

**LONDONMETRIC PROPERTY PLC**  
 (“LondonMetric” or the “Group” or the “Company”)  
**HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

**Conviction sector calls and income focus delivers strong returns and continued dividend growth**

LondonMetric today announces its half year results for the six months ended 30 September 2021.

	EPRA <sup>1,2</sup>		IFRS	
Income Statement	H1 2022	H1 2021	H1 2022	H1 2021
Net rental income (£m)	63.5	61.3	61.8	59.6
Earnings/Reported Profit (£m)	44.2	42.3	254.1	85.1
Earnings per share (p)	4.87	4.75	28.01	9.54
Dividend per share (p)	4.4	4.2	4.4	4.2
	EPRA <sup>1,2</sup>		IFRS	
Balance Sheet	H1 2022	FY 2021	H1 2022	FY 2021
Net tangible assets (NTA) (£m)	1,947.9	1,731.9	1,947.6	1,731.3
NTA per share (p)	213.4	190.3	214.4	191.3
LTV (%)	31.1	32.3	31.1	32.3

1. Including share of joint ventures, excluding non-controlling interest

2. Further details on alternative performance measures can be found in the Financial Review and definitions can be found in the Glossary

**Sector alignment and asset selection delivering strong portfolio performance**

- Total Property Return of 10.4%, outperforming IPD All Property of 7.6%
- Capital return of 7.9% (IPD All Property: 5.4%), logistics delivered 9.7%
- EPRA NTA per share increased by 12.1% to 213.4p, driven by 22.9p valuation gain
- Total Accounting Return of 14.5%

**Continued focus on reliable, repetitive and growing income drives earnings and dividend growth**

- Net rental income up 3.6% to £63.5m, on an IFRS basis increased by 3.7%
- EPRA cost ratio down 50 bps to 13.2%
- EPRA earnings up 4.5% to £44.2m, +2.5% on a per share basis
- IFRS reported profit up 199% to £254.1m
- Dividend progression of 4.8% to 4.4p, 111% covered, including Q2 dividend declared today of 2.2p

**Distribution weighting increased to 74%, including urban logistics at 42%, with grocery-led long income at 23%**

- £161m of acquisitions, largely urban logistics, with a WAULT of 15 years and 72% of rent subject to contractual uplifts
- £168m of disposals, largely mature or non-core assets, with a WAULT of ten years
- Post period end, £144m acquired with a WAULT of 21 years, primarily two logistics warehouses acquired for £136m

**76 asset management initiatives delivering £3.9m pa additional income and 3.0% like for like income growth**

- Rent reviews +13% with urban open market reviews +25%
- Lettings signed with WAULT of 12 years
- Post period end, concluded letting of our last remaining 355,000 sq ft unit at Bedford Link adding £2.9m p.a. of rent

**Portfolio value grown to £3.0bn and our activity has strengthened its long and strong income characteristics**

- Occupancy increased to 98.9% and WAULT of 11.6 years with only 10.1% of income expiring in next three years
- Gross to net income ratio of 98.7% and contractual rental uplifts on 59.8% of income

**Strong balance sheet with additional facilities**

- LTV of 31.1% with weighted average debt maturity of 7.2 years and cost of debt at 2.5%
- Further £150 million debt facility post period end extends financing arrangements

**Proposed equity placing, as announced separately**

- Attractive opportunities to grow the portfolio
- Opportunities consist of deals committed or under offer, c.80% logistics

*Andrew Jones, Chief Executive of LondonMetric, commented:*

"As we cautiously embrace a post-pandemic landscape, we believe that our conviction sector calls of logistics and long income will continue to maintain their wide margin of victory.

"Despite the challenging backdrop, we have enjoyed another very strong period. Our exceptionally high rent collection levels, continued rental growth and strong valuation uplifts reflect the strong tailwinds supporting our sector calls and the continued investor liquidity accessing these types of assets, alongside an active asset management approach.

