VALUE AND INCOME TRUST PLC

HALF-YEARLY REPORT 2020

Interim Board Report

	30 September 2020	31 March 2020	30 September 2019
Group net asset value per share (valuing debt at market)	226.47p	232.69p	316.73p
Group net asset value per share (valuing debt at par)	243.50p	253.14p	337.71p
Share price (mid)	173.50p	165.00p	249.00p
Dividend per share	5.80p (first and second interim)	12.10p (total)	5.80p (first and second interim)

Value and Income Trust PLC ('VIT') is a specialist investment trust whose shares are listed on the London Stock Exchange. VIT invests in higher yielding UK commercial property and quoted equities, particularly in medium and smaller sized companies. VIT aims for long-term real growth in dividends and capital value without undue risk.

Over the six months ended 30 September 2020, VIT's share price increased by 5.2% while the net asset value per share, valuing debt at par, decreased by 3.8%. The FTSE All-Share Index rose by 5.6% over the half year. VIT's property portfolio was revalued independently at 30 September 2020.

The Company announced on 10 September 2020 the dates of the quarterly dividends for the year to 31 March 2021. The first quarterly dividend of 2.9p per share was paid on 30 October 2020 to all shareholders on the register on 2 October 2020. The second quarterly dividend of 2.9p per share will be paid on 29 January 2021 to those shareholders on the register on 4 January 2021. The ex-dividend date will be 31 December 2020.

The third quarterly dividend of 2.9p per share will be paid on 30 April 2021 to those shareholders on the register on 6 April 2021. The ex-dividend date will be 1 April 2021. The Board will announce in due course the proposed fourth and final payment for the year which, subject to shareholder approval, will be paid on or around 30 July 2021.

Chairman's Statement

On behalf of your Board, I present the Interim Results for the six months to 30 September 2020.

The past six months have been challenging due to the significant impact on the global economy and financial markets caused by the coronavirus (COVID-19) pandemic. However, you will see from the Investment Managers' Reports on pages 4 to 16, that considerable efforts are being made to maintain income.

Using the benefits of the closed end structure, it is the Board's intention to preserve the Company's strong dividend record, if possible, by distributing part of the Company's capital reserves of 154.4p per share if necessary. However, maintaining the record for the long term will require dividend cover to be rebuilt over the years ahead.

The second and third interim dividend of 2.9p per share will be paid on 29 January and 30 April 2021, respectively. Further details of the payment of quarterly dividends can be found on page 1.

Shareholders will be aware that, in September, we announced the appointment of Matthew Oakeshott as a Non-executive Director.

Matthew is one of the original founders of the Company having previously served on the Board from 1 April 2007 to 1 April 2019 and he is the Chairman of OLIM Property Limited, which currently manages the Company's property portfolio.

The Board also announced in September that it intended to carry out a strategic review of the investment policy of the Company and that Matthew's appointment formed part of that review.

Chairman's Statement

The conclusion of the review of our investment policy is that we will make modest use of the power to distribute from capital reserves in the short term, but thereafter we will aim to rebuild the cover for the dividend. This will be assisted by the refinancing of the 11% Debenture Stock at a net interest rate of 3.17%, as detailed in the 2020 Annual Report, but will mainly be achieved by an increase in the property portfolio which is producing a high and reliable yield as reflected in the property report on pages 8 to 16, with 96% of rents collected over the past six months, 100% over the past quarter, and a robust capital performance.

As announced on 4 November, OLIM Limited has given notice on its contract to manage the Company's equity portfolio due to a decision by OLIM Limited's parent company, Albion Capital Group LLP, to wind down OLIM Limited's operations early next year. The Board is making alternative arrangements for the management of the portion of the portfolio currently managed by OLIM Limited.

James Ferguson
Chairman

5 November 2020

SUMMARY OF PORTFOLIO

	30 September 2020		31 March 2020		30 September 2019 (Restated)*	
	£m	%	£m	%	£m	%
UK Equities	83.2	48.4	90.8	51.5	129.5	62.3
UK Property	77.1	44.9	74.5	42.3	75.6	36.3
Net current assets	11.5	6.7	10.9	6.2	2.9	1.4
	171.8	100.0	176.2	100.0	208.0	100.0

* Restated to reflect prior year adjustment. Please see Note 10 to these Interim Financial Statements and Note 22 to the 2020 Annual Financial Statements for details.

UK EQUITIES

The Market

Over the six-month period to the end of September 2020, the UK stock market, as measured by the FTSE All Share Index, rose by 5.6% and, including dividends, the total return was 7.0%. The market has recovered somewhat from the low point seen at the start of VIT's financial year after the coronavirus inspired sell-off in February and March. Share prices have responded positively to the extreme measures of fiscal and monetary support announced by the Chancellor and the Bank of England respectively. Share prices rose fairly steadily in the early months of the period before peaking in late July. Since then the stock market has fallen back as concerns have grown about a potential second wave of coronavirus infections and the lack of progress in the Brexit negotiations and it ended the period on a relatively subdued note.

