

[THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your independent financial adviser authorised under the Financial Services and Markets Act 2000 without delay.]

This document comprises a Supplementary Prospectus relating to Picton Property Income Limited (the **Company**) prepared in accordance with the Prospectus Rules made under section 84 of the Financial Services and Markets Act 2000 (**FSMA**). This Supplementary Prospectus has been approved by the Financial Conduct Authority (the **FCA**) as a supplementary prospectus under section 87A of FSMA and has been filed with the FCA and made available to the public in accordance with section 3.2 of the Prospectus Rules. This document is supplemental to, and should be read in conjunction with the prospectus published by the Company on 1 May 2014 (the **Prospectus**) in connection with the issue of New Ordinary Shares pursuant to the Initial Placing, the Offer for Subscription and the Placing Programme (the **Capital Raise**). Save as disclosed in this document there has been no significant change affecting any matter contained in the Prospectus and no significant new matter has arisen since publication of the Prospectus.

Words or expressions defined in the Prospectus have the same meaning when used in this document unless the context requires otherwise.

J.P. Morgan Cazenove, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority, is acting exclusively for the Company and no one else in relation to the Capital Raise and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Capital Raise and will not be responsible to anyone other than the Company for providing the protections afforded to customers of J.P. Morgan Cazenove or for affording advice in relation to the Capital Raise or the contents of the Prospectus, this Supplementary Prospectus or any matters referred to therein or herein. J.P. Morgan Cazenove is not making any representation or warranty, express or implied, as to the contents of this document.

Oriel Securities Limited, which is authorised and regulated by the Financial Conduct Authority, is acting exclusively for the Company and no one else in relation to the Capital Raise and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Capital Raise and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Oriel Securities Limited or for affording advice in relation to the Capital Raise or the contents of the Prospectus, this Supplementary Prospectus or any matters referred to therein or herein. Oriel Securities Limited is not making any representation or warranty, express or implied, as to the contents of this document.



PICKTON PROPERTY INCOME LIMITED

(an authorised closed-ended investment scheme incorporated as a non-cellular company limited by shares under the laws of Guernsey with registered number 43673)

Supplementary Prospectus

This Supplementary Prospectus includes particulars given in compliance with the Listing Rules and Prospectus Rules of the Financial Conduct Authority for the purpose of giving information with regard to the Company. The information contained in this Supplementary Prospectus should be read in the context of, and together with, the information contained in the Prospectus.

This Supplementary Prospectus does not contain or constitute an offer to sell or to issue any New Ordinary Shares or the solicitation of an offer to buy or subscribe for New Ordinary Shares.

The distribution of this Supplementary Prospectus in certain jurisdictions may be restricted by law. No action has been taken by the Company, J.P. Morgan Cazenove or Oriel Securities Limited that would permit an offer of the Shares or possession or distribution of this Supplementary Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this Supplementary Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The attention of potential investors is drawn to the Risk Factors set out on pages 17 to 23 of the Prospectus.

14 July 2014

1 Purpose of Supplementary Prospectus

This document constitutes a Supplementary Prospectus required under Prospectus Rule 3.4.1 and is being published to note the publication of the Company's annual report for the year to 31 March 2014 (the **Annual Report**) on 16 June 2014, which constitutes a significant new factor relating to financial information contained in the Prospectus.

2 Update of the Summary of the Prospectus

B.7 of the Summary on page 4 of the Prospectus is updated as follows:

B7	Financial information	Income Statement	
			<i>For the year ended 31 March 2014 (audited) (£,000)</i>
		Revenue from properties	36,749
		Property expenses	(8,992)
		Net property income	27,757
		Management expenses	(2,127)
		Other operating expenses	(1,139)
		Internalisation costs	-
		Costs of subsidiary acquisition	-
		Operating profit before movement on investments	24,491
		Gain/(loss) on disposal of investment properties	5,660
		Revaluation movements	18,422
		Operating profit/(loss)	48,573
		Net interest payable	(10,868)
		Change in fair value of interest rate swaps	-
		Realised gains on disposal of derivative financial instruments/loan notes	-
		Profit/(loss) before tax	37,705
		Tax	(357)
		Profit/(loss) after tax	37,348
		Income profit after tax:	
			<i>For the year ended 31 March 2014 (audited) (£,000)</i>
		Profit/(loss) after tax	37,348
		Revaluation movements	(18,422)
		Gain/(loss) on disposal of investment properties	(5,660)
		Change in fair value of interest rate swaps	-
		Realised gains on disposal of derivative financial instruments	-
		Costs of subsidiary acquisition	-
		Income profit after tax	13,266

