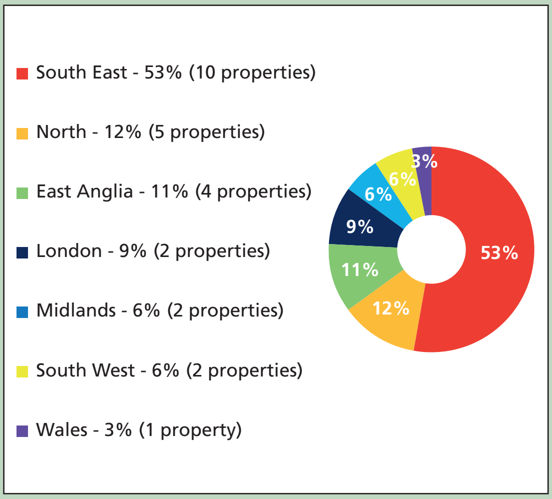
SHOPS

- 2 properties
- £295,000
- Weighted Average Unexpired Lease Term 6.5 years

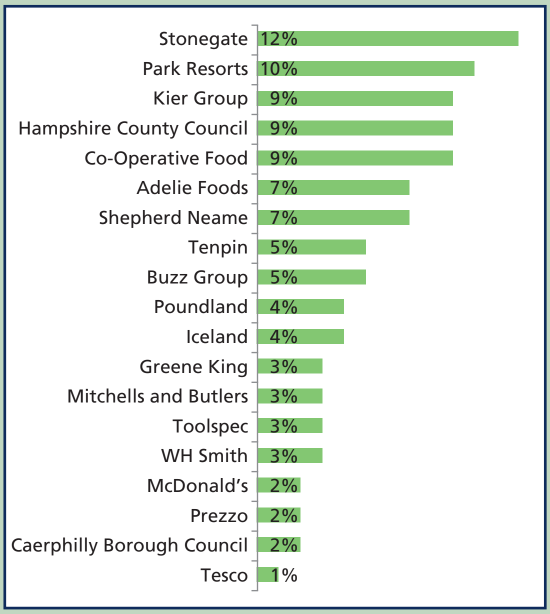
PORTFOLIO SECTOR WEIGHTING %



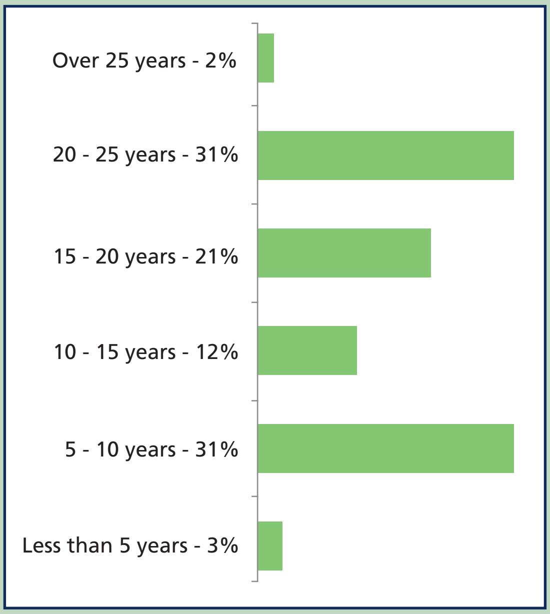
PORTFOLIO BY REGION – CAPITAL VALUE %



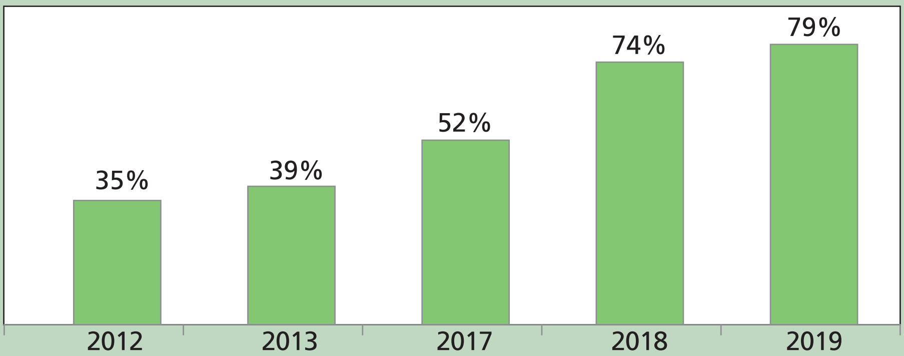
RENT BY TENANT %



INCOME BY LEASE EXPIRY % (IF ALL BREAKS EXERCISED)



FIXED AND RPI INDEX-RELATED SHARE OF RENTAL INCOME %



List of Properties as at 31 March 2019

Address	Tenants
PUBS & RESTAURANTS	
Bedford – The Rose, 45 High Street	Stonegate*
Bournemouth – Yates, 2 Dean Park Crescent	Stonegate*
Brentwood – 129-129A High Street	Prezzo*
Canterbury – The Bishops Finger, 13 St Dunstan St	Shepherd Neame*
Cheltenham – The Spectre, 73-75 High Street	Stonegate*
Coventry – Castle Grounds, 7 Little Park Street	Stonegate*
London – The Bishop's Finger, West Smithfield	Shepherd Neame*
London – The Prince of Wales, 48 Cleaver Square	Shepherd Neame*
Oxted – The Old Bell, 18 High Street	Greene King**
Selby – The George Inn, Market Place	Stonegate*
Thornton-Cleveleys – The Tramway, 165-169 Victoria Road West	Mitchells & Butlers
INDUSTRIALS	
Aylesford – Broadmead House, Bellingham Way, New Hythe	Kier Group*
Fareham – Mitchell Close, Segensworth East	Hampshire County Council
Luton – Sedgwick Road	Toolspec Manufacturing*
Milton Keynes – Wimblington Drive	Adelie Foods**
LEISURE – BINGO & BOWLING	
Bradford – Tong Street	Buzz Group*
Manchester – Kirkmanshulme Lane	Buzz Group*
Stafford – Tenpin, Greyfriars Place	Ten Entertainment Group*
ROADSIDE	
Horsham – Buck Barn, Worthing Road, West Grinstead	Co-operative Food and McDonald's
Southampton – Applegreen, Swaythling Road	Co-operative Food**
OTHER	
Dover – St Margaret's Holiday Park, Reach Road	Park Resorts*
Risca – 77 Tredegar Street	Caerphilly Borough Council** and Tesco*
SUPERMARKETS	
Harrogate – Skipton Road	Co-operative Food*
Sudbury – 94-95 North Street	Iceland**
SHOPS	
Godalming – 80-82 High Street	W H Smith
Lymington – 78-80 High Street	Poundland

* RPI-linked rent reviews
** Fixed rent reviews

This Business Review is intended to provide an overview of the strategy and business model of the Company as well as the key measures used by the Directors in overseeing its management. The Company is an investment trust company which invests in accordance with the investment aims and investment policy below.

The Group

Value and Income Services Limited (VIS), a wholly owned subsidiary of the Company, is authorised by the Financial Conduct Authority to act as the Company's Alternative Investment Fund Manager (AIFM).

Investment Aims

The Company invests in higher yielding, less fashionable areas of the UK commercial property and quoted equity markets, particularly in medium and smaller sized companies. The Company aims to achieve long-term real growth in dividends and capital value without undue risk.

Investment Policy

The Company's policy is to invest in quoted UK equities, UK commercial property and cash or near cash securities. It is not normally the Company's policy to invest in overseas shares or in unquoted companies. UK equities usually account for between half and three-quarters of the total portfolio and property for a quarter to a half but the asset allocation may go outside these ranges if relative market levels and investment value, or a desired increase in cash or near cash securities, make it appropriate.

The Company focuses on the fundamental values and incomes of businesses in which it invests – their profitability, cash flows, balance sheets, management and products or services - and the location, tenants and leases of its property investments. The equity portfolio has generally yielded more than the FTSE All-Share Index. The Group has held between 30 and 40 individual shareholdings and between 20 and 30 individual properties in recent years. These ranges may change as market conditions or the size of each portfolio vary in future. In order to limit the risk to the equity portfolio that is derived from any particular investment, no individual shareholding will account for more than 10% of the equity portfolio at the time of purchase.

The Company has, since 1986, had a longstanding policy of increasing its exposure to equities and to property through the judicious use of borrowings. Until 2015, all borrowings have been long-term debentures to provide secure long-term funding, avoiding the risks associated with short-term funding of having to sell illiquid assets at a low point in markets if loans have to be repaid. On 26 February 2015, a five year secured term loan facility of £5m was arranged with Santander UK plc at a five year fixed interest rate of 4% p.a. including all costs. This loan was refinanced on 13 May 2016 and a new ten year secured term loan facility of £15m was arranged with Santander UK plc at a ten year interest rate of 4.4% p.a. including all costs to replace the original £5m loan arranged in February 2015.

Gearing has varied between 25% and 40% of the total portfolio. The Company will not raise new borrowings if total net borrowings would then represent more than 50% of the total assets.

No material changes may be made to the Company's investment policy described above without the prior approval of Shareholders by the passing of an Ordinary Resolution. In the year to 31 March 2019, no material changes were made to the Company's investment policy.

Performance, Results and Dividend

The first quarterly dividend for the year to 31 March 2019 of 2.8p per share was paid on 26 October 2018, the second quarterly dividend of 2.8p per share was paid on 25 January 2019 and the third quarterly dividend of 2.8p per share was paid on 26 April 2019.

A review of the performance of the equity and property portfolios is detailed in the Chairman's Statement on pages 4 and 5 and in the Investment Managers' Reports on pages 6 to 18. The Directors recommend that a final dividend of 3.4p per Ordinary Share (2018: 3.3p) is paid on 26 July 2019 to Shareholders on the register on 28 June 2019. The ex-dividend date is 27 June 2019.

The table below shows the revenue reserve position and dividends paid and payable by the Company, subject to Shareholder approval of the proposed final dividend at the forthcoming Annual General Meeting.

Company Revenue Reserves With Dividends Payable

	£'000	Pence per share
Revenue reserve at 31 March 2018	387	0.85
Net revenue earned in the year	4,973	10.92
Dividends paid and payable	(5,374)	(11.80)
Revenue reserve at 31 March 2019	(14)	(0.03)

Principal Risks and Uncertainties

The Board carries out a regular review and robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and uncertainties which affect the Group's business are:

Market risk

The fair value of, or future cash flows from, a financial instrument held by the Group may fluctuate because of changes in market prices. This market risk comprises three elements - price risk, interest rate risk and currency risk.

Price risk

Changes in market prices (other than those arising from interest rate or currency risk) may affect the value of the Group's investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. For equities, asset allocation and stock selection, as set out in the Investment Policy on page 19, both act to reduce market risk. VIS delegates its portfolio management responsibilities to the Investment Managers, OLIM Limited (OLIM) and OLIM Property Limited (OLIM Property) (collectively, the Investment Managers) who actively monitor market prices throughout the year and report to VIS and to the Board, which meet regularly in order to review investment strategy. The equity investments held by the Group are listed on the London Stock Exchange. All investment properties held by the Group are commercial properties located in the UK with long, strong income streams.

Interest rate risk

Interest rate movements may affect:

- the fair value of the investments in property; and
- the level of income receivable on cash deposits.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

The Board imposes borrowing limits to ensure that gearing levels are appropriate to market conditions and reviews these on a regular basis. Current borrowings comprise debenture stocks and the ten year secured term loan, providing secure long-term funding. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of between 25% and 40%.

Currency risk

A small proportion of the Group's investment portfolio is invested in securities whose fair value and dividend stream are affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk.

Liquidity risk
This is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities.

The Group's assets comprise readily realisable securities which can be sold to meet commitments, if required, and investment properties which, by their nature, are less readily realisable. The maturity of the Company's existing borrowings is set out in the interest rate risk profile section of Note 21 of the Financial Statements.

Credit risk
This is the failure of a counterparty to a transaction to discharge its obligations under that transaction that could result in the Group suffering a loss.

The risk is not significant and is managed as follows:

- investment transactions are carried out with a number of brokers, whose credit standing is reviewed periodically by OLIM (which reports to VIS) and limits are set on the amount that may be due from any one broker.
- the risk of counterparty exposure due to failed trades causing a loss to the Group is mitigated by the review of failed trade reports on a daily basis. In addition, a stock reconciliation to third party administrators' records is performed on a daily basis to ensure that discrepancies are picked up on a timely basis. VIS carries out periodic reviews of the Depositary's operations and reports its findings to the Company. This review also includes checks on the maintenance and security of investments held.
- cash is held only with reputable banks with high quality external credit ratings which are monitored on a regular basis.

Property risk
The Group's commercial property portfolio is subject to both market and specific property risk. Since the UK commercial property market has been markedly cyclical for many years, it is prudent to expect that to continue.

The price and availability of credit, real economic growth and the constraints on the development of new property are the main influences on the property investment market.

Against that background, the specific risks to the income from the portfolio are tenants being unable to pay their rents and other charges, or leaving their properties at the end of their leases. All leases are on full repairing and insuring terms, with upward only rent reviews and the average unexpired lease length is now over 15 years (2017: 14 years). Details of the tenant and geographical spread of the portfolio are set out on page 17. The long-term record of performance through the varying property cycles since 1987 is set out on page 14. OLIM Property is responsible for property investment management, with surveyors, solicitors and managing agents acting on the portfolio under OLIM Property's supervision.

Political risk
Following the referendum held on 23 June 2016, the UK voted to leave the European Union (EU) and the two year period to negotiate the Withdrawal Agreement expired on 29 March 2019. The full political, economic and legal consequences are not yet known.

It is possible that investments in the UK may be more difficult to value and assess for suitability of risk, harder to buy or sell and may be subject to greater or more frequent rises and falls in value. In the longer term there is likely to be a period of uncertainty as the UK seeks to negotiate its ongoing relationship with the EU and other global trade partners. The UK's laws and regulations, including those relating to investment companies, may in future, diverge from those of the EU.

The Board regularly reviews the political situation, together with any associated changes to the economic, regulatory and legislative environment, to ensure that any risks arising are mitigated as effectively as possible.

An explanation of certain economic and financial risks and how they are managed is contained in Note 21 to the Financial Statements.

Additional risks and uncertainties include:

- **Discount volatility:** The Company's shares may trade at a price which represents a discount to its underlying net asset value.
- **Regulatory risk:** The Group operates in a complex regulatory environment and therefore faces a number of regulatory risks. A breach of Section 1158 of the Corporation Tax Act 2010 would result in the Company being subject to capital gains tax on portfolio investments. Breaches of other regulations, including but not limited to, the Companies Act 2006, the FCA Listing Rules, the FCA Disclosure, Guidance and Transparency Rules, the Market Abuse Regulation, the Foreign Account Tax Compliance Act, the Common Reporting Standard, the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation and the Second Markets in Financial Instruments Directive (MiFID II), could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers to the Company could also lead to reputational damage or loss. The Audit and Management Engagement Committee monitors compliance with regulations by reviewing internal control reports from the Administrator and from the Investment Managers.

  The Alternative Investment Fund Managers Directive (AIFMD) introduced a new authorisation and supervisory regime for all managers of authorised investment funds in the EU.

  In accordance with the requirements of the AIFMD, the Company appointed VIS as its Alternative Investment Fund Manager (AIFM) and BNP Paribas Securities Services as its Depositary. The Board has controls in place in the form of regular reporting from the AIFM and the Depositary to ensure that both are meeting their regulatory responsibilities in relation to the Company.

The Company must also comply with the General Data Protection Regulation (GDPR) which came into force on 25 May 2018, replacing the Data Protection Act 1998. This regulation enforces the principle of 'privacy by design and by default' and enshrines new rights for individuals, including the right to be forgotten and to data portability. The Directors have worked with the third parties that process Shareholders' personal data to ensure that their rights under the new regulation are protected.

The Company's privacy policy is now available to view on the Managers' websites www.olim.co.uk and www.olimproperty.co.uk.