Within the UK market, large companies, measured by the FTSE 100 Index, rose by 3.4%, whilst the FTSE 250 Index of mid-sized companies rose by 14.7%. Mid-caps outperformed due to having greater representation in a number of sectors, such as General Retail, that have recovered very strongly since March. Higher yielding shares have continued to be at the centre of the storm and have not benefitted from the general stock market recovery. The FTSE Higher Yield Index actually fell by 6.5% in the six months since the end of March and generated a negative total return of -4.9% including income. In contrast to the subdued UK stock market, the FTSE World Index rose by 27.6%, measured in dollars. Once again, world markets were led by the US, where the S&P 500 index rose by 30.1%, largely as a result of the strong share price performances from their giant technology companies. Other world markets comfortably outperformed the UK as well, with the German Dax Index rising by 28.4% and the Japanese Nikkei Index by 22.6%, both measured in local currency.

Monetary policy has remained loose with central banks seeking to support their economies following the large economic contraction seen after lockdown measures were implemented. Bond markets were relatively quiet in the period and the benchmark US ten-year bond yield closed September at just 0.7%, the same level as at the end of March. In the same period, ten-year UK Gilt yields fell from 0.4% to 0.2%, meaning that gilts generated a small positive total return of 1.2%. In the currency markets, the pound was surprisingly resilient despite the stalemate in the Brexit negotiations and weak economic performance. During the period, the pound actually rose by 5% against the dollar, although it fell by 3% against the Euro to finish the period at £1:$1.29 and £1:€1.10. Commodity prices have risen with financial markets and the price of a barrel of oil almost doubled in the six months to stand at $41 at the end of September.

Performance

VIT's equity portfolio underperformed over the half year with a total return of +3.2% compared to the FTSE All Share Index Return of +7.0% reflecting the difficult background for high-yielding shares; as noted above the FTSE Higher Yield Index underperformed the FTSE All Share Index by over 12% in the period and recorded a negative total return. It is difficult to remember a time when high yielding shares have been so out of fashion, but the lockdown measures have clearly impacted many high yielding companies most severely. In broad terms, asset allocation between sectors was positive, but this was more than offset by negative stock selection. The main positive sector influences were the underweight positions in Banks and Oil Producers and the overweight in Chemicals, although these were somewhat offset by the underweight position in General Retailers. In stock selection terms, a number of the Company's mid-cap holdings were weak after initially bouncing back including Go-Ahead (-30%), Beazley, (-22%) and Babcock International (-35%). The portfolio also suffered from the malaise at the higher yielding end of the stock market with traditional high yielding stocks such as Vodafone (-9%) and BP (-35%) underperforming markedly. There were good share price recoveries seen at Croda International (+46%), M&G (+42%) and FDM (+38%) but these were not enough to offset weakness elsewhere.

Dividend income from the equity portfolio has also remained under pressure and although several of the portfolio's companies, such as Rotork, FDM and Devro, have resumed payments, we are still expecting total income from equities to be down significantly this year. Many companies in sectors where the recovery has been muted have passed a second dividend after the rash of dividend suspensions and cancellations in the spring. Total dividends from the UK stock market are expected to fall by over a third in calendar 2020, a trend reflected in VIT's equity portfolio.

VIT's Portfolio

There was a relatively high level of transactions on the portfolio in the six-month period. In total, there were £12.9m of sales and £4.5m of purchases meaning we made net sales of approximately £8.4m in the six-month period. This cash difference has funded purchases of higher yielding properties that will bolster the Company's income account.

We made complete sales of Marston's and Lloyds Banking Group, which both face difficult trading conditions and have very limited dividend prospects. We also sold the small holding in Hansard Global. Other sales were spread across the portfolio and focused on those stocks with low yields or where the return to the dividend list does not appear likely in the short term. These included Croda International and Prudential in the first category and HSBC, Beazley and Informa in the second. New holdings have been sought that can provide the Company with a reliable dividend stream. To this end, new investments were made in Wm Morrison Supermarkets, the well-known food retailer, National Grid, the large multi-utility group, and Telecom Plus, which is a discount utility club with around 650,000 members. All three have strong balance sheets, have traded well throughout the pandemic and have continued paying dividends to their shareholders. At the purchase prices, these stocks will provide an average yield approaching 5% for the portfolio with the possibility of extra income from Wm Morrison, which has a history of paying special dividends.

Outlook

The changes imposed on the global economy by the lockdown measures applied by governments around the world have been profound. Some sectors, such as technology and food retailing, have benefitted, but others have been devastated. Global travel has plummeted, in part due to governments imposing quarantine requirements on travellers, and the hospitality sector, particularly those areas most affected by social distancing rules, has also been hard hit. However, economies have begun to recover as lockdown measures have been eased. It seems likely that world economic activity will shrink by around 5% in 2020 given the economic rebound seen since the Q1 low point. As more social interaction has been allowed, recorded infections have begun to climb once more, but they remain well below the levels seen earlier in the year after allowing for the large increase in testing. Some governments, including our own, have opted to re-impose some of the lockdown controls and this will inevitably hamper the economic recovery. Initially, the UK economy made good progress in recovering the ground lost in March and April when the full lockdown was in progress; approximately half the lost value of GDP has been recouped but this progress is likely to be reversed given the new lockdown recently announced by the UK Government.

Unfortunately, the UK's service-based economy and relatively dense population have made it especially vulnerable to the virus and this has meant a poor relative economic performance compared to other world economies. Consequently, the UK is likely to experience a larger percentage contraction in economic activity this year than most developed nations. The UK is also facing the uncertainty of whether or not it will leave the European Union (EU) with a trade deal. A 'No-Deal' exit would inevitably lead to further disruption, which would not be helpful given the difficulties already being faced as a result of the pandemic.