	Balance Sheet	<i>31 March 2014</i> <i>(audited)</i> <i>(£,000)</i>
	Investment properties	417,632
	Tangible assets	140
	Cash and cash equivalents	32,352
	Loans and borrowings	(234,016)
	Derivative financial instruments	-
	Other assets and liabilities	(2,012)
	Net assets	214,096
	Net asset value per share (pence)	56
	EPRA net asset value per share (pence)	56

The Group's operating profit, before movements on investments, for the year ended 31 March 2014 was £24.491 million. The decrease relative to the previous period is mainly due to re-based rental values on lease expiries and asset management initiatives.

The Group's profit after tax was £37.348 million for the year ended 31 March 2014, an increase compared to previous periods because of revaluation gains arising on the Group's portfolio of investment properties and realised gains on the sales of a number of assets.

The Group's income profit after tax was £13.266 million for the year ended 31 March 2014, lower than the previous period for the reasons stated above.

The Group's net assets have risen to £214.096 million at 31 March 2014, principally due to the investment gains as stated above together with the issue of new ordinary shares for net proceeds of £18.043 million during the year.

3 Update of Part 3 (Financial Information Relating to the Group) of the Prospectus

3.1 Introduction

The audit opinion given by the Company's auditors, KPMG Channel Islands Limited, in respect of the statutory accounts of the Company for the financial year ended 31 March 2014 is unqualified.

3.2 Historical Financial Information

The Annual Report, which has been incorporated in this document by reference, included the following information:

<i>Section</i>	<i>Page no(s)</i>
Consolidated statement of comprehensive income	50
Consolidated statement of changes in equity	51
Consolidated balance sheet	52
Consolidated statement of cash flows	53
Accounting policies	54-59
Notes to the financial statements	54-77
Audit report	47-49

3.3 Selected Financial Information

The key audited figures that summarise the Company's financial condition in respect of the financial year ended 31 March 2014, which have been extracted directly from the historical financial information referred to above (unless otherwise indicated in the notes below the following table), are set out in the following table:

*As at or for the year ended
31 March 2014 (audited)*

Total assets (£,000)	464,272
Total liabilities (£,000)	(250,176)
Net assets (£,000)	214,096
Net asset value per Ordinary Share (p)	56
Earnings per Ordinary Share (p)	10.4
Dividends per Ordinary Share (p)	3
Revenue reserves – Group (£,000) ⁽¹⁾	156,904
Total fixed assets (investments) (£,000)	417,207

Notes:

(1) Calculated as distributable reserves plus retained earnings or losses.

3.4 Operating and Financial Review

The Annual Report included, in the sections specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure and changes in its financial condition for that year.

<i>Section</i>	<i>Page no(s)</i>
Chairman's statement	3-5
Strategic report	6-31

4 Responsibility

The Company and the Directors, being Nicholas Thompson, Trevor Ash, Vic Holmes, Roger Lewis and Robert Sinclair, accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

5 Miscellaneous

- 5.1 The registered office of the Company is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL
- 5.2 The financial information contained in this Supplementary Prospectus has been extracted without material adjustment from the Annual Report.
- 5.3 Any information contained in the Annual Report which is not, pursuant to paragraph 3 above, incorporated by reference in and does not form part of this Supplementary Prospectus is either not relevant for investors or is covered elsewhere in this Supplementary Prospectus or the Prospectus.

- 5.4 A copy of the Annual Report has been submitted to the National Storage Mechanism and, by virtue of this Supplementary Prospectus, such Annual Report is incorporated in, and forms part of, the Prospectus.
- 5.5 Copies of the Annual Report may be obtained, free of charge, during normal business hours at the offices of Norton Rose Fulbright LLP at 3 More London Riverside, London SE1 2AQ and is also available on the Company's website. Details of each are given below.

6 Documents Available for Inspection

Copies of the Prospectus dated 1 May 2014, this Supplementary Prospectus and the annual report and accounts for the financial year ended 31 March 2014 may be inspected free of charge at the offices of Norton Rose Fulbright LLP at 3 More London Riverside, London SE1 2AQ and at the registered office of the Company at Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document and while the Prospectus remains valid. These documents can also be found on the Company's website at the following address: www.pictonproperty.co.uk.