Key Performance Indicators

The Directors have identified the three key performance indicators below to determine the performance of the Company:

- Net asset value total return relative to the FTSE All-Share Index (total return);
- Share price total return relative to the FTSE All-Share Index (total return); and
- Dividend growth relative to the Retail Prices Index.

At each Board Meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

A historical record of these measures, with comparatives is shown in the Financial Highlights and Long-Term Record on page 2.

Statement of Compliance with Investment Policy

The Company is adhering to its stated investment policy and managing the risks arising from it. This can be seen in various tables and charts throughout this Annual Report, and from the information provided in the Chairman's Statement (pages 4 and 5), and the Investment Managers' Reports (pages 6 to 18).

Employee, Environmental and Human Rights Policy

As an investment trust company, the Company has no direct employee or environmental responsibilities, nor is it responsible for the emission of greenhouse gases. Its principal responsibility to Shareholders is to ensure that the investment portfolio is properly managed and invested. The Company has no employees and accordingly, has no requirement to report separately on employment matters.

Management of the investment portfolio is undertaken by the Investment Managers through members of their portfolio management teams. In light of the nature of the Company's business, there are no relevant human rights issues and, therefore, the Company does not have a human rights policy.

Future Strategy

The Board and the Investment Managers intend to maintain the strategic policies set out above for the year ending 31 March 2020 as it is believed that these are in the best interests of Shareholders.

At the Annual General Meeting of the Company held in July 2016, Shareholders approved an amendment to the Company's Articles of Association. The amended Articles now require the Board to put an Ordinary Resolution to Shareholders in 2024 in relation to the future direction of the Company, including proposals that provide an opportunity for Shareholders to realise their investment in full at Net Asset Value, less costs, by 31 March 2027 at the latest. The reason for doing this in 2024 is to give sufficient time for refinancing the debt or for selling properties as required. The Company's Viability Statement is included on page 25.

Approval

The Business Review, and the Strategic Report as a whole, was approved by the Board of Directors and signed on its behalf by:

James Ferguson
Chairman
4 June 2019

The Directors submit their report together with the Financial Statements of the Group and the Company for the year ended 31 March 2019. A summary of the financial results for the year can be found in the Financial Highlights and Long-Term Record on page 2. Details of the proposed final dividend for the year are set out in the Chairman's Statement and in the Business Review sections within the Strategic Report.

PRINCIPAL ACTIVITY AND STATUS

The Company has applied for and been accepted as an approved investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2, Chapter 1 of Statutory Instrument 2011/2999. This approval relates to accounting periods commencing on or after 1 April 2012. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval. The Company intends to manage its affairs so that its Ordinary Shares continue to be a qualifying investment for inclusion in the stocks and shares component of an Individual Savings Account.

The Company is a member of the AIC and its Ordinary Shares are listed on the London Stock Exchange. Further details are provided in the Corporate Summary on page 1.

REGULATORY STATUS

As an investment trust company pursuant to Section 1158 of the Corporation Tax Act 2010, the rules of the FCA in relation to non-mainstream investment products do not apply to the Company.

OTHER REGULATORY MATTERS

With effect from 1 January 2016, new tax legislation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the Common Reporting Standard) was introduced. The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. The Company will provide information annually to the local tax authority on the tax residency of a number of non-UK based certified Shareholders and corporate entities. All new Shareholders, excluding those whose shares are held in CREST, entered onto the share register from 1 January 2016, are sent a certification form for the purposes of collecting this information. For further information please see HMRC's Quick Guide: Automatic Exchange of Information–information for account holders https://www.gov.uk/government/publications/exchange-of-information-accountholders.

The Company is also required to comply with tax legislation under the Foreign Account Tax Compliance Act.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development and performance, are set out in this Directors' Report, and the financial position of the Company is described in the Chairman's Statement within the Strategic Report. In addition, Note 21 to the Financial Statements includes: the policies and processes for managing its financial risks; details of its financial instruments; and its exposures to market price risk, interest rate risk, liquidity risk, credit risk and price risk sensitivity. The Directors believe that the Company is well placed to manage its business risks.

Having made suitable enquiries, the Directors have a reasonable expectation that the Group has adequate financial resources to enable it to continue in operational existence for the foreseeable future, being at least 12 months from approval of the Financial Statements, and accordingly, they have continued to adopt the going concern basis (as set out in Note 1(b) on page 60) when preparing the Annual Report and Financial Statements.

Viability Statement

In accordance with Provision C.2.2 of the UK Corporate Governance Code published in April 2016 and Principle 21 of the AIC Code of Corporate Governance published in July 2016, the Board has assessed the Company's prospects for the five year period to 31 March 2024. The Board consider that this five year period is appropriate for an investment trust company of its size and based on the financial position of the Company as detailed in the Chairman's Statement, the Investment Managers' Reports and the Business Review of this Annual Report.

The Board has considered the Company's financial position and its ability to liquidate its portfolio and meet its liabilities and draws attention to the following points which the Board took into account in its assessment of the Company's future viability:-

a) The Company's equity investments are traded on a major stock exchange and there is a spread of investments held. The Directors are of the opinion that the bulk of the equity portfolio could be liquidated within 5 trading days and there is no expectation that the nature of investments held would be materially different in the future.
b) The Company's property portfolio is valued at £68.8m and is securing a debenture stock expiring in 2021 and a loan facility expiring in 2026 against a required £47.5m.
c) The Company is closed ended in nature and therefore does not require to sell investments when Shareholders wish to sell their shares.
d) The Board has considered the risks faced by the Company as detailed in the Business Review and referred to in Note 21 of the Financial Statements on pages 75 to 81 and have concluded that the Company would be able to take appropriate action to protect the value of the Company.
e) Due to the nature of the business of the Company and the nature of its investments and to the Company's long history, the Board are able to conclude that expenses are predictable and modest in relation to asset values. There is a significant proportion of expenses on an ad valorem basis (management fees to 31 March 2019 are 59.8% of total expenses) which reduces as NAV declines, expenses including interest were covered 1.7 times by income in the year.
f) There are no capital commitments currently foreseen that would alter the Board's view.
g) The Articles of Association include a requirement that the Board put an Ordinary Resolution to Shareholders in 2024 in relation to the future direction of the Company, including proposals that provide an opportunity for Shareholders to realise their investment in full at NAV, less costs by March 2027 at the latest.
h) Details of the financial covenants which the Company complies with are detailed in Note 12 of the Financial Statements on pages 71 and 72.

In assessing the Company's future viability, the Board have assumed that investors will wish to continue to have exposure to the Company's activities, in the form of a closed ended entity; performance will continue to be satisfactory; and the Company will continue to have access to sufficient capital.

Accordingly, given the above, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five years ending 31 March 2024.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations, including accrued income and purchases and sales awaiting settlement. The main risks that the Company faces arising from its financial instruments are disclosed in Note 21 to the Financial Statements.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Corporate Governance

The Statement of Corporate Governance, which forms part of this Directors' Report, is shown on pages 33 to 37.

Share Capital

As at 31 March 2018 and 31 March 2019, and as at the date of approval of this Annual Report, the Company had 45,549,975 Ordinary Shares of 10p nominal value in issue. Each Ordinary Share entitles the holder to one vote on a show of hands and, on a poll, to one vote for every share held.

Directors

Biographies of the Directors who held office at the year end are shown in the Directors' Details section of this Annual Report on page 3. The Directors' interests in the shares of the Company at the year end are shown in the table on page 32.

The Directors' interests were unchanged at the date of this Annual Report.

The Company's Articles of Association require that each Director shall retire and seek re-election at every third Annual General Meeting. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by Shareholders at the next Annual General Meeting.

The Directors take the view, in line with the AIC Code on Corporate Governance (AIC Code), that independence is not compromised by length of service on the Board and that experience can add significantly to the Board's strength.

Accordingly, with the exception of Angela Lascelles and Matthew Oakeshott, all Directors who served during the year are considered by the Board to be independent of the Company and the Investment Managers and free of any material relationship with the Investment Managers. Angela Lascelles, as a Director of OLIM, and Matthew Oakeshott, as a Director of OLIM Property, are not considered to be independent under the FCA Listing Rules. The Board has determined that Directors may serve for more than nine years but that any such Director should be subject to annual re-election.

The Chairman has reviewed the skills, experience and independence of John Kay and David Smith and has no hesitation in recommending to Shareholders their re-election as Directors at the Annual General Meeting.

John Kay, as Senior Independent Director, has led the Board in reviewing the skills, experience and independence of James Ferguson as Chairman and has no hesitation in recommending to Shareholders his re-election as a Director at the Annual General Meeting.

Dominic Neary was appointed to the Board in January 2018 and, having been elected as a Director at the 2018 Annual General Meeting, is not due to retire at this time.

As announced on 1 April 2019, Angela Lascelles and Matthew Oakeshott retired as Directors of the Company on 1 April 2019.

Investment Management

The Company complies with the AIFMD which came into force on 22 July 2014. An investment management agreement was entered into by the Company (effective from 22 July 2014) in which the Company appointed VIS, a wholly owned subsidiary of the Company, as its AIFM. Under two separate updated and restated investment management agreements entered into by the Company and VIS on 15 May 2015, VIS has contractually delegated its management responsibilities for the equity and property portfolios to OLIM and OLIM Property respectively.

The updated and restated investment management agreements were further revised by way of side letters dated 20 September 2018 which provide that with effect from 1 April 2018 VIT shall pay to OLIM and to OLIM Property a management fee of 0.6% per annum of the total value of VIT's assets which are managed by OLIM and OLIM Property respectively (such assets being valued at quarterly valuation dates on 31 March, 30 June, 30 September and 31 December in each year and adjusted to account for capital cash balances and outstanding settlements for securities and property transactions). There is no performance fee.

Accordingly, during the year ended 31 March 2019, OLIM received an annual investment management fee of £757,000 excluding VAT and OLIM Property received an annual investment management fee of £404,000 excluding VAT.

The Directors, together with VIS, review the performance of the Investment Managers and review the terms and conditions of their appointment on a regular basis.

Following review, the Directors are satisfied that the continuing appointment of OLIM and OLIM Property as Investment Managers is in the best interests of Shareholders as a whole as the Company benefits from the specialised teams of investment professionals at OLIM and OLIM Property.

The costs and expenses of VIS are also met by the Company.

An additional fee is payable to the Company Secretary, Maven Capital Partners UK LLP, in respect of company secretarial and administrative services.

SUBSTANTIAL INTERESTS

In addition to the Directors' Interests indicated in the table on page 32, the only other persons known to the Company who, directly or indirectly, were interested in 3% or more of the issued ordinary share capital of the Company as at 31 March 2019 are listed in the table below:

Shareholder	Number of Ordinary Shares	% held
Alliance Trust Savings Nominees Limited	4,632,827	10.17
Hargreaves Lansdown (Nominees) Limited <15942>	1,552,219	3.41

At 31 May 2019, being the last practicable date prior to the publication of this Annual Report, in addition to the Directors' Interests indicated in the table on page 32, the only other persons known to the Company who, directly or indirectly, were interested in 3% or more of the Company's issued ordinary share capital were as follows:

Shareholder	Number of Ordinary Shares	% held
Alliance Trust Savings Nominees Limited	4,650,778	10.21
Hargreaves Lansdown (Nominees) Limited <15942>	1,509,023	3.31
Hargreaves Lansdown (Nominees) Limited <HLNOM>	1,377,252	3.02

INDEPENDENT AUDITOR

The Company's Independent Auditor, Grant Thornton UK LLP, is willing to continue in office and Resolutions 7 and 8 will be proposed at the 2019 Annual General Meeting (AGM) to propose its re-appointment and to authorise the Directors to fix its remuneration. Fees for non-audit services amounting to £6,000 were paid to Grant Thornton UK LLP during the year under review in relation to services provided in the preceeding year (2018: £10,000). The Directors have received assurances from the Auditor that they remain independent and objective. The Directors have also reviewed the Auditor's procedures in connection with the provision of non-audit services and remain satisfied that objectivity and independence is being safeguarded by Grant Thornton UK LLP.

The Directors confirm that as far as they are each aware, as at the date of this Annual Report, there is no relevant audit information of which the Company's Independent Auditor is unaware, and that each Director has taken all the steps that they might reasonably be expected to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Independent Auditor was aware of that information.

Additional Information

Information relating to dividends, likely future developments and important events since the year end are detailed in the Chairman's Statement on pages 4 and 5 and in the Business Review on pages 19 to 23. Where not provided elsewhere in the Directors' Report, the following additional information is required to be disclosed by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

There are no restrictions on the transfer of Ordinary Shares in the Company other than certain restrictions which may from time to time be imposed by law (for example insider trading law). The Company is not aware of any agreements between Shareholders that may result in a transfer of securities and/or voting rights.

Under the Articles of Association, the Company has a fixed life until 31 March 2027, save that the Board may propose a continuation vote in 2024 that would release the Board from its obligation to propose the liquidation resolution if Shareholders approve the continuation of the Company and the Board implement the alternative proposals that include a cash exit at close to Net Asset Value.

The Company's Articles of Association may only be amended by a Special Resolution at a general meeting of Shareholders.

Annual General Meeting

The Notice of the Annual General Meeting (AGM), which will be held on Friday, 5 July 2019 at 12.30pm at the offices of Shepherd and Wedderburn LLP, Condor House, 10 St. Paul's Churchyard, London EC4M 8AL, and related notes may be found on pages 88 to 93 of this Annual Report.

The Notice of Annual General Meeting is normally sent out at least 20 working days in advance of the meeting.

Among the Resolutions being put to the AGM, the following is a more detailed explanation of Resolutions 9 to 12.

Resolutions 1 to 8 are self-explanatory and require no further explanation.

Issue of Ordinary Shares by the Company

Resolution 9, which is an Ordinary Resolution, will, if passed, renew the Directors' authority to allot new Ordinary Shares up to a nominal value of £455,499. This will allow the Directors to allot up to 4,554,997 Ordinary Shares (being approximately 10% of the total ordinary issued share capital of the Company as at the date of the Notice of Annual General Meeting set out on pages 88 to 93 of this Annual Report) (excluding treasury shares).

Limited Disapplication of Pre-emption rights

Resolution 10, which is a Special Resolution, will, if passed, renew the Directors' existing authority to allot new shares or sell treasury shares for cash without the shares first being offered to existing Shareholders in proportion to their existing holdings. This will give Directors authority to make limited allotments or sell shares from treasury of up to a nominal value of £455,499, being up to 4,554,997 Ordinary Shares, representing approximately 10% of the total ordinary issued share capital. The authority to issue shares on a non pre-emptive basis includes shares held in treasury (if any) which the Company sells or transfers, including pursuant to the authority conferred by Resolution 9. Since the introduction of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 on 1 December 2003, a listed company is able to hold shares that it has repurchased in treasury rather than cancel them.

New Ordinary Shares will only be issued at prices representing a premium to the last published net asset value per share.

As at the date of the approval of this Annual Report, there were no Ordinary Shares held in treasury.

Purchase of the Company's Ordinary Shares

The Company's buy back authority was last renewed at the AGM on 6 July 2018. Special Resolution 11 renews the Board's authority to make market purchases of the Company's Ordinary Shares in accordance with the provisions contained in the Companies Act 2006 and the FCA Listing Rules. Accordingly, the Company will seek the authority to purchase up to a maximum of 14.99% of the issued ordinary share capital (excluding treasury shares) at the date of passing of Resolution 11 (being approximately 6,827,941 Ordinary Shares as at the latest practicable date prior to the publication of this Annual Report) at a minimum price of not less than 10 pence per share (being the nominal value). Under the FCA Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of: (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares over the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out.

The authorities being sought under Resolutions 9, 10 and 11 shall expire at the conclusion of the next AGM in 2020 or, if earlier, on the expiry of 15 months from the date of the passing of Resolutions 9, 10 and 11, unless such authority is renewed prior to such time. The Directors have no current intention to exercise these authorities and will only do so if they believe it is advantageous and in the best interests of Shareholders and would result in an increase in the net asset value per share. Any Ordinary Shares purchased shall either be cancelled or held in treasury.