Nonetheless, global share prices worldwide have advanced, driven by the US technology giants. They have been supported by a combination of monetary stimulus and optimism regarding the pace of economic recovery. Future equity returns and economic performance are still inextricably linked to the success that the authorities have in controlling the spread of the virus and the picture here is concerning. In both the USA and Europe, there has been a rebound in new case numbers after the lull over the summer months. In the UK, the true economic cost of the pandemic is still being disguised by the Chancellor's furlough scheme, but this comes to an end shortly, to be replaced with a far less generous job retention programme. Consequently, it is likely that unemployment will rise sharply in the coming months and this is likely to dent consumer confidence and spending. The UK stock market has also had to contend with the stalemate in negotiations with the EU and, consequently, has been a poor performer versus other world markets. Nonetheless, UK shares are not highly rated by historical measures and look good value relative to other world markets, but it is difficult to see them making a great deal of progress until the political and economic issues hanging over them are resolved.

Patrick Harrington
OLIM Limited

5 November 2020

Property

The Market

UK commercial property values have so far fallen by 7% on average in 2020 on the MSCI (ex IPD) index. The decline may be over 10% by the year end, with further falls next year. But these averages mask key structural changes in property which the COVID crisis has made faster and more profound. We expect, not a V-shaped, but a K-shaped recovery for both property and the UK economy for the first time ever, with some sectors emerging strongly from the crisis and others continuing to fall. Supermarkets, convenience stores, industrial/warehouses and some non-traditional "alternative" property types will outperform as the upward arm of the K; non-food retail, especially High Street shops and shopping centres, and offices, especially in London, will be going down for years to come. The five-day office commute is dead.

The MSCI Quarterly Property Index, the most representative measure of the performance of institutional investment property portfolios, showed a total return of -1.8% over the six months to end September and -3.2% for calendar 2020 to date.

UK Commercial Property – Average Annual % Growth Rates to September 2020

	6 Months	1 Year	3 Years	5 Years	10 Years
Capital Values	-8.0	-7.4	-2.3	-0.6	+1.8
Rental Values	-4.0	-2.8	-0.6	+0.6	+1.1
Total Returns	-3.6	-3.2	+2.2	+4.1	+7.1

Source: MSCI Quarterly Index – Annualised

British commercial property values have traditionally been highly cyclical, but the past five years have seen a fundamental shift in the key driver of property values from cyclical to structural change. Previously, when the market generally was going up, all the main property sectors shared in the rise to a greater or lesser extent, and vice versa. Now it is different – retail property values have fallen right back down to their levels at the bottom of the property crash in 2009 – and are clearly heading much lower. Warehouse and industrial property, by contrast, has typically doubled in capital value over the past decade, and is proving generally resilient through the pandemic.

Transaction volumes since March 2020 have been running around one-third of normal levels, with meagre evidence in the weaker sectors of the market. Meanwhile, property void rates are clearly heading much higher, up from 7.5% to 9.2% over the past nine months (and 11.4% to 14.9% on offices) on the MSCI Monthly Index. That office void rate is even higher already than its peak during the Great Financial Crash, with well over half Central London office tenants already exercising break clauses in their leases when they can.

Property investors are firefighting, ensuring tenants who can pay their rent, do; agreeing phased payment plans with tenants who are basically sound but temporarily closed; and judging which weaker tenants really cannot pay and need help to keep a property occupied. Overall, lease lengths in property will now shorten further and break clauses will abound. The upwards only rent review is now an endangered species for offices and non-food retail. Open market rent review uplifts will be rare, except on industrials, over the next two or three years. Meanwhile, the Government, under tenant pressure, has suspended landlords' traditional tools for enforcing rent collection – eviction orders, use of Commercial Rent Arrears Recovery (CRAR), bailiffs and statutory demands for winding up. But their Code of Practice for Commercial Property published in June is utterly unbalanced and totally toothless because it allows well-funded tenants like Boots or JD Sports just to refuse to pay their rent.

Offices

The key strategic question now for UK commercial property is the future of office investments in general, and highly valued and rented London offices in particular. Their long-term performance has broadly tracked the market as a whole, as measured by the MSCI Index, but with more volatility, they will now suffer severe structural damage, with falling demand and rental values. Five years ago retail rents and capital values were clearly heading for serious long-term decline so VIT sold all its shops. Offices are now clearly also heading for the rocks.

Comparative Yields – End December (Except 2020)

		2020 (Sept)	2019	2018	2017	2011	2008	2006
Property (Equivalent Yield)		5.8	5.6	5.4	5.5	6.8	8.1	5.4
Long Gilts	Conventional	0.2	1.0	1.5	1.4	2.5	3.7	4.6
	Index Linked	-2.6	-2.0	-1.8	-1.8	-0.2	0.8	1.1
UK Equities*		3.7	4.1	4.5	3.6	3.5	4.5	2.9
R.P.I. (Annual Rate)		0.5	2.2	3.2	4.1	4.8	0.9	4.4
Yield Gaps:	Property less Conventional Gilts	5.6	4.6	3.9	4.1	4.3	4.4	0.8
	less Index Linked Gilts	8.4	7.6	7.2	7.3	7.0	7.3	4.4
	less Equities	2.1	1.5	0.9	1.9	3.3	3.6	2.5

Source: MSCI and ONS

* UK Equity Yields: Historic - except 2020 which is consensus forecast for 2021 post dividend cuts.

