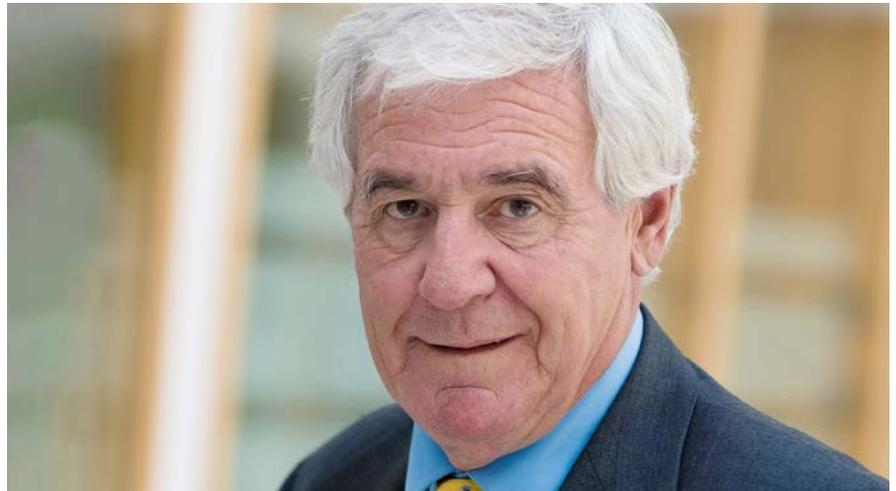


# PROPERTY VALUATION COMMITTEE REPORT

ROGER LEWIS

The Property Valuation Committee is chaired by Roger Lewis. The other members of the Committee are Nicholas Thompson, Robert Sinclair and Vic Holmes.



## TERMS OF REFERENCE

The Committee shall review the quarterly valuation reports produced by the independent valuers before their submission to the Board, looking in particular at:

- Significant adjustments from previous quarters;
- Individual property valuations;
- Commentary from the Investment Manager;
- Significant issues that should be raised with the Investment Manager;
- Material and unexplained movements in the Company's net asset value;
- Compliance with applicable standards and guidelines;
- Reviewing findings or recommendations of the valuers; and
- The appointment, remuneration and removal of the Company's valuers, making such recommendations to the Board as appropriate.

## ACTIVITY

The Committee met four times during the year ended 31 March 2017. Members of the Property Valuation Committee, together with the Investment Manager, met with the independent valuer each quarter to review the valuations and considered the following matters:

- Property market conditions and trends;
- Movements compared to previous quarters;
- Yields on properties within the portfolio;
- Letting activity and vacant properties;
- Covenant strength and lease lengths;
- Estimated rental values; and
- Comparable market evidence.

The Committee was satisfied with the valuation process throughout the year.

## APPOINTMENT OF VALUER

CBRE Limited was appointed as sole external valuer to the Group, effective from 31 March 2013, and carries out a valuation of the Group's property assets each quarter, the results of which are incorporated into the Group's half year and annual financial statements, and the quarterly net asset statements.



The Directors  
 Picton Property Income Limited  
 PO Box 255  
 Trafalgar Court  
 Les Banques  
 St Peter Port  
 Guernsey  
 GY1 3QL

6 June 2017

Dear Sirs

## PICTON PROPERTY PORTFOLIO — VALUATION AS AT 31 MARCH 2017

In accordance with the terms of our appointment as External Valuers to Picton Property Income Limited, we have valued the freehold and leasehold properties in which the Fund has an interest as at 31 March 2017, for accounting purposes. Our valuations have been prepared on the basis of 'Fair Value' in accordance with the RICS Valuation – Professional Standards, January 2014. We confirm that the "Fair Value" reported above, for the purpose of financial reporting under International Financial Reporting Standards (IFRS) and UK Generally Accepted Accounting Practice (UK GAAP), is effectively the same as "Market Value".

On the basis, assumptions, terms and conditions as set out within our Valuation Report dated 31 March 2017, we are of the opinion that the aggregate values of the properties we value in the Picton investment property portfolio, as at 31 March 2017, is £624,410,000 (SIX HUNDRED AND TWENTY FOUR MILLION FOUR HUNDRED AND TEN THOUSAND POUNDS), exclusive of VAT.

Our opinion of Market Value was derived using comparable recent market transactions on arm's length terms.

The total fees, including the fee for this assignment, earned by CBRE Ltd (or other companies forming part of the same group of companies within the UK) from the Addressee (or other companies forming part of the same group of companies) are less than 5.0% of the total UK revenues.

This letter is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Yours faithfully

**Nick Knight MRICS**  
 Executive Director  
 RICS Registered Valuer  
 For and on behalf of CBRE Limited



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 St Martin's Court 10 Paternoster Row London EC4M 6HP  
 CBRE Limited is regulated by the RICS and is an appointed representative of CBRE Indirect  
 Investments Service Limited which is authorised and regulated by the Financial Conduct Authority.