Notice of Meeting

Under the Companies Act 2006, the notice period for the holding of general meetings of the Company is 21 clear days unless Shareholders agreed to a shorter notice period and certain other conditions are met. Resolution 12, which is a Special Resolution, will be proposed to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on not less than 14 clear days' notice, as permitted by the Companies Act 2006 amended by the Companies (Shareholders' Rights) Regulations 2009.

It is currently intended that this flexibility to call general meetings on shorter notice will only be used for non-routine business and where considered to be in the interests of all Shareholders. If Resolution 12 is passed, the authority to convene general meetings on not less than 14 clear days' notice will remain effective until the conclusion of the AGM in 2020 or, if earlier, on the expiry of 15 months from the date of passing of Resolution 12, unless renewed prior to such time.

Recommendation

Your Board considers Resolutions 1 to 9 inclusive, which are all Ordinary Resolutions, and Resolutions 10 to 12 inclusive, which are all Special Resolutions, to be in the best interests of the Company and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that Shareholders vote in favour of Resolutions 1 to 12 inclusive to be proposed at the AGM on 5 July 2019.

By order of the Board
Maven Capital Partners UK LLP
Company Secretary
4 June 2019

Directors' Remuneration Report

This report has been prepared, in accordance with the requirements of the Companies Act 2006. An Ordinary Resolution for the approval of this report will be put to the members of the Company at the forthcoming AGM. The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such and the Auditor's opinion is included in their report on pages 43 to 52.

The Nomination Committee of the Board fulfils the functions of a remuneration committee in relation to setting the level of Directors' fees and the Remuneration Policy. As none of the Directors is an executive director, the Company is not required to comply with the Principles of the UK Corporate Governance Code in respect of executive directors' remuneration.

At 31 March 2019, the Company had six Directors and their biographies are shown on page 3 of this Annual Report. The names of the Directors who served during the year together with the fees paid during the year are shown in the table on page 32.

Remuneration Policy

The Company's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole and be fair and comparable with that of other investment trust companies that are similar in size, have a similar capital structure and a similar investment objective. Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally or to a third party specified by him or her. The fees for the Directors are determined within the limits set out in the Company's Articles of Association, which limit the aggregate of the fees payable to the Directors to £200,000 and the approval of Shareholders in general meeting would be required to change this limit. It is intended that the fees payable to the Directors should reflect their duties, responsibilities, and the value and amount of time committed to the Company's affairs, and should also be sufficient to enable candidates of a high quality to be recruited and retained. The Directors do not receive bonuses, pension benefits, share options, long-term incentive schemes or other benefits, and the fees are not specifically related to the Directors' performance, either individually or collectively.

A copy of the Remuneration Policy may be inspected by the members of the Company at its registered office.

It is the Board's intention that the above Remuneration Policy be put to a Shareholders' vote at least once every three years and, as a resolution was approved at the AGM held in 2017, an Ordinary Resolution for its approval will be proposed at the 2020 AGM.

At the AGM held on 7 July 2017, the result in respect of the Ordinary Resolution to approve the Directors' Remuneration Policy for the three-years to 31 March 2020 was as follows:

	Percentage of votes cast for	Percentage of votes cast against	Number of votes withheld
Remuneration Policy	99.2	0.8	47,099

During the year ended 31 March 2019, the Board was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration. However, in the application of the Board's policy on Directors' remuneration, as defined above, the Committee expects, from time to time, to review the fees paid to the directors of other investment trust companies.

During the year ended 31 March 2018, the Nomination Committee carried out a review of the remuneration policy and the level of Directors' fees and recommended that the level of Directors' fees payable for the year to 31 March 2019 should remain unchanged and at the level that was agreed from 1 April 2017 being £27,500 for the Chairman and £20,000 for each other Director.

During the year ended 31 March 2019, the Nomination Committee carried out a review of the remuneration policy and the level of Directors' fees and recommended that the Directors' fees payable for the year ending

31 March 2020 be increased with effect from 1 April 2019 to £28,875 for the Chairman, £23,500 for the Chairman of the Audit and Management Engagement Committee and £21,000 for each other Director.

At the AGM held on 6 July 2018, the result in respect of the Ordinary Resolution to approve the Directors' Remuneration Report for the year ended 31 March 2018 was as follows:

	Percentage of votes cast for	Percentage of votes cast against	Number of votes withheld
Remuneration Report	99.60	0.4	11,164

Directors' Fees and Total Remuneration

The Company does not have any employees and Directors' remuneration comprises solely Directors' fees. The current and projected Directors' fees for the year ended 31 March 2019 and the year ending 31 March 2020 are shown below.

	Directors' Fees 2020 £	Directors' Fees 2019 £
James Ferguson (Chairman)	28,875	27,500
John Kay	21,000	20,000
Dominic Neary	21,000	20,000
David Smith	23,500	20,000
OLIM Limited (for Angela Lascelles' services)*	–	20,000
OLIM Property Limited (for Matthew Oakeshott's services)*	–	20,000
Total	**94,375**	**127,500**

* Angela Lacelles and Matthew Oakeshott retired as Directors on 1 April 2019.

The Directors' fees payable to OLIM and OLIM Property for the services of Angela Lascelles and Matthew Oakeshott respectively are included in the fees paid to OLIM and OLIM Property in respect of investment management services for the year. Further details of the fees payable to OLIM and OLIM Property are set out on page 27.

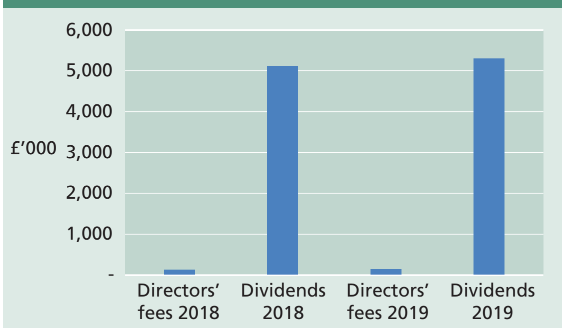
Directors do not have service contracts, but new Directors are provided with a letter of appointment. The terms of appointment provide that Directors should retire and be subject to re-election at the first AGM after their appointment. The Company's Articles of Association require all Directors to retire by rotation at least every three years. As noted in the Directors' Report, the Board has decided that every Director with an excess of nine years' service should stand for annual re-election. There is no notice period and no provision for compensation upon early termination of appointment, save for any arrears of fees which may be due.

During the year ended 31 March 2019, no communication had been received from Shareholders regarding Directors' remuneration.

Relative Cost of Directors' Remuneration

The chart below shows, for the years ended 31 March 2018 and 31 March 2019, the cost of Directors' fees compared with the level of dividend distribution.

Relative Cost of Directors' Remuneration (£'000)



As noted in the Strategic Report, none of the Directors is executive and therefore the Company does not have a chief executive officer, nor does it have any employees. In the absence of a chief executive officer or employees, there is no related information to disclose.

Directors' and Officers' Liability Insurance

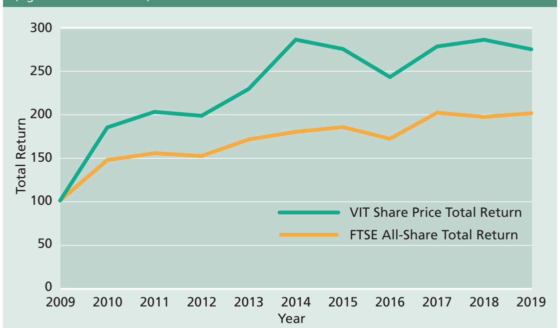
The Company purchases and maintains liability insurance covering the Directors and Officers of the Company. This insurance is not a benefit in kind, nor does it form part of the Directors' remuneration.

COMPANY PERFORMANCE

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Managers through the investment management agreements, as referred to in the Directors' Report.

The graph below compares the total returns on an investment of £100 in the Ordinary Shares of the Company, for each annual accounting period for the ten years to 31 March 2019, assuming all dividends are reinvested, with the total shareholder return on a notional investment of £100 made up of shares of the same kinds and number as those by reference to which the FTSE All-Share Index is calculated. This index was chosen for comparison purposes as it is the most relevant to the Company's investment portfolio.

Cumulative total return for the ten year period ended 31 March 2019 (figures rebased to 100)



(Source: London Stock Exchange)

DIRECTORS' REMUNERATION (AUDITED)

The Directors who served during the year received the following total emoluments in the form of fees:

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
James Ferguson (Chairman)	27,500	27,500
John Kay	20,000	20,000
Dominic Neary	20,000	3,656
David Smith	20,000	20,000
OLIM (for Angela Lascelles' services)	20,000	20,000
OLIM Property (for Matthew Oakeshott's services)	20,000	20,000
Total	**127,500**	**111,156**

The Directors' fees payable to OLIM and OLIM Property for the services of Angela Lascelles and Matthew Oakeshott respectively are included in the fees paid to OLIM and OLIM Property in respect of investment management services for the year. Further details of the fees payable to OLIM and OLIM Property are set out on page 27.

The above amounts exclude any employers' national insurance contributions, if applicable. No other form of remuneration was received by the Directors and no Director has received any taxable expenses, compensation for loss of office or non-cash benefit for the year ended 31 March 2019 (2018: £nil).

DIRECTORS' INTERESTS (AUDITED)

The Directors' Interests in the share capital of the Company as at 31 March 2019 and as at the date of this report are shown below. There is no requirement for Directors to hold shares in the Company.

	31 March 2019 Ordinary Shares of 10p each	1 April 2018 Ordinary Shares of 10p each
James Ferguson	635,500	635,500
John Kay	198,114	198,114
John Kay – Family	19,274	19,274
John Kay – as Trustee	74,830	74,830
Dominic Neary	14,680	–
David Smith	19,320	19,320
Angela Lascelles	554,999	554,999
Angela Lascelles – Family	250,000	250,000
Angela Lascelles – as Trustee	12,000	12,000
Matthew Oakeshott	6,796,000	4,900,000
Matthew Oakeshott – Family	2,875,000	2,650,000

APPROVAL

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

James Ferguson
Chairman
4 June 2019

The Company is committed to, and is accountable to the Company's Shareholders for, a high standard of corporate governance. The Board has put in place a framework for corporate governance that it believes is appropriate for an investment trust company and which enables it to comply with the UK Corporate Governance Code (the Code), published in April 2016. The Code is available from the website of the Financial Reporting Council at www.frc.org.uk.

During the year under review, the Company was a member of the Association of Investment Companies (AIC), which has published its own Code on Corporate Governance (the AIC Code). This provides a comprehensive guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggest alternative approaches to those set out in the Code. The AIC Code is available from the AIC website at www.theaic.co.uk.

In July 2018, the FRC issued a revised version of the Code, which takes effect in respect of financial years commencing on or after 1 January 2019. In February 2019, the AIC issued a revised version of the AIC Code with an application date for accounting periods commencing on or after 1 January 2019. The Board is considering the implications and future reporting requirements of the revised Codes.

This Statement of Corporate Governance forms part of the Directors' Report.

Application of the Main Principles of the Code and the AIC Code

This statement describes how the main principles identified in the Code and the AIC Code (the Codes) have been applied by the Company throughout the year as is required by the FCA Listing Rules. In instances where the Code and the AIC Code differ, an explanation will be given as to which governance code has been applied, and the reason for that decision.

The Board is of the opinion that the Company has complied fully with the main principles identified in the Codes, except as set out below:

- provision A2.1 (dual role of Chairman and Chief Executive);
- provision B1.1(tenure of directors); and
- provisions D2.2 (remuneration of executive directors) and D2.4 (long-term incentive plans).

For the reasons set out in the AIC Guide, and as explained in the Code, the Board considers that these provisions are not relevant to the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board

The Board currently consists of four male Directors. Biographies of the current Directors, including the Directors who served during the year under review, are shown on page 3 and indicate their high level and range of investment, industrial, commercial and professional experience. John Kay is the Company's Senior Independent Director.

With the exception of Angela Lascelles and Matthew Oakeshott, all Directors who served during the year are considered by the Board to be independent of the Investment Managers and free of any material relationship with the Investment Managers. Angela Lascelles is a Director of OLIM. Matthew Oakeshott is a Director of OLIM Property, and was a Director of OLIM up to 5 April 2012. Neither Angela Lascelles nor Matthew Oakeshott is considered to be independent under the FCA Listing Rules. Angela Lascelles and Matthew Oakeshott retired as Directors on 1 April 2019.

The Board sets the Company's values and objectives and ensures that its obligations to Shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the monitoring of the business activities of the Company including investment performance and revenue budgets;
- Companies Act requirements such as the approval of the periodic financial statements and approval and recommendation of any dividends;
- major changes relating to the Company's structure, including any share buy backs and share issues;
- succession planning including board appointments and removals and the related terms;
- appointment and removal of the AIFM, the Investment Managers and the terms and conditions of the investment management agreements relating thereto;
- terms of reference and membership of Board Committees; and
- Stock Exchange/UK Listing Authority/ Financial Conduct Authority matters, including responsibility for approval of all circulars, listing particulars and approval of all releases concerning matters decided by the Board.

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest, as required by the Companies Act 2006.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense.

The Directors have access to the advice and services of the Company Secretary, Maven Capital Partners UK LLP, through its appointed representatives who are responsible to the Board:

- for ensuring that Board procedures are complied with;
- under the direction of the Chairman, for ensuring good information flows within the Board and its Committees; and
- for advising on corporate governance matters.

An induction meeting will be arranged on the appointment of any new Director, covering details about the Company, the AIFM, the Investment Managers, legal responsibilities and investment trust industry matters. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

James Ferguson is Chairman of the Company. He is also Chairman of the Nomination Committee as the other Directors consider that he has the skills and experience relevant to that role. There is no Remuneration Committee as the Nomination Committee is responsible for considering appointments to the Board and reviewing the level of Directors' fees.

David Smith is Chair of the Audit and Management Engagement Committee as the other Directors consider that he has the skills and experience relevant to that role.

The Board meets at least four times each year.

The primary focus of quarterly Board Meetings is a review of investment performance and related matters including asset allocation, peer group information and industry issues. Between meetings, the Board maintains contact with the Investment Managers and has access to senior members of the management teams and to the company secretarial team.

During the year ended 31 March 2019, the Board held four full quarterly Board Meetings; one full Board Meeting in relation to strategy discussions; one full Board Meeting in relation to the retirement of Angela Lascelles and Matthew Oakeshott from the Board; two Committee Meetings to approve the release of financial results; one Committee Meeting to approve the substitution of a property under the Prudential Debenture; and one meeting of the Independent Directors only to consider succession planning.

Accordingly, Directors have attended Board and Committee Meetings during the year ended 31 March 2019 as follows:

Director	Board	Board Committee	Audit and Management Engagement Committee	Nomination Committee
James Ferguson	6 (6)	3 (4)	3 (3)	2 (2)
John Kay	6 (6)	2 (4)	3 (3)	2 (2)
Angela Lascelles	6 (6)	0 (4)	n/a	2 (2)
Dominic Neary	6 (6)	1 (4)	3 (3)	2 (2)
Matthew Oakeshott	6 (6)	2 (4)	n/a	2 (2)
David Smith	6 (6)	2 (4)	3 (3)	2 (2)

The number of meetings which the Directors were eligible to attend is in brackets.

Angela Lascelles and Matthew Oakeshott being non-independent are not members of the Audit and Management Engagement Committee.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board Meetings, this consists of a comprehensive set of papers, including the Investment Managers' reviews and discussion documents regarding specific matters. The Directors make further enquiries when necessary.

The Board has undertaken appraisals of the Chairman, the other Directors and the Board as a whole. The evaluation of the Chairman is led by the Senior Independent Director, John Kay.