Retail

Many retailers in high streets and shopping centres were already on their last legs before COVID. Although most "non-essential" retailers have re-opened since the summer, only about half are paying any rent. A torrent of Company Voluntary Arrangements (CVAs), like New Look's, are pushing the retail property market fast towards turnover-linked leases. The lockdown opened the eyes of many older consumers, in particular, to the ease of buying on-line, and its wide range of goods and services and speed of delivery. Many obsolete retail properties must now be valued from their site value up, not the former retail value down. Retail warehouse values will also come under downward pressure, but the falls may be limited, in prosperous parts of Southern England at least, by their potential alternative use values, for industrial or distribution purposes, low-rent food stores for Aldi or Lidl, or even, if the site is right, residential development. Car showrooms are clearly still overvalued and overrented, but second-hand car sales may continue to outperform new.

On the high street, the steepest and most significant falls in property value will be in Central London, with its unique focus on commuter and international tourist spending which will never come back to their previous peaks. Suburbs and smaller towns with more affordable rents and an attractive mix of convenience and independent traders may prove more resilient, but with short, turnover-related leases and therefore double-figure valuation yields.

Supermarkets and convenience stores (including petrol filling stations), have responded well to the crisis with increases of as much as 20% in their turnover. The large supermarket chains have growing on-line operations, but on-line penetration remains far lower than in non-food retail, and many consumers still prefer the choice and convenience of their local food shop, where the Co-op is uniquely well placed.

Warehouse/Industrial Property

Warehouse and industrial property has enjoyed an historic re-rating in recent years, so that it is now valued below the average yield for all property, in line with offices and well below retail property. That industrial premium rating will improve further, in contrast to offices and retail property, where valuation yields will rise and capital values fall.

Modern, well-let warehouse property should prove relatively resilient with vacancy rates low and rents still growing in strong Southern and Midland locations. A wave of bankruptcies among weaker tenants and rapidly rising unemployment over the next year may see vacancies rise and capital values fall on multi-let industrial estates, especially in the North, where there is little support from alternative use values.

Non-Traditional Alternatives

Property in the "Alternatives" sectors – i.e. everything except office, retail or industrial - has been growing rapidly in importance for institutional investors in recent years. It now accounts for 15% - 20% of the main UK commercial property market indices and took over a third of all investment property transactions both in 2019 and 2020 to date. Most alternative sector investments have relatively long, often indexed, leases, so the tenant's ability to pay is crucial for valuation purposes. Alternative investments may still tend to outperform the more traditional sectors of the property market, but with wide variations between different sub-sectors, as follows:

Alternatives - Leisure

Pubs are better placed now than restaurants, where many private-equity backed multiple chains were already drowning in debt. Profitable, spacious pubs, with plenty of outside space let to strong tenants, traded well over the summer due to a combination of the Chancellor's Eat Out to Help Out subsidy, the "staycation" boom in British holidays and more people working from home. Winter will be much harder. Most pubs of this type can still manage with a 10pm closure in suburban, small town and rural locations rather than city centres, provided wider and long lockdowns can be avoided. There is, however, no future for many individual city centre pubs and traditional boozers, as well as bar and nightclub operators. The well-established trend of smaller pubs closing and larger and better-run pubs gaining market share will accelerate rapidly.

Health and Fitness clubs generally froze their memberships during lockdown and have rebuilt them typically to about three-quarters of their previous levels, at discounted rates. They will also suffer some erosion of membership from job losses and reduced consumer spending, but the well-financed high-quality operators like David Lloyd and Nuffield with good car parking should be better placed than in-town gyms.

Bowling companies have reopened successfully with 50% of their lanes in use, but cinemas face a bleaker future with COVID speeding up their structural challenges. The heavily indebted market leader, Cineworld, is especially vulnerable.

Alternatives - Hotels

Hotel valuations are now varying more and more by tenant and location. Hotels in London, other large city centres and near airports relying heavily on overseas visitors or big corporate customers are doing far worse than hotels in smaller towns and rural areas serving British holidaymakers and small businesses. That trend will continue for the foreseeable future with permanently lower office occupancy and less international business travel.

Alternatives - Care Homes and Medical

Care homes are being hard hit by the pandemic. Costs and vacancy rates have risen because of both COVID deaths and slower admissions, while the main private-equity backed care homes providers are over-geared and will need recapitalisations and rent cuts. High quality homes with self-funded residents will continue to outperform those dependent on public funding. Medical centres and private hospitals are generally well placed.

Alternatives - Student Housing

Student housing faces serious challenges, with some university courses still virtual during COVID and profitable overseas students returning slowly. Long, direct-let investments to the best universities should benefit from a general flight to safety but weaker universities and colleges must now represent a real credit risk. Rental and capital values of student housing without a long university lease may fall, especially as house prices generally will go into reverse when the current false dawn fades after Stamp Duty goes up again in 2021.

Conclusion

UK commercial property values will continue to fall through 2021 unless COVID is clearly conquered by next summer. Offices and non-food retail property will suffer most, with well-let supermarkets, convenience stores, warehouses/industrials and some alternative sectors continuing on their long-term winning ways.

