

PRELIMINARY ANNOUNCEMENT OF THE RESULTS FOR THE HALF YEAR TO 30 SEPTEMBER 2002

Pressure to buy commercial property has built up rapidly over the past few months. Private investors took the lead in forcing down yields, and were encouraged by aggressive lenders offering very high loan-to-value ratios on well-let properties. Institutional property investors have also returned to the market, encouraged by property's cumulative outperformance of equities and gilts over all periods up to ten years. After property has outperformed UK equities by a further 20% so far in 2002, property's yield advantage over equities is no longer attractive. But against gilts, corporate bonds and index-linked gilts, property still offers very good value. Property's 4% yield advantage over long-dated conventional gilts is at its highest since reliable records began thirty years ago. Rental values have shown little change on average so far this year, but the weight of money has increased capital values.

Retail property has shown a total return of 10% in the first nine months of 2002, compared with 7% for industrial property and 5% for offices. This relative performance pattern looks set to continue, at least until the end of next year. Occupiers are the key – demand from retail and leisure tenants is generally reasonable, both in and out-of-town. But for offices and business space in London and the South-East, demand has dried up, rental values are falling fast and large quantities of let but unoccupied space are overhanging the market from financial, technology and service sector companies in general. Voids are rising at a similar rate to the recession of the early 1990s. Vacancy rates are rising much more slowly for industrial and warehouse property and rental values in this sector are flat.

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PROFIT AND LOSS ACCOUNT (UNAUDITED)

	Six months to 30 Sept 2002 £'000	Six months to 30 Sept 2001 £'000	Year to 31 March 2002 £'000
Income			
Revenue from properties	901	998	1,992
Interest on deposits	94	21	47
Other	-	1	9
	995	1,020	2,052
Expenses			
Administrative expenses	167	181	349
Interest Payable	825	825	1,650
	3	14	53
Profit on investing activities before tax			
Realised (loss)/profit on disposal of properties	(28)	1	422
	(25)	15	475
(Loss)/profit on ordinary activities before tax			
Tax	-	(13)	(313)
	(25)	2	162
(Loss)/profit on ordinary activities after taxation			
Earnings per share on ordinary activities	£0.06	£0.30	£3.23
Adjustment for disposal of properties	£(0.56)	£(0.02)	£(2.49)
Earnings per share on investing activities	£(0.50)	£0.28	£0.74

(1) The earnings on investing activities figure is intended to demonstrate the performance of the Company after eliminating profits or losses of a capital nature.

Note of Profits & Losses on a Historical Cost Basis

<i>Reported (loss)/profit on ordinary activities before tax</i>	(25)	15	475
<i>Realisation of property revaluation gains of previous years</i>	-	125	938
<i>(Loss)/profit on ordinary activities before tax on a historical cost basis</i>	(25)	140	1,413
<i>Retained profit for the period on a historical cost basis</i>	2,470	1,222	2,495

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
INCORPORATING RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	Six months to 30 Sept 2002 £'000	Six months to 30 Sept 2001 £'000	Year to 31 March 2002 £'000
Unrealised gains/(losses) on investment properties	-	(12)	1,115
Revenue (loss)/gain	(25)	2	161
Total recognised (losses)/gains	(25)	(10)	1,276
Dividends	-	-	-
Total movement in shareholders' funds	(25)	(10)	1,276
Opening shareholders' funds	11,343	10,067	10,067
Closing shareholders' funds	11,318	10,057	11,343

**SUMMARISED BALANCE SHEET
(UNAUDITED)**

	30 September 2002 £'000	30 September 2001 £'000	31 March 2002 £'000
Total Investments	21,875	25,098	24,925
Net Current Assets/(Liabilities)	4,443	(41)	4,468
Total Assets less Current Liabilities	26,318	25,057	26,343
Creditors due after one year	(15,000)	(15,000)	(15,000)
Total Net Assets	11,318	10,057	11,343
 Equity shareholders' funds	 11,318	 10,057	 11,343

**CASH FLOW STATEMENT
(UNAUDITED)**

	Six months to 30 September 2002 £'000	Six months to 30 September 2001 £'000	Year to 31 March 2002 £'000
Operating activities			
Net cash inflow from operating activities	783	704	1,425
Taxation			
Tax paid	(313)	(165)	(165)
Returns on investments and servicing of finance			
Interest paid	(825)	(825)	(1,650)
Capital expenditure and financial investment			
Purchase of investments		(835)	(835)
Sale of investments	(518)	651	5,192
Net cash outflow from capital expenditure and financial investment	<u>(518)</u>	<u>(184)</u>	<u>5,077</u>
Net cash outflow before financing	(873)	(470)	4,687
Net cash outflow of liquid resources (to the parent company)	(2,50)	(172)	-
NET CASH OUTFLOW	<u>(3,37)</u>	<u>(642)</u>	<u>(4,687)</u>
DECREASE IN CASH	<u>(3,37)</u>	<u>(642)</u>	<u>(4,687)</u>

Notes:

1. The results for the year to 31 March 2002 are an abridged version of the full accounts for that year which received an unqualified audit report and which have been filed with the Registrar of Companies. Audax Properties plc is a wholly owned subsidiary of Value and Income Trust plc.
2. The Interim Report will be issued to debenture holders on 6 November 2002. Copies may be obtained from OLIM Limited, Pollen House, 10/12 Cork Street, London W1S 3NP or Edinburgh Fund Managers plc, Donaldson House, 97 Haymarket Terrace, Edinburgh, EH12 5HD.