Directors' Terms of Appointment and Policy on Tenure

All Directors are appointed for an initial period of three years, subject to re-election and Companies Act provisions and, in accordance with the Articles of Association, stand for election at the first Annual General Meeting following their appointment. The Articles of Association state that Directors must offer themselves for re-election at least once every three years. The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his ability to act independently and believes that experience can add significantly to the Board's strength. The Board has determined that Directors may serve for more than nine years but that any such Director should be subject to annual re-election.

Committees

Each of the Committees has been established with written terms of reference. The terms of reference of each of the Committees, which are available on request from the Registered Office of the Company, are reviewed and re-assessed for their adequacy at least annually.

Audit and Management Engagement Committee

Information regarding the composition, responsibilities and activities of the Audit and Management Engagement Committee is detailed in the Report of the Audit and Management Engagement Committee on pages 39 to 42.

Nomination Committee

The Nomination Committee comprises all of the Directors and is chaired by James Ferguson. As the Board has not established a Remuneration Committee, the Nomination Committee fulfils the functions of a remuneration committee in relation to setting the level of Directors' fees and the remuneration policy. The Nomination Committee met twice during the year. The Committee makes recommendations to the Board on the following matters:

- the evaluation of the performance of the Board and its Committees;
- reviewing the Board structure, size, composition and age profile (including the skills, knowledge, experience and diversity (including gender);
- succession planning;
- the identification and nomination of candidates to fill Board vacancies, as and when they arise, for the approval of the Board;
- the re-appointment of any non-executive Director at the conclusion of their specified term of office;
- the re-election by Shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association;
- the continuation in office of any Director at any time;
- the appointment of any Director to another office, such as Chairman of the Audit and Management Engagement Committee, other than to the position of Chairman; and
- reviewing the level of Directors' fees.

Although the Company does not have a formal policy on diversity, as detailed above, consideration of Board diversity forms part of the responsibilities of the Committee.

External Agencies

The Board has contractually delegated to external agencies, certain services: the depositary and custodial services (which include the safeguarding of assets), the registration services and the day to day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers reports from the external agencies on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

As the AIFM, VIS has responsibility for the overall investment management and risk management of the assets of the Company. VIS has contractually delegated its day to day investment management responsibilities for the equity portfolio to OLIM and for the property portfolio to OLIM Property (collectively, the Investment Managers). The delegation by VIS of its investment management responsibilities is in accordance with the delegation requirements of the AIFMD. The Investment Managers remain subject to the supervision and direction of VIS and are 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 aims and policy. VIS has established a Risk Committee to keep under review the effectiveness of the Company's internal control and risk management systems and procedures and to identify, measure, manage and monitor the risks identified as affecting the Company's business.

Corporate Governance, Stewardship and Proxy Voting

The Financial Reporting Council (FRC) published the UK Stewardship Code (the Stewardship Code) for institutional shareholders on 2 July 2010 and this was revised in September 2012. The purpose of the Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and assist institutional investors in the efficient exercise of their governance responsibilities.

The Board is aware of its duty to act in the interests of the Company and the Directors believe that the exercise of voting rights lies at the heart of regulation and the promotion of good corporate governance. The Directors, through the Investment Managers, would wish to encourage companies in which investments are made to adhere to best practice in the area of corporate governance. The Investment Managers believe that, where practicable, this can best be achieved by entering into a dialogue with investee company management teams to encourage them, where necessary, to improve their governance policies. Therefore, the Board and VIS have delegated responsibility for monitoring the activities of portfolio companies to the Investment Managers and have given discretionary powers to vote in respect of the holdings in the Company's investment portfolio.

Socially Responsible Investment Policy

The Directors are aware of their duty to act in the interests of the Company and acknowledge that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner.

Communication with Shareholders

The AGM is an event that all Shareholders are welcome to attend and participate in. The Notice of Annual General Meeting sets out the business of the AGM and the Resolutions are explained more fully in the Directors' Report and in the Directors' Remuneration Report. Separate Resolutions are proposed for each substantive issue and Shareholders have the opportunity to put questions to the Board and to the Investment Managers. The results of proxy voting are relayed to Shareholders after the Resolutions have been voted on by a show of hands. Nominated persons, often the beneficial owners of shares held for them by nominee companies, may attend shareholder meetings and are invited to contact the registered shareholder, normally a nominee company, in the first instance in order to be nominated to attend the meeting and to vote in respect of the shares held for them.

In addition, both the Chairman and Senior Independent Director are available to meet major shareholders. Shareholders may contact the Directors by writing to the Chairman at the Registered Office. The address for the Registered Office can be found on page 85.

The Annual Report is normally posted to Shareholders at least twenty business days before the AGM. Annual and Interim Reports and Financial Statements are distributed to Shareholders and other parties who have an interest in the Company's performance. Shareholders and potential investors may obtain up-to-date information on the Company through the Investment Managers and the Company Secretary. In order to ensure that the Directors develop an understanding of the views of Shareholders, correspondence between Shareholders and the Investment Managers or the Chairman is copied to the Board.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the Financial Statements is on page 38 and the Statement of Going Concern and the Viability Statement are included in the Directors' Report on pages 24 and 25. The Independent Auditor's Report is on pages 43 to 52.

By order of the Board

Maven Capital Partners UK LLP
Company Secretary
4 June 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors are required to prepare the Group Financial Statements in accordance with IFRS as adopted by the EU and Article 4 of the EU IAS Regulation and have also chosen to prepare the parent company financial statements under IFRS as adopted by the EU. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the net return of the Group and Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's websites hosted by the Investment Managers. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors are also responsible for ensuring that the Annual Report and Financial Statements, taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Company's position and performance, business model and strategy.

Directors' Responsibility Statement

Each Director confirms, to the best of his or her knowledge, that:

- the Financial Statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole as at 31 March 2019 and for the year to that date; and that
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors confirm that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Company's position and performance, business model and strategy.

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

James Ferguson

Chairman

4 June 2019

The Audit and Management Engagement Committee is chaired by David Smith. The Committee comprises all of the independent Directors. Angela Lascelles and Matthew Oakeshott are not members of the Committee. The Board is satisfied that at least one member of the Committee has recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates.

Responsibilities

The principal responsibilities of the Committee include:

- the review of the effectiveness of the internal control environment of the Company, including the receipt of reports from the AIFM, the Investment Managers and the Auditor on a regular basis;
- the integrity of the Interim and Annual Reports and Financial Statements and reviewing any significant financial reporting judgements contained therein;
- the review of the terms of appointment of the Auditor, together with its remuneration, including any non-audit services provided by the Auditor;
- the review of the scope and results of the audit and the independence and objectivity of the Auditor;
- the review of the Auditor's Board Report and any required response;
- meetings with representatives of the Investment Managers;
- the review of the AIFM agreement and investment management agreements;
- providing advice on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy; and
- making appropriate recommendations to the Board.

Internal Control and Risk Management

The Directors are ultimately responsible for the Company's system of internal controls and risk management and for reviewing its effectiveness. Following publication by the FRC of "Guidance on Risk Management, Internal Control and Related Financial Business Reporting" (the FRC Guidance), the Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process, which has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements, is regularly reviewed by the Board and accords with the FRC Guidance.

The Directors have, in tandem with VIS, reviewed the effectiveness of the system of internal controls and risk management. In particular, the Directors have reviewed and updated the process for identifying and evaluating the principal risks affecting the Company and the policies by which these risks are managed. The significant risks faced by the Company are as follows:

- Financial;
- Operational; and
- Compliance.

The key components designed to provide effective internal control are outlined below:

- Forecasts and management accounts are prepared which allow the Directors to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;

- OLIM and OLIM Property regularly report to VIS and to the Directors on the investment portfolio;
- OLIM's Compliance Officer keeps OLIM's operations under review;
- OLIM Property's Compliance Officer keeps OLIM Property's operations under review;
- VIS regularly reports to the Directors on compliance with the AIFMD;
- written agreements are in place which specifically define the roles and responsibilities of VIS, OLIM, OLIM Property and other third party service providers; and
- at its meeting in May 2019, the Audit and Management Engagement Committee carried out an annual assessment of internal controls and risk management for the year ended 31 March 2019 by considering documentation from OLIM, OLIM Property and Maven Capital Partners UK LLP and by taking account of events since 31 March 2019.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Assessment of Key Risks

As one of the focuses of the Company is to generate long-term growth in dividends and capital value from quoted UK equities, the equity portfolio is a significant element of the Financial Statements and the recognition and valuation of the equity portfolio is therefore a key risk that requires the particular attention of the Committee. Specifically, the risk is that investments are not recognised and measured in line with the Company's stated accounting policy on the valuation of quoted investments. Similarly, as dividend income is a major source of revenue for the Company and a significant element of the Statement of Comprehensive Income, the recognition of dividend income is a further risk that requires the particular attention of the Committee. Specifically, the risk is that dividend income is not recognised in line with the Company's stated policy on income recognition and/or that dividend income is incorrectly allocated as revenue/capital. Further risks relate to the property portfolio. As the property portfolio accounts for a quarter to a half of the total investment portfolio, it is a significant item in the Financial Statements and the recognition and valuation of the property portfolio and the recognition of rental income are risks that require the attention of the Committee.

Valuation, existence and ownership of the investment portfolio – how the risk was addressed

The Company uses the services of an independent depositary and custodian, BNP Paribas Securities Services, to hold the equity investments of the Company (the title deeds for the property portfolio are held by the Company's lawyers to the order of the Company), and for the safekeeping of the Company's assets. An annual internal control report is received from the Depositary and Custodian which provides details of the Depositary and Custodian's control environment.

The reconciliation of the records held by the Depositary and Custodian (and by the Company's lawyers in the case of the title deeds) to the records maintained by the Company's administrator is reviewed and tested by the Independent Auditor. The equity portfolio is reviewed by OLIM regularly and the property portfolio is reviewed by OLIM

Property regularly. Management accounts including full portfolio listings are prepared quarterly and considered at the quarterly meetings of the Board.

The valuation of the equity and property portfolios is undertaken in accordance with the Company's stated accounting policy as set out in note 1(j) to the Financial Statements on pages 62 and 63.

The Committee reviews and challenges the valuation of the investments especially the investment properties. This includes review of the valuation report prepared by independent professional valuers. In addition, the Committee reviews the Financial Statements disclosures in line with the reporting framework.

The Committee satisfied itself that there were no issues associated with the existence and ownership of the Company's investments which required to be addressed.

Dividend and Rental Income recognition – how the risk was addressed

The recognition of dividend and rental income is undertaken in accordance with accounting policy Note 1(e) to the Financial Statements on page 61. The management accounts are reviewed by the Board on a quarterly basis and discussion takes place with the Investment Managers at the quarterly Board Meetings regarding the revenue generated from dividend and rental income. The Directors are satisfied that the levels of income recognised are in line with revenue estimates. The Committee concluded that there were no issues associated with dividend and rental recognition which required to be addressed.

Review of Investment Managers and Risk Reporting

The Committee met three times during the year under review, in April, May and October 2018. At the April 2018 meeting, the Committee reviewed the terms of the Investment Management Agreements. The outcome of the review was that the investment management agreements were revised by way of side letters dated 20 September 2018 which provide that with effect from 1 April 2018, VIT shall pay to OLIM and to OLIM Property a management fee of 0.6% per annum of the total value of VIT's assets which are managed by OLIM and OLIM Property respectively (such assets being valued at quarterly valuation dates on 31 March, 30 June, 30 September and 31 December in each year and adjusted to account for capital cash balances and outstanding settlements for securities and property transactions). There is no performance fee.

At the May and October 2018 meetings, the Committee considered the key risks detailed above and the corresponding control and risk reports provided by the Investment Managers and the Company Secretary. No significant weaknesses in the control environment were identified and it was also noted that there had not been any adverse comment from the Auditor and that the Auditor had not identified any significant issues in its audit report. The Committee, therefore, concluded that there were no significant issues which required to be reported to the Board.

At its meeting in May 2018, the Committee also reviewed, for recommendation to the Board, the Audit Report from the Independent Auditor and the draft Annual Report and Financial Statements for the year ended 31 March 2018, along with the amount of the final dividend for the year then ended. At its meeting in October 2018, the Committee reviewed the Half-Yearly Report for the period to 30 September 2018 and also considered the performance of Grant Thornton UK LLP as Auditor, and its independence and tenure. The Committee concluded that it was satisfied with the performance of Grant Thornton UK LLP and that there was no requirement to put the provision of audit services out to tender at that time. The Committee agreed that this matter would be reviewed annually.

Report of the Audit and Management Engagement Committee

Subsequent to 31 March 2019, the Committee considered the draft Annual Report and Financial Statements for the year ended 31 March 2019, and provided advice to the Board that it considered that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy. The Committee also reviewed the performance of the Investment Managers and the terms and conditions of their appointment and concluded that the performance of the Investment Managers was satisfactory and that the continued appointment of the Investment Managers was in the continued best interests of Shareholders as a whole.

Review of Effectiveness of External Auditor

As part of its annual review of auditor services, the Committee reviews the performance, cost effectiveness and general relationship with the external Auditor.

In addition, the Committee reviews the independence and objectivity of the external Auditor. Key elements of these reviews include separate meetings with the Independent Auditor and consideration of the completeness and accuracy of Grant Thornton UK LLP's reporting.

The Company appointed Grant Thornton UK LLP as Auditor on 31 January 2014. The Independent Auditor's Report is on pages 43 to 52. Andrew Heffron of Grant Thornton UK LLP is the Senior Statutory Auditor responsible for the audit and Grant Thornton UK LLP will rotate the Senior Statutory Auditor every five years. Andrew Heffron was appointed as Senior Statutory Auditor for the Company during 2018 and will be rotated for the audit for the year to 31 March 2024. Details of the amounts paid to Grant Thornton UK LLP during the year for audit and other services are set out in Note 4 to the Financial Statements.

The Company has in place a policy governing and controlling the provision of non-audit services by the external Auditor, so as to safeguard their independence and objectivity. Shareholders are asked to approve the re-appointment, and the Directors' responsibility for the remuneration, of the Auditor at each AGM. Any non-audit work requires the specific approval of the Committee in each case. Non-audit work where independence may be compromised or conflicts arise, is prohibited. There are currently no contractual obligations which restrict the Committee's choice of Auditor.

Non-audit services amounting to £6,000 (2018: £10,000) were provided relating to annual debenture covenant compliance review, iXBRL tagging and periodic debenture covenant compliance review following substitution of investment properties charged on the debenture. The ratio of non-audit fees to audit fees is 18%. The Committee believes that it is appropriate for the Company's Auditor to provide these services to the Company.

The Audit Committee have received assurances from the Auditor that their independence is not compromised by the supply of these services.

In light of recent EU regulation and FRC guidance on audit tenders, the Board is mindful that the audit will require to be put out to tender in the future. The Committee will continue to keep the matter of tenure of the Auditor under review. The Board has concluded that Grant Thornton UK LLP is independent of the Company and that a Resolution for the re-appointment of Grant Thornton UK LLP as external Auditor should be put to the 2019 AGM.

David Smith
Director
4 June 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VALUE AND INCOME TRUST PLC

OPINION

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Value and Income Trust PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Group and Company statement of comprehensive income, the Group and Company statement of financial position, the Group and Company statements of changes in equity, the Group and Company statements of cashflows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 20 to 22 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on page 20 of the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 24 of the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's ability to continue to

do so over a period of at least twelve months from the date of approval of the financial statements;

- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation, set out on page 25 of the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

OVERVIEW OF OUR AUDIT APPROACH

- Overall Group and Parent Company materiality: £1,514,000 and £1,501,000, which represents 1% of the Group's and Parent Company's net assets respectively.
- Key audit matters were identified as:
  - Valuation and existence of equity investments;
  - Valuation and existence of investment properties; and
  - Accuracy, occurrence and completeness of dividend and rental income.
- We performed full scope audit procedures on the Company and the subsidiary.