The key message for property owners and investors, reinforced by the crisis so far, is to stick to properties let at affordable rents to sound tenants in strong sectors on long, index-linked leases like those in which VIT invests. Secure, long-term income will be valued more highly after the crisis is over in a yield-hungry world of vanishing equity dividends and negligible interest rates and bond yields. In a K-shaped future for the UK economy and property market, where some sectors will recover whilst others continue to decline, it is essential to be on the right side of long-term structural change. The simple message now in property is to stay away from offices and non-food retail and keep tenant and re-letting risk to a minimum within the other sectors.

VIT's Property Portfolio

VIT's property portfolio is independently valued by Savills at the end of March and September each year. The latest valuation total was £72,825,000 prior to IFRS 16 adjustment as at 30 September 2020. While the economy and property markets remain uncertain, external valuers now have enough evidence of property transactions to provide unqualified valuations, so the "material uncertainty" clause attached to Savills' 31 March valuation has now been removed for all properties in the 30 September valuation.

Since the end of March, the purchases of three Co-op convenience stores have completed, the empty ex-Adelie Foods unit at Milton Keynes has been taken over by a tenant with a stronger covenant on a longer lease and six rent increases have been achieved on review.

For the six months to 30 September, 96% of the contracted rent roll on VIT's properties has been collected. In the second quarter, 93% was collected for April - June with only the rent for Adelie Foods in administration at the Milton Keynes industrial property written off. 100% of the contracted rent roll for July – September, the third quarter, has been collected.

Purchases

We invested £5.5m plus costs over the six months at a net initial yield of 6.1% in three freehold index-linked Co-op convenience stores in Barton Upon Humber, Cleethorpes and Kirriemuir. All three supermarkets have index-linked leases and a weighted average unexpired lease length of 13 years. These three properties were valued at end-September at 1.4% above their total purchase price excluding costs.

These supermarkets with RPI-linked leases to the undoubted covenant of the Co-operative Group Limited should produce attractive long-term real returns at low risk from an initial yield over 8 points above index-linked gilts, with favourable capped and collared RPI indexation on one and uncapped RPI indexation on two. The Co-op have a 6% market share in food retailing, with a very strong position in local and convenience shopping in over 3,700 stores which have performed exceptionally well during the pandemic. They should have no difficulty in meeting their RPI-linked rental payments on these properties.

Kirriemuir - 33 Roods, DD8 4HN

Sales

Contracts were exchanged in September and October, with completion fixed for early in 2021, for the sale of two properties, the bingo hall in Manchester and the roadside property in Horsham held on a 36 year lease, for £4.75m in total, 18.8% above their £4.0m end-September valuation totals.

Assignment

Milton Keynes – Former Adelie Foods Industrial Unit

Adelie Foods went into administration in May 2020. The lease has now been assigned to Winterbotham Darby Ltd at the same rent with the unexpired lease term increased from 7.6 years to 14.9 years, with a tenant's option to break in 2030. No rent was received for Q2, but it has been fully paid for Q3 and Q4. Since 1962, Winterbotham Darby has been supplying high-quality continental food, such as olives, antipasti, continental meats and pasta to the major UK supermarkets and food suppliers.

Bradford & Manchester

Buzz Bingo undertook a CVA on 3 August. Both VIT properties were in the most favoured Category A, with the rents and lease terms unchanged, and where the tenant's covenant has been improved by the cancellation of leases on their less profitable properties not held by VIT.

Rent Reviews

There have been six index-linked rent reviews since March at Cheltenham, Coventry, Newcastle upon Tyne (Pubs), Dover (Caravan Park) and Southampton (Roadside) plus the new purchase at Kirriemuir (Supermarket) with an average uplift of 2.6% on their passing rents.

COVID-19 and Rent Collection

Two thirds of our tenants had to shut down their operations during the COVID-19 related lockdowns and restrictions, which has created unprecedented trading challenges for our leisure operators who earned no revenue for at least half of the reporting period. All reopened in the summer.

It has been a challenging period for rent collection in some property sectors but we benefitted from owning no shops, retail, warehouses, or shopping centres, and by continuing close contact with all our tenants. 93% of contracted rents were collected in Q2 April - June and we are pleased to report that 100% has been collected for Q3 July - September. Q4 rent collection has started well.

Valuation & Performance

Over the six months, the capital value of the existing portfolio fell by 4.2% and rental income rose by 0.8% (due to six rent reviews). The portfolio gave a total return of -1.9%, in line with the MSCI Quarterly Index, after all costs of new purchases, and three months' loss of rent plus a capital contribution to the new tenant at Milton Keynes.

One property rose in value, seventeen declined and eight were unchanged. The best performing property within the portfolio was the caravan park (+3.8%), with industrials and the one held supermarket unchanged, but pubs and leisure declined. The running yield on valuation was 6.7% at end September (MSCI: 5.1%) against 6.4% at end March. There are no empty properties, against a MSCI void rate of 9.2%. All 29 properties and 31 tenancies are let on full repairing and insuring leases with upwards only rent reviews and a weighted average unexpired lease length of 16 years (15 years if the tenants' break options are exercised), with 77% of the income having leases with over 10 years to expiry (23 out of 31 tenancies). Contracted rental income now has 87% in total on index-linked leases: 79% with RPI linked increases (38% with annual reviews and 41% five yearly) and a further 8% of rental income has fixed increases (6% with annual reviews and 2% five yearly).

Louise Cleary & Matthew Oakeshott
OLIM Property Limited

5 November 2020

Management and Administration of VIT

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

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

Principal and Emerging Risks and Uncertainties

The Board carries out a regular review and robust assessment of the principal and emerging risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity. These principal and emerging risks and uncertainties were set out in full in the Strategic Report within the 2020 Annual Report, and are considered equally applicable to the second half of the financial year as for the period under review.

Climate Change and Social Responsibility Risk

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

Other Emerging Risks

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

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

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- the condensed set of Financial Statements within the Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'; and

- the Interim Board Report includes a true and fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure, Guidance and Transparency Rules.

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

James Ferguson
Chairman
5 November 2020

Group Statement of Comprehensive Income

for the 6 months ended 30 September 2020

	Notes	6 months ended 30 September 2020 (Unaudited) Revenue £'000	Capital £'000	Total £'000
INCOME				
Dividend income		2,376	-	2,376
Other operating income	2	2,346	-	2,346
		4,722	-	4,722
GAINS AND LOSSES ON INVESTMENTS				
Realised (losses)/gains on held-at-fair-value investments and investment properties		-	(3,008)	(3,008)
Unrealised gains/(losses) on held-at-fair-value investments and investment properties		-	272	272
TOTAL INCOME		4,722	(2,736)	1,986
EXPENSES				
Investment management fees		(148)	(345)	(493)
Other operating expenses		(394)	-	(394)
FINANCE COSTS		(2,537)	-	(2,537)
TOTAL EXPENSES		(3,079)	(345)	(3,424)
(LOSS)/PROFIT BEFORE TAXATION		1,643	(3,081)	(1,438)
TAXATION		(153)	66	(87)
(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT		1,490	(3,015)	(1,525)
EARNINGS PER ORDINARY SHARE (Pence)	3	3.27	(6.61)	(3.34)

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

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

The Board has declared a first quarterly dividend of 2.90p per share (2020 - 2.90p) which was paid on 30 October 2020 to those shareholders on the register on 2 October 2020 with an ex-dividend date of 1 October 2020 and a second quarterly dividend of 2.90p per share (2020 - 2.90p) which will be paid on 29 January 2021 to those shareholders on the register on 4 January 2021 with an ex-dividend date of 31 December 2020. The third quarterly dividend of 2.90p (2020 - 2.90p) will be paid on 30 April 2021 to those shareholders on the register on 6 April 2021. The ex-dividend date will be 1 April 2021.

6 months ended 30 September 2019 (Unaudited and restated)			Year ended 31 March 2020 (Audited)		
Revenue	Capital	Total	Revenue	Capital	Total
£'000	£'000	£'000	£'000	£'000	£'000
3,857	-	3,857	5,931	-	5,931
2,294	-	2,294	4,813	-	4,813
6,151	-	6,151	10,744	-	10,744
-	3,165	3,165	-	(3,482)	(3,482)
-	(916)	(916)	-	(31,381)	(31,381)
6,151	2,249	8,400	10,744	(34,863)	(24,119)
(180)	(420)	(600)	(345)	(805)	(1,150)
(357)	-	(357)	(878)	-	(878)
(2,183)	-	(2,183)	(4,609)	-	(4,609)
(2,720)	(420)	(3,140)	(5,832)	(805)	(6,637)
3,431	1,829	5,260	4,912	(35,668)	(30,756)
(124)	80	(44)	(263)	359	96
3,307	1,909	5,216	4,649	(35,309)	(30,660)
7.27	4.19	11.46	10.21	(77.52)	(67.31)

Group Statement of Financial Position

as at 30 September 2020

	Notes	As at 30 September 2020 (Unaudited) £'000	£'000	As at 31 March 2020 (Audited) £'000	£'000	As at 30 September 2019 (Unaudited and restated) £'000	£'000
ASSETS							
NON CURRENT ASSETS							
Investments held at fair value through profit or loss			83,239		90,757		129,484
Investment properties			77,076		74,459		75,616
	8		160,315		165,216		205,100
Deferred tax asset			398		485		345
			160,713		165,701		205,445
CURRENT ASSETS							
Cash and cash equivalents		26,928		26,428		4,584	
Receivables		744		668		492	
			27,672		27,096		5,076
TOTAL ASSETS			188,385		192,797		210,521
CURRENT LIABILITIES							
Debenture stock		(15,000)		(15,000)		-	
Payables		(1,590)		(1,624)		(2,525)	
			(16,590)		(16,624)		(2,525)
TOTAL ASSETS LESS CURRENT LIABILITIES			171,795		176,173		207,996
NON-CURRENT LIABILITIES							
Payables		(4,234)		(4,243)		(4,251)	
Borrowings		(56,649)		(56,623)		(49,920)	
			(60,883)		(60,866)		(54,171)
NET ASSETS			110,912		115,307		153,825
EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS							
Called up share capital			4,555		4,555		4,555
Share premium			18,446		18,446		18,446
Retained earnings	6		87,911		92,306		130,824
TOTAL EQUITY			110,912		115,307		153,825
NET ASSET VALUE PER ORDINARY SHARE (Pence)			243.50p		253.14p		337.71p

Group Statement of Changes in Equity

for the 6 months ended 30 September 2020

		6 months ended 30 September 2020 (Unaudited)			
		Share capital	Share premium	Retained earnings	Total
	Notes	£'000	£'000	£'000	£'000
Net assets at 31 March 2020		4,555	18,446	92,306	115,307
Loss for the period		-	-	(1,525)	(1,525)
Dividends paid	4	-	-	(2,870)	(2,870)
Net assets at 30 September 2020		4,555	18,446	87,911	110,912