KEY AUDIT MATTERS

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

Key Audit Matter – Group and Parent	How the matter was addressed in the audit – Group and Parent
Valuation and existence of equity investments One of the Group's investment aims is investing in quoted equity markets and it aims for long-term real growth in dividends and capital value without undue risk. The equity investment portfolio at £129m is a significant material balance in the statement of financial position at the year-end and the main driver of the Group's performance. Misstatements arising from valuation process errors may have a material impact on the financial statements. We therefore identified the valuation and existence of the equity investments as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • assessing whether the Group's accounting policy for the valuation of investments is in accordance with IFRSs and testing whether management have accounted for valuation in accordance with that policy; • confirming the existence of 100% of the listed investments at year end by agreeing the holdings listed in the portfolio at year end to an independent confirmation we received directly from the Group's custodian; • independently checking the pricing of 100% of the listed equity portfolio by obtaining the bid prices from independent market sources and calculating the total valuation based on the Group's investment holdings, which were agreed to Group records; and • extracting a report of trading volumes in the five trading days before and after the year end from an independent market source for the equity investments held to ensure that investments were actively traded. The Group's accounting policy on equity investments, including their valuation, is shown in note 1(j) to the financial statements and related disclosures are included in note 9. The Audit and Management Engagement Committee identified valuation, existence and ownership of the investment portfolio as a principal matter in its report on pages 40 and 41, where the Audit and Management Engagement Committee also described the action that it has taken to address this issue. **Key observations** Our audit work did not identify any material misstatements concerning the valuation, existence and ownership of equity investments.

Key Audit Matter – Group and Parent	How the matter was addressed in the audit – Group and Parent
Valuation, existence and ownership of investment properties One of the Group's investment aims is investing in higher-yielding, less fashionable areas of the UK commercial property and aims for long-term real growth in capital value without undue risk. The Group has a significant property portfolio of £69m classified as investment properties for financial reporting purposes in accordance with International Accounting Standard (IAS) 40 'Investment Property'. Measurement of investment property. This value includes significant management assumptions and judgements We therefore identified the valuation, existence and ownership of the investment portfolio as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • assessing whether the group's accounting policy for valuation of investment properties is in accordance with IAS 40 and the and the Statement of Recommended Practice issued by the Association of Investment Companies ('SORP') and checked whether management have accounted for the valuation in accordance with this policy; • obtaining an understanding of management's processes over the valuation of investment properties and the work of the Group's external valuer in determining the fair value by assessing the terms of engagement for the provision of valuation advice between the Group and the valuer; • confirming the existence of all investment properties at year end by agreeing title deeds ownership in the name of the Company to independent third-party confirmation received directly from external lawyers; • agreeing the year end property valuations recorded in the financial statements to the professional valuation reports. We assessed the competence and capability of the Group's external valuer and the appropriateness of their work in respect of our audit by checking the qualifications of the valuer; and • discussing and challenging the external valuers on key inputs and approach used in the valuation such as comparing the yields applied to a sample of investment properties to an expected range of yields considering market data and asset specific considerations. The Group's accounting policy on investment properties, including their valuation, is shown in note 1(j) to the financial statements and related disclosures are included in note 9. The Audit and Management Engagement Committee identified valuation, existence and ownership of the investment portfolio as a principal matter in its report on pages 40 and 41, where the Audit and Management Engagement Committee also described the action that it has taken to address this issue. **Key observations** Our audit work did not identify any material misstatements concerning the valuation, existence and ownership of investment properties.

Key Audit Matter – Group and Parent	How the matter was addressed in the audit – Group and Parent
Accuracy, occurrence and completeness of dividend and rental income Investment income is the Group's major source of revenue and a significant material balance in the statement of comprehensive income. Further, under the International Standard on Auditing (UK) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', there is a presumed risk of fraud in revenue recognition. There is a risk of fraud/improper revenue recognition within the dividend income revenue stream as dividend income not be earned or may not be complete. Accordingly, we identified the accuracy, occurrence and completeness of dividend and rental income as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • assessing whether the Group's accounting policy for revenue recognition is in accordance with IFRSs and the and the SORP; • obtaining an understanding of the Group's process for recognising revenue in accordance with the Group's stated accounting policy; • testing that dividend income transactions was recognised in accordance with the policy by selecting a sample of quoted investments and agreeing the relevant investment income receivable for those quoted equities to the Group's income ledger. Also, for the selected investments, we obtained the respective dividend rate entitlements from independent sources and checked against the amounts recorded in the Group's accounting records maintained by the administrator. In addition, we agreed the receipt of the dividend income to bank statements; • testing that income recorded had actually occurred by selecting a sample of dividend income recorded in the income ledger and agreeing the relevant income receivable for those listed equities to the respective dividend rate entitlements from independent sources and agreeing the investments held to Company's accounting records maintained by the administrator. In addition, we agreed the receipt of the dividend income recorded for that sample to bank statements; • performing, on a sample basis, a search for special dividends on the equity investments held during the year to check whether dividend income attributable to those investments has been properly recognised. We checked the categorisation of special dividends as either revenue or capital receipts; • testing that rental income had been recognised in accordance with the stated policy. We selected a sample of underlying lease agreements and tested whether income that should have been recognised was properly recorded at the appropriate amounts and in the correct accounting period; and • testing that rental income recognised in the ledger was valid and was supported by the terms of the lease agreements. The Group's accounting policy on income is shown in note 1(e) and related disclosures are included in note 2. The Audit and Management Engagement Committee identified rental income recognition as a principal matter in its report on page 41, where the Audit and Management Engagement Committee also described the action that it has taken to address this issue. **Key observations** Our audit work did not identify any material misstatements concerning the accuracy, occurrence and completeness of investment income.

Our application of materiality

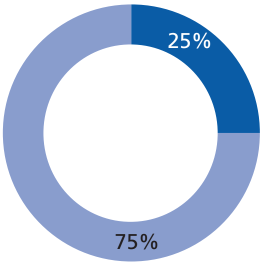
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£1,514,000 which is 1% of Group's net assets. This benchmark is considered the most appropriate because net assets, which is primarily composed of the Group's investment portfolio, is considered to be the key driver of the Group's total return performance. Materiality for the current year is lower than the level we determined for the year ended 31 March 2019 reflecting the decrease in the Group's net assets in the current year.	£1,501,000 which is 1% of Company's net assets. This benchmark is considered the most appropriate because net assets, which is primarily composed of the Company's investment portfolio, is considered to be the key driver of the Company's total return performance. Materiality for the current year is lower than the level we determined for the year ended 31 March 2019 reflecting the decrease in the Company's net assets in the current year.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality
Specific materiality	75% of financial statement materiality. Rental income and dividend income, management fees and related party transactions based on 5% of total revenue. Directors' fees were tested 100%.	75% of financial statement materiality. Rental income and dividend income, management fees and related party transactions based on 5% of total revenue. Directors' fees were tested 100%.
Communication of misstatements to the audit committee	£76,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£75,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Group's business and is risk based, and in particular included:

- obtaining an understanding of relevant internal controls at both the Group and third-party service providers. This included obtaining and reading internal controls reports prepared by the third-party service providers on the description, design, and operating effectiveness of the internal controls at the custodian and administrator; and
- Performing substantive procedures of obtaining direct confirmation on the existence of all investments, valuation of all investments; and agreeing investment income to an independent source and bank for accuracy, occurrence and completeness.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 38 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit and Management Engagement Committee reporting set out on page 39 to 42 – the section describing the work of the Audit and Management Engagement Committee does not appropriately address matters communicated by us to the Audit and Management Engagement Committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 33 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance

with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OUR OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 ARE UNMODIFIED

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the statement of directors' responsibilities set out on page 38, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

In identifying and assessing risks of material misstatement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and industry in which they operate. We determined that the following laws and regulations were most significant for example, Companies Act 2006, UK Corporate Governance Code, SORP and compliance with the relevant provisions of HMRCs regulations applicable to an Investment Trust Company;
- We understood how the Group is complying with those legal and regulatory frameworks by, making inquiries to management. We corroborated our inquiries through review of board minutes and papers provided by the Audit and Management Engagement Committee;
- We assessed the susceptibility of the Company's and Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
    - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
    - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item;
    - identifying and testing journal entries, in particular manual journal entries posted at year end in the preparation of the financial statements; and
    - challenging assumptions and judgments made by management in its significant accounting estimates.
- We communicated relevant laws and regulations identified at Group level to the Group engagement team performing the audit procedures as above; and
- We did not identify any key audit matters relating to irregularities, including fraud.

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

Other matters which we are required to address

Following the recommendation of the Audit and Management Engagement Committee, we were appointed by the board of directors on 31 January 2014 to audit the financial statements for the year ending 31 March 2014 and subsequent financial periods.

The period of total uninterrupted engagement is 6 years, covering the years ending 31 March 2014 to 31 March 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the Parent Company and we remain independent of the group and the Parent Company in conducting our audit.

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

Use of our report

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

Andrew Heffron
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

London

Date: 4 June 2019

	Note	Year ended 31 March 2019 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2018 Revenue £'000	Capital £'000	Total £'000
INCOME							
Investment income		6,215	–	6,215	5,732	–	5,732
Rental income		4,287	–	4,287	4,337	–	4,337
Other income		9	–	9	–	–	–
	2	10,511	–	10,511	10,069	–	10,069
GAINS AND LOSSES ON INVESTMENTS							
Realised gains/(losses) on held-at-fair-value investments and investment properties	9	–	5,294	5,294	–	(563)	(563)
Unrealised losses on held-at-fair-value investments and investment properties	9	–	(3,600)	(3,600)	–	(5,270)	(5,270)
TOTAL INCOME		10,511	1,694	12,205	10,069	(5,833)	4,236
EXPENSES							
Investment management fees	3	(348)	(813)	(1,161)	(427)	(995)	(1,422)
Other operating expenses	4	(781)	–	(781)	(691)	–	(691)
FINANCE COSTS	5	(4,168)	–	(4,168)	(4,168)	–	(4,168)
TOTAL EXPENSES		(5,297)	(813)	(6,110)	(5,286)	(995)	(6,281)
PROFIT/(LOSS) BEFORE TAXATION		5,214	881	6,095	4,783	(6,828)	(2,045)
TAXATION	6	(241)	343	102	(256)	543	287
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT COMPANY		4,973	1,224	6,197	4,527	(6,285)	(1,758)
EARNINGS PER ORDINARY SHARE (PENCE)	7	10.92	2.68	13.60	9.94	(13.80)	(3.86)

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 published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

The Group does not have any other comprehensive income and so the total profit, as disclosed above, is the same as the Group's total comprehensive income. All income is attributable to the equity holders of Value and Income Trust PLC, the parent company. There are no minority interests.

The Notes on pages 60 to 81 form part of these Financial Statements.

The Board is proposing a final dividend of 3.40p per share, making a total dividend of 11.80p per share for the year ended 31 March 2019 (2018: 11.40p per share) which, if approved, will be payable on 26 July 2019 (see Note 8).

Company Statement of Comprehensive Income

For the year ended 31 March

	Note	Year ended 31 March 2019 Revenue £'000	Capital £'000	Total £'000	Year ended 31 March 2018 Revenue £'000	Capital £'000	Total £'000
INCOME							
Investment income		6,215	–	6,215	5,732	–	5,732
Rental income		4,287	–	4,287	4,337	–	4,337
Other income		9	–	9	–	–	–
	2	10,511	–	10,511	10,069	–	10,069
GAINS AND LOSSES ON INVESTMENTS							
Realised gains/(losses) on held-at-fair-value investments and investment properties	9	–	5,294	5,294	–	(563)	(563)
Unrealised losses on held-at-fair-value investments and investment properties	9	–	(2,970)	(2,970)	–	(4,639)	(4,639)
TOTAL INCOME		10,511	2,324	12,835	10,069	(5,202)	4,867
EXPENSES							
Investment management fees	3	(348)	(813)	(1,161)	(427)	(995)	(1,422)
Other operating expenses	4	(781)	–	(781)	(691)	–	(691)
FINANCE COSTS	5	(4,168)	–	(4,168)	(4,168)	–	(4,168)
TOTAL EXPENSES		(5,297)	(813)	(6,110)	(5,286)	(995)	(6,281)
PROFIT/(LOSS) BEFORE TAXATION		5,214	1,511	6,725	4,783	(6,197)	(1,414)
TAXATION	6	(241)	343	102	(256)	543	287
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT COMPANY		4,973	1,854	6,827	4,527	(5,654)	(1,127)
EARNINGS PER ORDINARY SHARE (PENCE)	7	10.92	4.07	14.99	9.94	(12.42)	(2.48)

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

The Company does not have any other comprehensive income and so the total profit, as disclosed above, is the same as the Company's total comprehensive income.

The Notes on pages 60 to 81 form part of these Financial Statements.

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	As at 31 March 2019 £'000	As at 31 March 2019 £'000	As at 31 March 2018 £'000	As at 31 March 2018 £'000
ASSETS					
NON CURRENT ASSETS					
Investments held at fair value through profit or loss	9		128,706		128,925
Investment properties	9		68,800		68,700
			197,506		197,625
Deferred tax asset	6		389		287
			197,895		197,912
CURRENT ASSETS					
Cash and cash equivalents		4,338		3,639	
Receivables	10	907		711	
			5,245		4,350
TOTAL ASSETS			203,140		202,262
CURRENT LIABILITIES					
Payables	11		(1,794)		(1,845)
TOTAL ASSETS LESS CURRENT LIABILITIES			201,346		200,417
NON-CURRENT LIABILITIES					
Borrowings	12		(49,913)		(49,898)
NET ASSETS			151,433		150,519
EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS					
Called up share capital	14		4,555		4,555
Share premium	15		18,446		18,446
Retained earnings	16		128,432		127,518
TOTAL EQUITY			151,433		150,519
NET ASSET VALUE PER ORDINARY SHARE (PENCE)	17		332.45		330.45

These Financial Statements were approved by the Board on 4 June 2019 and were signed on its behalf by:-

JAMES FERGUSON, CHAIRMAN

The Notes on pages 60 to 81 form part of these Financial Statements.

Company Statement of Financial Position

As at 31 March

	Note	As at 31 March 2019 £'000	As at 31 March 2019 £'000	As at 31 March 2018 £'000	As at 31 March 2018 £'000
ASSETS					
NON CURRENT ASSETS					
Investments held at fair value through profit or loss	9		128,906		129,125
Investment properties	9		68,800		68,700
			197,706		197,825
Deferred tax asset	6		389		287
			198,095		198,112
CURRENT ASSETS					
Cash and cash equivalents		4,138		3,439	
Receivables	10	907		711	
			5,045		4,150
TOTAL ASSETS			203,140		202,262
CURRENT LIABILITIES					
Payables	11		(1,794)		(1,845)
TOTAL ASSETS LESS CURRENT LIABILITIES			201,346		200,417
NON-CURRENT LIABILITIES					
Borrowings	12		(51,176)		(51,791)
NET ASSETS			150,170		148,626
EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS					
Called up share capital	14		4,555		4,555
Share premium	15		18,446		18,446
Retained earnings	16		127,169		125,625
TOTAL EQUITY			150,170		148,626
NET ASSET VALUE PER ORDINARY SHARE (PENCE)	17		329.68		326.29

These Financial Statements were approved by the Board on 4 June 2019 and were signed on its behalf by:-

JAMES FERGUSON, CHAIRMAN

The Notes on pages 60 to 81 form part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 March

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
		Year ended 31 March 2019			
GROUP					
Net assets at 31 March 2018		4,555	18,446	127,518	150,519
Profit for the year		–	–	6,197	6,197
Dividends paid	8	–	–	(5,283)	(5,283)
Net assets at 31 March 2019		4,555	18,446	128,432	151,433
COMPANY					
Net assets at 31 March 2018		4,555	18,446	125,625	148,626
Profit for the year		–	–	6,827	6,827
Dividends paid	8	–	–	(5,283)	(5,283)
Net assets at 31 March 2019		4,555	18,446	127,169	150,170

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
		Year ended 31 March 2018			
GROUP					
Net assets at 31 March 2017		4,555	18,446	134,378	157,379
Loss for the year		–	–	(1,758)	(1,758)
Dividends paid	8	–	–	(5,102)	(5,102)
Net assets at 31 March 2018		4,555	18,446	127,518	150,519
COMPANY					
Net assets at 31 March 2017		4,555	18,446	131,854	154,855
Loss for the year		–	–	(1,127)	(1,127)
Dividends paid	8	–	–	(5,102)	(5,102)
Net assets at 31 March 2018		4,555	18,446	125,625	148,626

The Notes on pages 60 to 81 form part of these Financial Statements.