		Year ended 31 March 2020 (Audited)			
Net assets at 31 March 2019		4,555	18,446	128,432	151,433
Loss for the period		-	-	(30,660)	(30,660)
Dividends paid	4	-	-	(5,466)	(5,466)
Net assets at 31 March 2020		4,555	18,446	92,306	115,307

		6 months ended 30 September 2019 (Unaudited and restated)			
Net assets at 31 March 2019		4,555	18,446	128,432	151,433
Profit for the period		-	-	5,216	5,216
Dividends paid	4	-	-	(2,824)	(2,824)
Net assets at 30 September 2019		4,555	18,446	130,824	153,825

Group Statement of Cash Flows

for the 6 months ended 30 September 2020

	6 months ended 30 September 2020 (Unaudited)		6 months ended 30 September 2019 (Unaudited and restated)		Year ended 31 March 2020 (Audited)	
	£'000	£'000	£'000	£'000	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Dividend income received		2,420		4,383		6,466
Rental income received		2,219		1,903		4,162
Interest received		43		6		10
Operating expenses paid		(843)		(1,045)		(2,101)
NET CASH INFLOW FROM OPERATING ACTIVITIES		3,839		5,247		8,537
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments held at fair value through profit or loss	(4,500)		(8,359)		(13,900)	
Purchase of investment properties	(6,209)		(9,254)		(10,758)	
Sale of investments held at fair value through profit or loss	12,874		11,041		17,160	
Sale of investment properties	-		6,575		9,199	
NET CASH INFLOW FROM INVESTING ACTIVITIES		2,165		3		1,701
CASH FLOW FROM FINANCING ACTIVITIES						
Loans drawn down	-		-		22,000	
Fees paid on new loan	(4)		-		(320)	
Interest paid on loans	(2,527)		(2,077)		(4,156)	
Finance cost of leases	(95)		(95)		(191)	
Payments of lease liabilities	(8)		(8)		(15)	
Dividends paid	(2,870)		(2,824)		(5,466)	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES		(5,504)		(5,004)		11,852
NET INCREASE IN CASH AND CASH EQUIVALENTS		500		246		22,090
Cash and cash equivalents at the start of the period		26,428		4,338		4,338
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		26,928		4,584		26,428

1 Accounting policies

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

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

(a) Basis of preparation

The Financial Statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of certain financial assets. Where presentational guidance set out in the Statement of Recommended Practice '*Financial Statements of Investment Trust Companies and Venture Capital Trusts*' (the SORP) issued by the Association of Investment Companies (AIC) in October 2019 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 below.

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 4 to 16.

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.

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 Group 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.

The Group's Financial Statements have been prepared using the same accounting policies as those applied for the Financial Statements for the year ended 31 March 2020 which received an unqualified audit report.

(b) Going concern

The Group's business activities, together with the factors likely to affect its future development and performance, are set out in the Interim Board Report on pages 17 to 18. The financial position of the Group as at 30 September 2020 is shown in the Statement of Financial Position on page 21. The cash flows of the Group for the half year to 30 September 2020, which are not untypical, are set out on page 23. The Group had fixed debt totalling £71,649,000 as at 30 September 2020; none of the borrowings is repayable before 2021. As at 30 September 2020, the Group's total assets less current liabilities exceeded its total non current liabilities by a factor of over 1.5.

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 1. Most of these securities are readily realisable, even in volatile markets. The Directors, who have reviewed carefully the Group's forecasts for the coming year and having taken into account the liquidity of the Group's investment portfolio and the Group's financial position in respect of cash flows, borrowing facilities and investment commitments (of which there is none of significance), are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group's Financial Statements.

(c) Basis of consolidation

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

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

(d) Presentation of Statement of Comprehensive Income

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

(e) Dividends payable

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

(f) Investments

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

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

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

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

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

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

2 Other operating income

	6 months ended September 2020 £'000	6 months ended September 2019 £'000 (Restated)	Year ended March 2020 £'000
Rental income	2,239	2,289	4,716
Interest receivable on short term deposits	107	5	97
	2,346	2,294	4,813

3 Return per ordinary share

The return per ordinary share is based on the following figures:

	6 months ended September 2020 £'000	6 months ended September 2019 £'000 (Restated)	Year ended March 2020 £'000
Revenue return	1,490	3,307	4,649
Capital return	(3,015)	1,909	(35,309)
Weighted average ordinary shares in issue	45,549,975	45,549,975	45,549,975
Return per share - revenue	3.27p	7.27p	10.21p
Return per share - capital	(6.61p)	4.19p	(77.52p)
Total return per share	(3.34p)	11.46p	(67.31p)

4 Dividends paid

	6 months ended 30 September 2020 £'000	6 months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Dividends on ordinary shares:			
Third quarterly dividend of 2.90p per share (2020- 2.80p) paid 24 April 2020	1,321	1,275	1,275
Final dividend of 3.40p per share (2020 - 3.40p) paid 28 August 2020	1,549	1,549	1,549
First quarterly dividend of 2.90p per share (2020- 2.80p) paid 25 October 2019 *	-	-	1,321
Second quarterly dividend of 2.90p per share (2020- 2.80p) paid 31 January 2020 *	-	-	1,321
Dividends paid in the period	2,870	2,824	5,466

* First and second quarterly dividends for the year to 31 March 2021 have been declared with pay dates falling after 30 September 2020. These have not been included as liabilities in these financial statements.