Group Statement of Cashflows

For the year ended 31 March

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Cash flows from operating activities					
Dividend income received			5,994		5,804
Rental income received			4,295		4,179
Interest received			8		–
Operating expenses paid			(1,975)		(2,271)
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		8,322		7,712
Cash flows from investing activities					
Purchase of investments		(30,634)		(11,890)	
Sale of investments		32,447		12,780	
NET CASH INFLOW FROM INVESTING ACTIVITIES			1,813		890
Cash flow from financing activities					
Interest paid		(4,153)		(4,153)	
Dividends paid	8	(5,283)		(5,102)	
NET CASH OUTFLOW FROM FINANCING ACTIVITIES			(9,436)		(9,255)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			699		(653)
Cash and cash equivalents at 1 April 2018			3,639		4,292
CASH AND CASH EQUIVALENTS AT 31 MARCH 2019			4,338		3,639

The Notes on pages 60 to 81 form part of these Financial Statements.

Company Statement of Cashflows

For the year ended 31 March

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Cash flows from operating activities					
Dividend income received			5,994		5,804
Rental income received			4,295		4,179
Interest received			8		–
Operating expenses paid			(1,975)		(2,271)
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		8,322		7,712
Cash flows from investing activities					
Purchase of investments		(30,634)		(11,890)	
Sale of investments		32,447		12,780	
NET CASH INFLOW FROM INVESTING ACTIVITIES			1,813		890
Cash flow from financing activities					
Interest paid		(4,153)		(4,153)	
Dividends paid	8	(5,283)		(5,102)	
NET CASH OUTFLOW FROM FINANCING ACTIVITIES			(9,436)		(9,255)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			699		(653)
Cash and cash equivalents at 1 April 2018			3,439		4,092
CASH AND CASH EQUIVALENTS AT 31 MARCH 2019			4,138		3,439

The Notes on pages 60 to 81 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 and Company is pounds sterling because that is the currency of the primary economic environment in which the Group and Company operate. 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 as disclosed on page 24 and on the historical cost basis, except for the revaluation of certain financial assets. The principal accounting policies adopted are set out below. 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 November 2014 and updated in February 2018 with consequential amendments 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, except for the allocation of finance costs to revenue as explained in Note 1(f).

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 Managers 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 quoted UK equities and UK commercial properties. 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 Managers' Reports on pages 6 to 18.

(b) Going concern

The Group's business activities, together with the factors likely to affect its future development and performance, are set out in the Strategic Report on pages 2 to 23. The financial position of the Group as at 31 March 2019 is shown in the Statement of Financial Position on page 55. The cash flows of the Group for the year ended 31 March 2019 are set out on page 58. The Group had fixed debt totalling £49,913,000 as at 31 March 2019, as set out in Note 12 on page 71; none of the borrowings is repayable before 2021. The Group had no short term borrowings. Note 21 on pages 75 to 81 sets out the Group's risk management policies and procedures, including those covering market price risk, liquidity risk and credit risk. As at 31 March 2019, the Group's total assets less current liabilities exceeded its total non current liabilities by a factor of over four. The assets of the Group consist mainly of securities and investment properties that are held in accordance with the Group's investment policy, as set out on page 19. 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, consider that the Group has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements.

1 Accounting policies – continued

(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. The investment in the subsidiary is recognised at fair value in the Financial Statements of the Company. This is considered to be the net asset value of the Shareholders' funds, as shown in its Statement of Financial Position.

Value and 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 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 however the Board has no intention of exercising this authority at present.

Additionally the net revenue is the measure that the Directors believe to be appropriate in assessing the Company's compliance with certain requirements set out in sections 1158-1160 of the Corporation Tax Act 2010.

(e) Income

Dividend income from investments is recognised as revenue for the period on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the period end are treated as revenue for the period.

Where the Group has elected to receive dividend income in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a gain in the income statement.

Interest receivable from cash and short term deposits and interest payable is accrued to the end of the period.

Rental receivable and lease incentives, where material, from investment properties under operating leases are recognised in the Statement of Comprehensive Income over the term of the lease on a straight line basis. Other income is recognised on an accruals basis.

(f) Expenses and Finance Costs

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 30% to revenue and 70% to capital to reflect the Board's expectations of long term investment returns.

1 Accounting policies – continued

It is normal practice and in accordance with the SORP for investment trust companies to allocate finance costs to capital on the same basis as the investment management fee allocation. However as the Company has a significant exposure to property, and property companies allocate finance costs to revenue to match rental income, the Directors consider that, contrary to the SORP, it is inappropriate to allocate finance costs to capital.

(g) Receivables and Payables

Receivables do not carry any interest and are stated at their nominal value, as reduced by appropriate allowances for any estimated irrecoverable amounts. Payables are not interest bearing and are stated at their nominal value.

(h) Taxation

The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the date of the Statement of Financial Position.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the date of the Statement of Financial Position, where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the date of the Statement of Financial Position.

This is subject to deferred tax assets only being recognised if it is considered more probable than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted.

Due to the Company's status as an investment trust company, and the intention to continue to meet the conditions required to maintain approval for the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(i) 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.

(j) Investments

Equity investments

All equity investments are classified on the basis of their contractual cashflow 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.

1 Accounting policies – continued

Investment property

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.

After initial recognition, investment properties are measured at fair value, with gains and losses recognised in the Statement of Comprehensive Income.

As disclosed in Note 21, 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 - Professional Standards July 2017 (the 'RICS Red Book'). The determination of fair value by Savills is supported by market evidence. These valuations are disclosed in Note 9 on pages 69 and 70.

The Company accounts for its investment in its subsidiary at fair value. All fair value adjustments in relation to the subsidiary are eliminated on consolidation.

(k) Cash and cash equivalents

Cash and cash equivalents comprises deposits held with banks.

(l) Non - current liabilities

All new loans and borrowings are initially measured at cost, being the fair value of the consideration received, less issue costs where applicable. Thereafter, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement. The costs of arranging any interest-bearing loans are capitalised and amortised over the life of the loan.

(m) Critical accounting judgements and key estimates

The preparation of the Financial Statements requires the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The critical accounting area involving a higher degree of judgement or complexity comprises the determination of fair value of the investment properties. The Group engages independent professional qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining fair value as at 31 March 2019 is disclosed in Note 9 to the Financial Statements on pages 69 and 70. The Group earns rental income by leasing its properties to tenants under non-cancellable operating leases. Due to the rare nature of the long-term leases, the Board assesses a period for which the rental income is reasonably certain to be received based on economic factors, market trends and the overall impact on the tenants and their businesses.

(n) Adoption of new and revised Accounting Standards

New and revised standards and interpretations that became effective during the year had no significant impact on the amounts reported in these Financial Statements but may impact accounting for future transactions and arrangements.

1 Accounting policies – continued

IFRS 9 'Financial Instruments', replacing IAS 39 'Financial Instruments: Recognition and Measurement' is effective for accounting periods commencing on or after 1 January 2018 and makes changes to the classification and measurement of financial assets.

The adoption of IFRS 9 did not result in any change to the classification or measurement of financial instruments in either the current year or the prior year. The Group's investments remain classified as fair value through profit or loss.

At the date of authorisation of these Financial Statements, the following Standard and interpretation, which has not been applied to these Financial Statements, was in issue but was not yet effective.

IFRS 16: Leases (effective 1 January 2019) - EU adopted

The Directors do not expect the adoption of this Standard and interpretation (or any other Standards and interpretations which are in issue but not effective) will have a material impact on the Financial Statements of the Group in future periods.

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
2 Income				
Investment income				
Dividends from listed investments in UK	6,215	6,215	5,732	5,732
Other operating income				
Rental income	4,287	4,287	4,337	4,337
Interest receivable on short term deposits	9	9	–	–
Total income	10,511	10,511	10,069	10,069

	2019 Revenue £000	2019 Capital £000	2019 Total £000	2018 Revenue £000	2018 Capital £000	2018 Total £000
3 Investment management fees						
Group and Company						
Investment management fees	348	813	1,161	427	995	1,422

A summary of the terms of the management agreements is given on pages 26 and 27 of the Directors' Report.

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
4 Other operating expenses				
Fee payable to the Company's auditor for the audit of the Company's accounts	30	30	26	26
- audit of the Subsidiary's accounts	4	4	3	3
Fee payable to the Company's auditor for other services				
- other assurance services	4	4	10	10
- other non-audit services	2	2	–	–
Directors' fees	88	88	71	71
NIC on directors' fees	4	4	(4)	(4)
Fees for company secretarial services	206	206	187	187
Direct property costs	(4)	(4)	49	49
Other expenses	447	447	349	349
	781	781	691	691

Other non-audit services provided by the Auditor comprise consideration of compliance with covenants.

Directors' fees comprise the Chairman's fees of £27,500 (2018 - £27,500) and fees of £20,000 (2018 - £20,000) per annum paid to each other Director. The Directors' fees of £20,000 each (2018 - £20,000) in respect of the qualifying services provided by Matthew Oakeshott and Angela Lascelles are included in the investment management fees payable to OLIM Limited and OLIM Property Limited as detailed below.

Angela Lascelles, who was a Director of the Company until 1 April 2019, is a director of OLIM Limited which received an investment management fee of £757,000 (2018 - £995,000), the basis of calculation of which is given on page 27.

Matthew Oakeshott, who was a Director of the Company until 1 April 2019, is a director of OLIM Property Limited which received an investment management fee of £404,000 (2018 - £427,000), the basis of calculation of which is given on page 27.

Additional information on Directors' fees is given in the Directors' Remuneration Report on pages 30 to 32.

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
5 Finance costs				
Interest payable on:				
11% First Mortgage Debenture Stock 2021	1,650	1,650	1,650	1,650
9.375% Debenture Stock 2026	1,875	1,875	1,875	1,875
Less amortisation of issue premium	(24)	(24)	(24)	(24)
Loan interest payable	628	628	628	628
Amortisation of loan expenses	39	39	39	39
	4,168	4,168	4,168	4,168

	2019 Revenue £000	2019 Capital £000	2019 Total £000	2018 Revenue £000	2018 Capital £000	2018 Total £000
6 Taxation						
a) Analysis of the tax credit/(charge) for the year:						
Group						
Current tax	(241)	241	–	(256)	256	–
Deferred tax	–	102	102	–	287	287
	(241)	343	102	(256)	543	287
Factors affecting the total tax credit/(charge) for year:						
Profit/(loss) before tax			6,095			(2,045)
Tax charge/(credit) thereon at 19% (2018 - 19%)			1,158			(389)
Effects of:						
Non taxable dividends			(1,181)			(1,065)
(Gains)/losses on investments not taxable			(322)			1,108
Unrelieved finance costs			412			412
Losses brought forward now utilised			(67)			(66)
Deferred tax			(102)			(287)
			(102)			(287)

	2019 Revenue £000	2019 Capital £000	2019 Total £000	2018 Revenue £000	2018 Capital £000	2018 Total £000
Company						
Current tax	(241)	241	–	(256)	256	–
Deferred tax	–	102	102	–	287	287
	(241)	343	102	(256)	543	287
Factors affecting the total tax credit/(charge) for year:						
Profit/(loss) before tax			6,725			(1,414)
Tax charge/(credit) thereon at 19% (2018 - 19%)			1,278			(269)
Effects of:						
Non taxable dividends			(1,181)			(1,065)
(Gains)/losses on investments not taxable			(442)			988
Unrelieved finance costs			412			412
Losses brought forward now utilised			(67)			(66)
Deferred tax			(102)			(287)
			(102)			(287)

	2019 Revenue £000	2019 Capital £000	2019 Total £000	2018 Revenue £000	2018 Capital £000	2018 Total £000
6 Taxation – continued						
b) Factors affecting future tax charges						
Unutilised tax losses		27,545			30,190	
Potential tax benefit at 19% and 17% (2018 - 19% and 17%)		5,233			5,736	
Recognised as a deferred tax non-current asset		389			287	
Not recognised as a deferred tax asset		4,844			5,449	
		5,233			5,736	

The Company and Group have deferred tax assets of £5,233,000 (2018 - £5,736,000) at 31 March 2019 relating to total accumulated unrelieved tax losses carried forward of £27,545,000 (2018 - £30,190,000). The Company and Group have recognised deferred tax assets of £389,000 (2018 - £287,000) but have not recognised deferred tax assets of £4,844,000 (2018 - £5,449,000) arising as a result of losses carried forward. These losses do not have an expiry date but it is considered too uncertain that the Group will generate profits against which these losses would be available to offset and, on that basis, the deferred tax asset in respect of these losses has not been recognised.

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
7 Return per ordinary share				
The return per ordinary share is based on the following figures:				
Revenue return	4,973	4,973	4,527	4,527
Capital return	1,224	1,854	(6,285)	(5,654)
Weighted average ordinary shares in issue	45,549,975	45,549,975	45,549,975	45,549,975
Return per share - revenue	10.92p	10.92p	9.94p	9.94p
Return per share - capital	2.68p	4.07p	(13.80p)	(12.42p)
Total return per share	13.60p	14.99p	(3.86p)	(2.48p)

8 Dividends

	2019 £000	2018 £000
Dividends on ordinary shares:		
Third quarterly dividend of 2.70p per share (2018- 2.60p) paid 27 April 2018	1,230	1,184
Final dividend of 3.30p per share (2018 - 3.20p) paid 27 July 2018	1,503	1,458
First quarterly dividend of 2.80p per share (2018- 2.70p) paid 26 October 2018	1,275	1,230
Second quarterly dividend of 2.80p per share (2018- 2.70p) paid 25 January 2019	1,275	1,230
Dividends paid in the period	5,283	5,102

The third interim dividend of 2.80p (2018 - 2.70p), being paid on 26 April 2019, has not been included as a liability in these financial statements.

The proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below is the total dividend paid and proposed in respect of the financial year, which is the basis upon which the requirements of Sections 1158 - 1159 of the Corporation Tax Act 2010 are considered. The current year's revenue available for distribution by way of dividend is £4,973,000 (2018 - £4,527,000).

	2019 £000	2018 £000
First quarterly dividend of 2.80p per share (2018- 2.70p) paid 26 October 2018	1,275	1,230
Second quarterly dividend of 2.80p per share (2018- 2.70p) paid 25 January 2019	1,275	1,230
Third quarterly dividend of 2.80p per share (2018- 2.70p) payable 26 April 2019	1,275	1,230
Proposed final dividend for the year ended 31 March 2019 - 3.40p (2018 - 3.30p) payable 26 July 2019	1,549	1,503
	5,374	5,193

9 Investments	Equities £000	Investment properties £000	Total £000
Group			
Cost at 31 March 2018	89,340	47,037	136,377
Unrealised appreciation	39,585	21,663	61,248
Valuation at 31 March 2018	128,925	68,700	197,625
Purchases	21,225	9,409	30,634
Sales proceeds	(22,269)	(10,178)	(32,447)
Realised gains on sales	4,752	542	5,294
Movement in unrealised appreciation in year	(3,927)	327	(3,600)
Valuation at 31 March 2019	128,706	68,800	197,506

	Equities £000	Investment in Subsidiary £000	Investment properties £000	Total £000
Company				
Cost at 31 March 2018	89,340	200	55,366	144,906
Unrealised appreciation	39,585	–	13,334	52,919
Valuation at 31 March 2018	128,925	200	68,700	197,825
Purchases	21,225	–	9,409	30,634
Sales proceeds	(22,269)	–	(10,178)	(32,447)
Realised gains on sales	4,752	–	542	5,294
Movement in unrealised appreciation in year	(3,927)	–	327	(3,600)
Valuation at 31 March 2019	128,706	200	68,800	197,706

As noted in Note 12, the movement in unrealised appreciation in the year disclosed in the Company's Statement of Comprehensive Income includes amortisation of £630,000 (2018: £630,000) relating to the transfer of the 11% Debenture Stock 2021 from Audax Properties Limited to the Company in 2014.