5 Interim dividend

The Directors have declared a first quarterly dividend of 2.90p per ordinary share, paid on 30 October 2020 to those shareholders on the register on 2 October 2020, with an ex dividend date of 1 October 2020 (2020 - 2.90p) and a second interim dividend of 2.90p per share, payable on 29 January 2021 to those shareholders on the register on 4 January 2021, with an ex dividend date of 31 December 2020 (2020 - 2.90p).

The third quarterly dividend of 2.90p (2020 - 2.90p) will be paid on 30 April 2021 to those shareholders on the register on 6 April 2021. The ex-dividend date will be 1 April 2021.

6 Retained earnings

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

	Revenue £'000	Capital £'000	Total £'000
At 31 March 2020	3,191	89,115	92,306
Movement during the period:-			
Loss for the period	1,490	(3,015)	(1,525)
Dividends paid (see Note 4)	(2,870)	-	(2,870)
At 30 September 2020	1,811	86,100	87,911

7 Transaction costs

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

The total costs are as follows:-

	6 months ended 30 September 2020 £'000	6 months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Purchases	27	56	83
Sales	13	11	17
	40	67	100

8 Fair value hierarchy disclosures

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 30 September 2020 (unaudited)				
Equity investments	83,239	-	-	83,239
Investment properties	-	-	77,076	77,076
	83,239	-	77,076	160,315
Borrowings	-	(79,757)	-	(79,757)
	83,239	(79,757)	77,076	80,558
At 31 March 2020 (audited)				
Equity investments	90,757	-	-	90,757
Investment properties	-	-	74,459	74,459
	90,757	-	74,459	165,216
Borrowings	-	(81,317)	-	(81,317)
	90,757	(81,317)	74,459	83,899
At 30 September 2019 (unaudited and revised)				
Equity investments	129,484	-	-	129,484
Investment properties	-	-	75,616	75,616
	129,484	-	75,616	205,100
Borrowings	-	(59,557)	-	(59,557)
	129,484	(59,557)	75,616	145,543

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

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

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

Level 3 - inputs are not observable

The fair 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 period. All other assets and liabilities of the Group are included in the Balance Sheet at fair value.

9 Relationship with the Investment Managers and other Related Parties

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

OLIM Limited and OLIM Property Limited each receives an annual investment management fee of 0.60% of the capital assets that they manage.

OLIM Limited received an investment management fee of £292,000 (half year to 30 September 2019: £393,000 and year to 31 March 2020: £738,000). At the period end, the balance owed by the Group to OLIM Limited was £42,000 (31 March 2020: £4,000) comprising management fees for the month of September 2020, subsequently paid in October 2020.

OLIM Property Limited received an investment management fee of £201,000 (half year to 30 September 2019: £207,000 and year to 31 March 2020: £412,000). At the period end, the balance owed by the Group to OLIM Property Limited was £30,000 (31 March 2020: £34,000) comprising management fees for the month of September 2020, subsequently paid in October 2020.

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 period.

10 Prior Year Adjustments

As noted in the Financial Statements for the year to 31 March 2020, the Financial Statements were restated on 31 March 2018 to recognise finance lease liabilities for leasehold properties which are classified as investment property at fair value under the requirements of IAS 40 and IAS 17. Previously, the value of the leased investment property recorded on the Balance Sheet had been the net valuation of the leasehold property and the leases had been accounted for as operating leases. This has been corrected to recognise the gross valuation of the asset and a corresponding finance lease liability at the present value of minimum lease payments using the incremental borrowing rate at the inception of the lease(s). There has also been a reclassification of the charges previously netted off against Rental Income to Finance Costs and unrealised gains/losses in investment property. Full details of these adjustments are shown in Note 22 to the Financial Statements for the year to 31 March 2020.

After the adoption of IFRS 16, a right-of-use asset and lease liability are required to be recognised on the Balance Sheet with the right-of use asset classified as investment property and subsequently fair-valued under IAS 40. As the leased assets have been adjusted to have been recognised previously under finance leases, and meet the definition of and are included in investment property, they are not affected.

The impact of this revision had the following impacts as at 1 April 2019 and 30 September 2019:

(i) The Group as a lessee recognised an additional £4,287,000 as a right-of-use asset and as a lease liability (comprising a current liability of £15,000, and a non-current liability of £4,272,000). In addition, £204,000 has been reclassified from rental to finance costs (half year to 30 September 2019 - £103,000).

11 Half-Yearly Report

The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in sections 434 - 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2020 and 30 September 2019 has not been audited.

The information for the year ended 31 March 2020 has been extracted and abridged from the latest published audited financial statements and do not constitute the statutory accounts for that year. Those Financial Statements have been filed with the Registrar of Companies and included the Report of the Independent Auditor, which contained no qualification or statement under section 498 of the Companies Act 2006.

This Half-Yearly Report was approved by the Board on 5 November 2020.

How to Invest in Value and Income Trust

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 at each month end and published on the London Stock Exchange where the latest ordinary share price is also displayed, subject to a delay of 15 minutes. "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.

Contact Information

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J A Kay
D M Neary
M A Oakeshott
D A Smith

Secretary
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ISIN: GB0008484718
TIDM: VIN

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Legal Entity Identifier:
213800D7AEDHGXDAM208

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10 Harewood Avenue
London NW1 6AA

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