9 Investments – continued

Transaction costs

During the year 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 were as follows:-

	2019 £000	2018 £000
Purchases	116	17
Sales	22	11
	138	28

The fair values of the investment properties were established by professional valuation on an open market basis for existing use by Savills (UK) Limited, Chartered Surveyors. These valuations were carried out in accordance with the RICS Valuation - Professional Standards July 2017 (the 'RICS Red Book'), by reference to the Investment Method whereby the net annual income derived from a property is capitalised by an appropriate capitalisation rate or Years' Purchase figure to arrive at the present Capital Value of the property after an allowance for the purchaser's costs. The relevant capitalisation rate is chosen, based on the investment rate of return expected (as derived from comparisons of other similar property investments) for the type of property concerned and taking into consideration such factors as risk, capital appreciation, security of income, ease of sale and management of the property.

Investment in subsidiary

Name	Country of incorporation	Date of acquisition	% Ownership	Principal activity
Value and Income Services Limited	UK	16 January 2014	100	AIFM

10 Receivables

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Amounts falling due within one year:				
Dividends receivable	849	849	637	637
Prepayments and accrued income	58	58	74	74
	907	907	711	711

	2019		2018	
	Group £000	Company £000	Group £000	Company £000
11 Payables				
Amounts due to OLIM Limited	74	74	82	82
Amounts due to OLIM Property Limited	34	34	35	35
Accruals and other creditors	1,509	1,509	1,530	1,530
Value Added Tax payable	177	177	198	198
	1,794	1,794	1,845	1,845

The amounts due to OLIM Limited and OLIM Property Limited comprise the monthly management fee for March 2019, subsequently paid in April 2019.

	2019		2018	
	Group £000	Company £000	Group £000	Company £000
12 Non-current liabilities				
Bank loan	15,000	15,000	15,000	15,000
Balance of costs incurred	(308)	(308)	(347)	(347)
Add : Debit to income for the year	39	39	39	39
	14,731	14,731	14,692	14,692
11% First Mortgage Debenture Stock 2021	15,000	15,000	15,000	15,000
Fair value adjustment	–	1,263	–	1,893
	15,000	16,263	15,000	16,893
9.375% Debenture Stock 2026	20,000	20,000	20,000	20,000
Add:- Balance of premium less issue expenses	206	206	230	230
Less : Credit to income for the year	(24)	(24)	(24)	(24)
	20,182	20,182	20,206	20,206
	49,913	51,176	49,898	51,791

The Company has an agreement with Santander UK plc to provide a fixed term loan facility for up to £15,000,000 for a period of up to ten years to 31 March 2026 (2018 - £15,000,000). At 31 March 2019, £11,893,750 was drawn down at a rate of 4.344% and £3,106,250 was drawn down at a rate of 3.60%. The terms of the loan facility contain financial covenants that require the Company to ensure that:-

- in respect of each 3 month period ending on 31 March and 30 September (the Half Year dates), net rental income shall be at least 200 per cent of interest costs;
- in respect of each 12 month period beginning immediately after 31 March and 30 September, net rental income shall be at least 200 per cent of interest costs; and
- at all times, the loan shall not exceed 60 per cent of the value of the properties that have been charged to Santander UK plc.

12 Non-current liabilities – continued

The 11% First Mortgage Debenture Stock 2021, previously issued by Audax Properties plc, was, on 28 March 2014, transferred to Value and Income Trust PLC (VIT) following the approval of the substitution of VIT as issuer of the Debentures by the holders on 11 March 2014. Applications were made to the UK Listing Authority and the London Stock Exchange for the Debentures to be admitted in the name of VIT to the Official List and to trading on the main market of the London Stock Exchange from 28 March 2014.

The 11% First Mortgage Debenture Stock 2021, now issued by VIT, is repayable at par on 31 March 2021 and is secured over specific assets of the Company. Upon transfer to VIT, this debenture required to be recorded initially at fair value of £19,417,000, rather than its nominal value of £15,000,000 in the Company's financial statements. The amortised cost of the debenture as at 31 March 2019 was £16,263,000 (2018 - £16,893,000). The amortisation of the fair value adjustment is presented as a capital item within gains/losses on investments as it relates to the reversal of a previously recognised loss on the Company's investment in its subsidiary. In the Group financial statements, the fair value adjustment is eliminated on consolidation.

The Trust Deed of the 11% Debenture Stock contains four covenants with which the Company has complied.

Firstly, the value of the assets should not be less than one and one-half times the amount of the Debenture Stock; secondly, the rental income from the assets should not be less than one and one-half times the annual interest of the Debenture Stock (£1.65 million); thirdly, not more than 20 per cent. of the total value of the assets should be attributable to a single property; and finally, not more than 10 per cent. of the assets should be attributable to leaseholds having an unexpired term of less than 50 years.

The 9.375% Debenture Stock 2026 issued by VIT is repayable at par on 30 November 2026 and is secured by a floating charge over the property and assets of the Company.

The Trust Deed of the 9.375% Debenture Stock contains restrictions and events of default. The restrictions require that the aggregate group borrowings, £50 million, must not at any time exceed the total group capital and reserves (equivalent to net assets of £151.43 million as at 31 March 2019).

The fair values of the loan and the debentures are disclosed in Note 21 on pages 75 to 81 and the net asset value per share, calculated with the debentures at fair value, is disclosed in Note 17 on page 74.

13 Deferred tax

Under IAS 12, provision must be made for any potential tax liability on revaluation surpluses. As an investment trust, the Company does not incur capital gains tax and no provision for deferred tax is therefore required in this respect.

As disclosed in Note 6 on pages 66 and 67, a deferred tax asset has been recognised to reflect the estimated value of tax losses carried forward which are likely to be capable of offset against future profits.

14 Share capital

	2019 £000	2018 £000
Authorised:		
56,000,000 Ordinary Shares of 10p each (2018 - 56,000,000)	5,600	5,600
Called up, issued and fully paid: 45,549,975 Ordinary Shares of 10p each (2018 - 45,549,975)	4,555	4,555

15 Share premium

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Opening and closing balance	18,446	18,446	18,446	18,446

16 Retained earnings

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Opening balance at 31 March 2018	127,518	125,625	134,378	131,854
Profit/(loss) for the year	6,197	6,827	(1,758)	(1,127)
Dividends paid (see Note 8)	(5,283)	(5,283)	(5,102)	(5,102)
Closing balance at 31 March 2019	128,432	127,169	127,518	125,625

The table below shows the movement in retained earnings analysed between revenue and capital items.

	2019 Revenue £000	2019 Capital £000	2019 Total £000	2018 Revenue £000	2018 Capital £000	2018 Total £000
Group						
Opening balance at 31 March 2018	4,305	123,213	127,518	4,880	129,498	134,378
Profit/(loss) for the year	4,973	1,224	6,197	4,527	(6,285)	(1,758)
Dividends paid (see Note 8)	(5,283)	–	(5,283)	(5,102)	–	(5,102)
Closing balance at 31 March 2019	3,995	124,437	128,432	4,305	123,213	127,518
Company						
Opening balance at 31 March 2018	3,119	122,506	125,625	3,694	128,160	131,854
Profit/(loss) for the year	4,973	1,854	6,827	4,527	(5,654)	(1,127)
Dividends paid (see Note 8)	(5,283)	–	(5,283)	(5,102)	–	(5,102)
Closing balance at 31 March 2019	2,809	124,360	127,169	3,119	122,506	125,625

17 Net asset value per equity share

The net asset values per ordinary share are based on the Group's net assets attributable of £151,433,000 (2018 - £150,519,000) and on the Company's net assets attributable of £150,170,000 (2018 - £148,626,000) and on 45,549,975 (2018 - 45,549,975) ordinary shares in issue at the year end.

The net asset value per ordinary share, based on the net assets of the Group and the Company adjusted for borrowings at fair value (see Note 21) of £142,189,000 (2018 - £140,834,000) is 312.16p (2018 - 309.19p)

	2019 Group	2019 Company	2018 Group	2018 Company
Net assets at 31 March 2019	151,433	150,170	150,519	148,626
Fair value adjustments	(9,244)	(7,981)	(9,685)	(7,792)
Net assets with borrowings at fair value	142,189	142,189	140,834	140,834
Number of shares in issue	45,549,975	45,549,975	45,549,975	45,549,975
Net asset value per share	332.45p	329.68p	330.45p	326.29p
Net asset value per share with borrowings at fair value	312.16p	312.16p	309.19p	309.19p

18 Reconciliation of income from operations before tax to net cash inflow from operating activities

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Income from operations before tax	12,205	12,835	4,236	4,867
(Gains)/losses on investments	(1,694)	(2,324)	5,833	5,202
Investment management fee	(1,161)	(1,161)	(1,422)	(1,422)
Other operating expenses	(781)	(781)	(691)	(691)
(Increase)/decrease in receivables	(196)	(196)	33	33
Decrease in other payables	(51)	(51)	(277)	(277)
Net cash from operating activities	8,322	8,322	7,712	7,712

19 Reconciliation of non-current liabilities arising from financing activities

	2019 Group £000	2019 Company £000	2018 Group £000	2018 Company £000
Non cash:				
Amortisation of loan premium and expenses and fair value adjustment	(15)	615	(15)	616
Change in debt in the year	(15)	615	(15)	616
Opening debt at 31 March 2018	(49,898)	(51,791)	(49,883)	(52,407)
Closing debt at 31 March 2019	(49,913)	(51,176)	(49,898)	(51,791)

20 Relationship with the Investment Manager and other Related Parties

Directors' fees and interests

Fees payable to Directors during the year and their interests in shares of the Company are disclosed in the Directors' Remuneration Report on page 32.

Angela Lascelles, who was a Director of the Company until 1 April 2019, is a director of OLIM Limited which has an agreement with the Company to provide investment management services, the terms of which are outlined on pages 26 and 27 and in Note 3 on page 64.

Matthew Oakeshott, who was a Director of the Company until 1 April 2019, is a director of OLIM Property Limited which has an agreement with the Company to provide investment property management services, the terms of which are outlined on pages 26 and 27 and in Note 3 on page 64.

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

21 Financial instruments and investment property risks

Risk management

The Group's and the Company's financial instruments and investment property comprise securities, property and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement or debtors for accrued income.

The Managers have dedicated investment management processes which ensures that the Investment Policy set out on page 19 is achieved. For equities, stock selection procedures are in place based on active portfolio management and the identification of stocks. The portfolio is reviewed on a periodic basis by a senior investment manager and also by OLIM's Investment Committee.

Additionally, the Managers' Compliance Officers continually monitor the Group's investment and borrowing powers and report to their respective Managers.

The main risks that the Group faces from its financial instruments are:

(i) market risk (comprising price risk, interest rate risk and currency risk)

(ii) liquidity risk

(iii) credit risk

The Board regularly reviews and agrees policies for managing each of these risks. The Managers' policies for managing these risks are summarised below and have been applied throughout the year.

(i) Market risk

The fair value of, or future cash flows from, a financial instrument held by the Group may fluctuate because of changes in market prices. This market risk comprises three elements - price risk, interest rate risk and currency risk.

Price risk

Price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the Group's investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. For equities, asset allocation and stock selection, as set out in the Investment Policy on page 19, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on the UK Stock Exchange.

21 Financial instruments and investment property risks – continued

All investment properties held by the Group are commercial properties located in the UK with long, strong income streams.

Price risk sensitivity

If market prices at the date of the Statement of Financial Position had been 10% higher or lower, while all other variables remained constant, the return attributable to ordinary Shareholders for the year ended 31 March 2019 would have increased/decreased by £19,751,000 (2018 - increase/decrease of £19,763,000) and equity reserves would have increased/ decreased by the same amount.

Interest rate risk

Interest rate movements may affect:

- the fair value of the investments in property; and
- the level of income receivable on cash deposits

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise debenture stock and ten year bank loans, providing secure long term funding. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of between 25% and 40%. Details of borrowings at 31 March 2019 are shown in Note 12 on pages 71 and 72.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the balance sheet date was as follows:

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 March 2019				
Assets				
Sterling	–	–	–	4,338
Total assets	–	–	–	4,338
At 31 March 2019				
Liabilities				
Sterling	5.8	8.31	50,000	–
Total liabilities	5.8	8.31	50,000	–
At 31 March 2018				
Assets				
Sterling	–	–	–	3,639
Total assets	–	–	–	3,639
At 31 March 2018				
Liabilities				
Sterling	6.8	8.31	50,000	–
Total liabilities	6.8	8.31	50,000	–

21 Financial instruments and investment property risks – continued

The weighted average interest rate on borrowings is based on the interest rate payable, weighted by the total value of the loans. The maturity dates of the Group's loans are shown in Note 12 on pages 71 and 72.

The floating rate assets consist of cash deposits on call, earning interest at prevailing market rates. The Group's equity and property portfolios and short term receivables and payables are non interest bearing and have been excluded from the above tables. All financial liabilities are measured at amortised cost.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's:

- profit for the year ended 31 March 2019 would increase/decrease by £36,000 (2018 - increase / decrease by £41,000). This is mainly attributable the Group's exposure to interest rates on its floating rate cash balances.
- the Group holds no financial instruments that will have an equity reserve impact.

In the opinion of the directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Group's objectives.

Currency risk

A small proportion of the Group's investment portfolio is invested in securities whose fair value and dividend stream are affected by movements in foreign exchange rates. It is not the Group's policy to hedge this risk.

Currency sensitivity

There is no sensitivity analysis included as the Group has no outstanding foreign currency denominated monetary items.

(ii) Liquidity risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities.

The Group's assets comprise of readily realisable securities which can be sold to meet commitments if required and investment properties which, by their nature, are less readily realisable. The maturity of the Group's existing borrowings is set out in the interest risk profile section of this note.

21 Financial instruments and investment property risks – continued

The table below details the Group's remaining contractual maturity for its financial liabilities, based on the undiscounted cash outflows, including both interest and principal cash flows, and on the earliest date upon which the Group can be required to make payment.

As at 31 March 2019	Carrying value £'000	Expected cashflows £'000	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000
Borrowings	50,727	72,805	1,091	3,063	68,651
Other payables	475	475	475	–	–
Total	51,202	73,280	1,566	3,063	68,651
As at 31 March 2018					
Borrowings	50,727	76,958	1,091	3,063	72,804
Other payables	485	485	485	–	–
Total	51,212	77,443	1,576	3,063	72,804

(iii) Credit risk

This is the failure of a counterparty to a transaction to discharge its obligations under that transaction that could result in the Group suffering a loss.

The risk is not significant and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by OLIM and limits are set on the amount that may be due from any one broker.
- the risk of counterparty exposure due to failed trades causing a loss to the Group is mitigated by the review of failed trade reports on a daily basis. In addition, a stock reconciliation to third party administrators' records is performed on a daily basis to ensure that discrepancies are picked up on a timely basis.
- cash is held only with reputable banks with high quality external credit ratings which are monitored on a regular basis.

21 Financial instruments and investment property risks – continued

Credit risk exposure

In summary, compared to the amounts on the group statement of financial position, the maximum exposure to credit risk during the year to 31 March was as follows:

	2019		2018	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Current assets				
Cash and cash equivalents	4,338	9,306	3,639	9,891
Other receivables	907	6,376	711	1,249
	5,245	15,682	4,350	11,140

(iv) Property risk

The Group's commercial property portfolio is subject to both market and specific property risk. Since the UK commercial property market has been markedly cyclical for many years, it is prudent to expect that to continue. The price and availability of credit, real economic growth and the constraints on the development of new property are the main influences on the property investment market.

Against that background, the specific risks to the income from the portfolio are tenants being unable to pay their rents and other charges, or leaving their properties at the end of their leases. All leases are on full repairing and insuring terms, with upward only rent reviews and the average unexpired lease length is 15.6 years (2018 - 13.7 years). Details of the tenant and geographical spread of the portfolio are set out on page 17. The long term record of performance through the varying property cycles since 1987 is set out on page 14. OLIM Property is responsible for property investment management, with surveyors, solicitors and managing agents acting on the portfolio under OLIM Property's supervision.

The Group leases out its investment property to its tenants under operating leases. At 31 March 2019, the future minimum lease receipts under non-cancellable leases are as follows:-

	2019 £000	2018 £000
Due within 1 year	4,361	4,329
Due between 2 and 5 years	17,446	16,641
Due after more than 5 years	44,485	40,083
	66,292	61,053

This amount comprises the total contracted rent receivable as at 31 March 2019.

None of the Group's financial assets is past due or impaired.

Fair values of financial assets and financial liabilities

All assets and liabilities of the Group other than receivables and payables and the borrowings are included in the balance sheet at fair value.

21 Financial instruments and investment property risks – continued

(i) Fair value hierarchy disclosures

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

At 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	128,706	–	–	128,706
Investment properties	–	–	68,800	68,800
	128,706	–	68,800	197,506
At 31 March 2018				
Equity investments	128,925	–	–	128,925
Investment properties	–	–	68,700	68,700
	128,925	–	68,700	197,625

Company and Group numbers per the above fair value disclosures are the same except for the investment of £200,000 made by the Company in its subsidiary.

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

There were no transfers between Levels during the year.

(ii) Borrowings

The fair value of borrowings has been calculated at £59,244,000 as at 31 March 2019 (2018 - £59,685,000) compared to a balance sheet value in the financial statements of £49,913,000 (2018 - £49,898,000) per Note 12.

The fair values of the debentures are 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 year.

All other assets and liabilities of the Group are included in the balance sheet at fair value.

21 Financial instruments and investment property risks – continued

	Fair Value		Balance Sheet Value	
	2019	2018	2019	2018
	£000	£000	£000	£000
11% First Mortgage Debenture Stock 2021	16,966	17,764	15,000	15,000
9.375% Debenture Stock 2026	26,620	26,663	20,182	20,206
	43,586	44,427	35,182	35,206
Bank loan	15,658	15,258	14,731	14,692
	59,244	59,685	49,913	49,898

22 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure that the Group will be able to continue as a going concern;
- to maximise the return to its equity Shareholders in the form of long term real growth in dividends and capital value without undue risk through the optimisation of the debt and equity balance.

The capital of the Group consists of equity, comprising issued capital, reserves, borrowings and retained earnings.

The Board monitors and reviews the broad structure of the Group's capital. This review includes:

- the planned level of gearing which takes into account the Managers' views on the market and the extent to which revenue in excess of that which requires to be distributed should be retained.

The Group's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

Details of the Group's gearing and financial covenants are disclosed in Note 12 on pages 71 and 72.

23 Events after the Statement of Financial Position Date

There are no significant subsequent events for the Group or the Company.

Value and Income Trust PLC (the Company) is an alternative investment fund (AIF) for the purposes of the EU Alternative Investment Fund Managers Directive (AIFMD). The Company has appointed its wholly owned subsidiary, Value and Income Services Limited (VIS), to act as its alternative investment fund manager (AIFM). VIS is authorised and regulated by the FCA.

As the AIFM, VIS has responsibility for the portfolio management and risk management of the assets of the Company. VIS has delegated its portfolio management responsibilities for the equity portfolio to OLIM and for the property portfolio to OLIM Property (collectively the Investment Managers). The delegation by VIS of its management responsibilities is in accordance with the delegation requirements of the AIFMD. The Investment Managers remain subject to the supervision and direction of VIS and the Board.

An additional requirement of the AIFMD is to appoint a depositary on behalf of the Company to oversee the custody and cash arrangements of the Company. The Company has appointed BNP Paribas Securities Services, London Branch to act as the Company's Depositary.

Disclosures

The Company and VIS are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures which require to be made prior to investment are contained in an investor disclosure document which can be found on the Company's websites hosted by the Investment Managers at www.olim.co.uk and www.olimproperty.co.uk.

Other than to provide details of the new loan facility agreed in February 2015 and refinanced in May 2016; the appointment of Savills plc in April 2015; and clarification of the maximum AIFMD leverage limit of 200%, there have not been any material changes to the disclosures contained in the investor disclosure document since it was first made available in July 2014.

The Company and VIS also make the following periodic disclosures to investors in accordance with the requirements in the AIFMD:

- ***Investment Management:*** Details of the investment objective, strategy and policy of the Company are included in the Strategic Report. A list of all holdings is included on page 9 (equities) and page 18 (properties).
- ***Valuation of illiquid assets:*** None of the Company's assets is subject to special arrangements arising from their illiquid nature.
- ***Liquidity management:*** There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by the Company.
- ***Risk Management:*** VIS has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. Further details of the risk profile and risk management systems of the Company are set out in the Strategic Report and in Note 21 to the Financial Statements. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- ***AIFM Remuneration:*** All authorised AIFMs are required to comply with the AIFMD Remuneration Code. The expenses which VIS incurs in the provision of AIFM services are met by the Company. During the year ended 31 March 2019 all of the directors of VIS were the same as the Directors of the Company and no additional staff were employed by

VIS. The Directors of the Company do not receive a separate fee in respect of being directors of VIS and details of the remuneration of the Directors is set out in the Directors' Remuneration Report on pages 30 to 32. The Investment Managers receive remuneration separately (as set out on page 27). The Investment Managers are bound by regulatory requirements on remuneration that are equally as effective as those applicable to VIS under the AIFMD Remuneration Code.

Leverage

Circumstances when the Company may use leverage

Leverage may be used where it is believed that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing.

In a rising market gearing will tend to enhance returns because of the increased exposure to the markets but it will tend to increase losses in the event of a falling market. Leverage is therefore consistently monitored.

Types and sources of leverage permitted

The Company has, since 1986, had a long standing policy of funding its exposure to property and partly to equities through long-term debentures. Until 2015, all borrowings have been debentures to provide secure long-term funding, avoiding the risks associated with short-term funding of having to sell illiquid assets at a low point in markets if loans have to be repaid. Gearing has varied between 25% and 40% of the total portfolio. The Company will not raise new borrowings if total net borrowings would then represent more than 50% of the total assets.

On 26 February 2015, a five year secured term loan facility of £5 million was arranged with Santander UK plc at a five year fixed interest rate of 4% including all costs. This facility was used to fund further property acquisitions. This loan was refinanced on 13 May 2016 and a new ten year secured term loan facility of £15 million was arranged with Santander UK plc at a ten year interest rate of 4.4% including all costs and replaced the original £5 million loan arranged in February 2015.

The maximum level of leverage which the AIFM is entitled to employ on behalf of the Company

Under the AIFMD, the Company is required to calculate leverage under the two methodologies specified by the AIFMD, the 'Gross Method' and the 'Commitment Method', the difference being that the Commitment Method allows some netting and hedging arrangements to reduce exposures.

VIS has set a maximum leverage limit of 200% under both the Gross Method and Commitment Method. As noted above, these leverage limits are subject to a long-standing policy not to raise new borrowings if total net borrowings would represent more than half of total assets.

The table below sets out the current maximum permitted range and the actual level of leverage for the Company, as a percentage of adjusted Shareholders' funds:

	Gross Method (%)	Commitment Method (%)
Limit	200	200
Actual level at 31 March 2019	130	133

There have been no changes to the maximum level of leverage that the Group has employed and no changes to the right of reuse of collateral or any guarantee granted under the leveraging arrangements.

The Company's leveraging arrangements are collateralised through the granting of charges over the properties in the property portfolio to the Trustee of the Debenture Stock and to Santander UK plc.

How to Invest in Value and Income Trust PLC

Direct

Investors can buy and sell shares in Value and 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 and published monthly on the London Stock Exchange where the latest Ordinary Share price is also displayed, subject to a delay of 15 minutes. “VIN” 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 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.

Directors
James Ferguson (Chairman)
John Kay
Dominic Neary
David Smith

Secretary
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(Authorised and regulated by the Financial Conduct Authority)

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Legal Entity Identifier No.: 213800CU1PIC7GAER820
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Investment Manager – Equities
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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/scamsmart

Alternative Performance Measures

Alternative performance measures are numerical measures of the Group's current, historical or future performance, financial position or cash flows, other than the financial measures defined or specified in the applicable financial framework. The Group's applicable financial framework includes IFRS and the AIC SORP. The Directors assess the Group's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Total Return

Total return is considered to be an alternative performance measure. The NAV total return is calculated by reinvesting the dividends in the assets of the Group from the relevant ex-dividend date. Dividends are deemed to be reinvested on the ex-dividend date as this is the protocol used by the Group's benchmark and other indices. The Share Price total return is calculated by reinvesting the dividends in the shares of the Group from the relevant ex-dividend date.

Net asset value valuing debt at market

Net asset value valuing debt at market is the net value of the Group's assets, cash and other current assets less all creditors, provisions and all debt, all valued at fair value. Net income from the financial year is included. The calculation of this APM is explained in Note 17 to the Financial Statements.

Gearing

Gearing measures the total borrowings as a percentage of shareholders' funds.

	2019	2018
Total borrowings	49.9m	49.9m
Shareholders' funds	151.4m	150.5m
Gearing	33.0%	33.2%

Discount

The discount is the amount by which the market price of a share of an investment trust is lower than the Net Asset Value per share expressed as a percentage of the NAV per share.

	2019	2018
Share price	251.0p	262.0p
NAV (debt at market)	312.2p	309.2p
Discount	19.6%	15.3%

Notice is hereby given that the Annual General Meeting of Value and Income Trust PLC (the "Company") will be held at the offices of Shepherd and Wedderburn LLP, Condor House, 10 St. Paul's Churchyard, London EC4M 8AL on Friday, 5 July 2019 at 12.30pm, for the following purposes:

To consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 to 9 inclusive will be proposed as Ordinary Resolutions and Resolutions 10 to 12 inclusive will be proposed as Special Resolutions:

1. To receive the Directors' Report and audited Financial Statements for the year ended 31 March 2019.

2. To approve the Directors' Remuneration Report for the year ended 31 March 2019.

3. To approve the final dividend for the year ended 31 March 2019 of 3.4p per Ordinary Share.

4. To re-elect James Ferguson as a Director of the Company.

5. To re-elect John Kay as a Director of the Company.

6. To re-elect David Smith as a Director of the Company.

7. To re-appoint Grant Thornton UK LLP as Independent Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.

8. To authorise the Directors to fix the remuneration of the Independent Auditor for the year to 31 March 2020.

9. Authority to Allot Shares

   That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Securities") provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £455,499 (being approximately 10% of the nominal value of the issued share capital (excluding treasury shares) of the Company, as at the date of this Notice) provided that such authorisation expires (unless previously extended or renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company in 2020 or on the expiry of 15 months from the passing of this Resolution, (whichever is earlier) save that the Company may, at any time prior to the expiry of this authority, make offers or agreements which would or might require such Securities to be allotted or granted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.

10. Disapplication of Pre-emption Rights

    That, subject to the passing of Resolution 9 set out above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Companies Act 2006 ("the Act"), to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 9 or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act) as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

(i) (otherwise than pursuant to sub-paragraph (ii) below) up to an aggregate nominal value of £455,499 (being 10% of the nominal value of the issued share capital as at the date of this Notice); and

(ii) in connection with an offer of such equity securities by way of rights issue, open offer or other pre-emptive offer in favour of all holders of Ordinary Shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as may be) to the respective number of Ordinary Shares held by them on a record date fixed by the Directors (subject to such exclusions, limitations, restrictions or other arrangements as the Directors consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever); and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2020, or on the expiry of 15 months from the passing of this Resolution (whichever is earlier), save that the Company may, at any time prior to the expiry of such authority, make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.

11. Authority to Make Market Purchases of Shares.

That, the Directors be and are hereby generally and unconditionally authorised, for the purposes of Section 701 of the Companies Act 2006 (the "Act"), to make one or more market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary Shares of 10p each in the capital of the Company ("Ordinary Shares") on such terms as the Directors of the Company think fit, either for retention as treasury shares for future reissue, resale, transfer or cancellation, provided that:

(i) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 6,827,941 Ordinary Shares, representing 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution;

(ii) the minimum price which may be paid for an Ordinary Share shall be 10p (exclusive of expenses);

(iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of:

(a) 105% of the average of the middle market quotations of the Ordinary Shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and

(b) the higher of the price of the last independent trade in Ordinary Shares and the highest current independent bid for Ordinary Shares on the London Stock Exchange; and

(iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020 or on the expiry of 15 months from the passing of this Resolution (whichever is the earlier) save that the Company may at any time prior to such expiry, enter into a contract or arrangement to purchase Ordinary Shares under this authority which will or might be completed or executed wholly or partly after the expiration of this authority and may make a purchase of shares pursuant to any such contract or arrangement; and

(v) any Ordinary Shares so purchased shall be cancelled or, if the Directors so determine and subject to the provisions of the Act and any applicable regulations of the United Kingdom Listing Authority, be held or otherwise dealt with as permitted by the Companies Act 2006 as Treasury Shares.

12. Notice of General Meeting

That, a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

Maven Capital Partners UK LLP

Company Secretary

Registered Office:
Kintyre House
205 West George Street
Glasgow G2 2LW

4 June 2019

NOTES:

(i) A member entitled to attend and vote at the meeting may appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise the rights attached to any one share. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to them. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms or would like to appoint more than one proxy, please contact the Company's Registrars, Computershare Investor Services PLC on 0370 703 0168. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior). A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary Share of which he/she is the holder.

(ii) A personalised form of proxy, and reply-paid envelope, is enclosed for Ordinary Shareholders. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to arrive not less than forty eight hours (excluding non-working days) before the time fixed for the meeting.

(iii) The return of a completed proxy form or other such instrument of proxy will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.

(iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID 3RA50) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(vi) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

(viii) The "vote withheld" option on the proxy form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.

(ix) The right to vote at a meeting is determined by reference to the Company's register of members as at close of business on 3 July 2019 or if this meeting is adjourned, by close of business on the day two days (excluding non-working days) prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.

(x) As at 31 May 2019 (being the latest practicable date prior to the publication of this document) the Company's issued share capital comprised 45,549,975 Ordinary Shares of 10p each. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 31 May 2019 was 45,549,975. Following Resolution 11 becoming effective, the maximum aggregate number of shares hereby authorised to be purchased shall be 6,827,941 Ordinary Shares in issue immediately prior to the passing of Resolution 11.

(xi) Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he and his proxy complies with their respective disclosure obligations under the UK Disclosure, Guidance and Transparency Rules.

(xii) A person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) to (iii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.

(xiii) Biographical details of the Directors standing for election and re-election are set out on page 3 of this Annual Report.

(xiv) Members who have general queries about the Annual General Meeting should contact the Company Secretary in writing. Members are advised that any telephone number, website or email address which may be set out in this Notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xv) Members should note that, it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors no later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

(xvi) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this Notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.

(xvii) Information regarding the Annual General Meeting is available from the Company's websites, hosted by the Investment Managers, at www.olim.co.uk and www.olimproperty.co.uk.

(xviii) Pursuant to Section 319A of the Companies Act 2006, as a member, you have the right to put questions at the meeting relating to business being dealt with at the meeting.