"Our activity has placed the portfolio firmly on the right side of structural change and our disciplined capital allocation has grown its value to £3 billion. The e-commerce backdrop remains compelling, underpinned by insatiable consumer expectations and supply chain challenges that are forcing businesses of all shapes and sizes to improve their infrastructure and become more efficient. In a market already characterised by an acute shortage of high-quality warehouse space, all the ingredients are in place for the long-term and experienced investors to continue delivering outperformance.

"Generating reliable, repetitive and growing income remains central to our strategy. We will continue to buy right, build right and manage right knowing that we have built up a collection of great assets let on long leases to high quality occupiers in great geographies, which should support a progressive and covered dividend for many years to come."

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**Meeting and audio webcast**

An analysts meeting will be held at 10.00 am today and a live audio webcast will be available at:

<https://webcasting.brrmedia.co.uk/broadcast/615ca7544e29f55a94190928>

An on demand recording will be available shortly after the meeting from the same link and from:

<https://www.londonmetric.com/investors/report-presentation/year/2021>

**Notes to editors**

LondonMetric is a FTSE 250 REIT that owns one of the UK's leading listed logistics platforms alongside a grocery-led long income portfolio, with 16 million sq ft under management. It owns and manages desirable real estate that meets occupiers' demands, delivers reliable, repetitive and growing income-led returns and outperforms over the long term. Further information is available at [www.londonmetric.com](http://www.londonmetric.com)

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*Alternative performance measures: The Group financial statements are prepared in accordance with IFRS where the Group's interests in joint ventures and non-controlling interests are shown as single line items on the income statement and balance sheet. Management reviews the performance of the business principally on a proportionately consolidated basis, which includes the Group's share of joint ventures and excludes non-controlling interests on a line by line basis. Alternative performance measures are financial measures which are not specified under IFRS but are used by management as they highlight the underlying performance of the Group's property rental business and are based on the EPRA Best Practice Recommendations (BPR) reporting framework which is widely recognised and used by public real estate companies.*

## CEO Overview

Our very strong set of half year results reflects forward planning over a number of years that has seen us pivot into assets that benefit from the structural shifts and that deliver superior income growth.

Our portfolio is now firmly placed on the right side of structural change having redeployed significant capital into our chosen sectors. We were early in recognising these trends and have now tactically shifted away from the legacy real estate sectors of general merchandise retailing and offices into logistics and grocery-led long income assets which are aligned to technological advancement and changing consumer patterns. These sectors now account for 74% and 23% of our portfolio respectively.

Over the period, continued rental growth, outstanding levels of rent collection, strong occupier activity and further yield compression have resulted in a total property return of 10.4%, an increase in EPRA net tangible assets per share of 12.1% and a total accounting return of 14.5%.

Generating reliable, repetitive and growing income remains at the centre of our strategy and this is reflected in our continued income progression with EPRA earnings per share increasing by 2.5% to 4.87p. Over a seven year period, we have increased our half year earnings per share by 43%, a compounded 6% per annum. Our income progression has allowed us to further increase our half year dividend per share by 4.8% whilst maintaining a strong dividend cover at 111%.

The structural tailwinds favouring our logistics and grocery-led long income assets continue to provide a strong foundation for future income progression and capital performance. Our continued alignment to these sectors, as further evidenced by recent acquisitions and development activity, together with our highly talented team, gives us confidence for the future and in our ability to further progress our dividend for the seventh consecutive year.

### **Logistics continues to experience strong tailwinds from attractive demand/supply dynamics**

Whilst the worst of Covid-19 is thankfully behind us and life has returned to greater normality, the legacy of the virus is very much evident.

Online shopping, which saw a quantum leap during the pandemic out of consumer necessity, now represents 26% of total UK retail sales. Whilst down from the 37% peak, this level is still significantly higher than pre-pandemic levels of 19%, representing an acceleration of online penetration by approximately five years and reflecting the adoption of new shopping habits and an appreciation by consumers of the convenience and price transparency that online offers.

These trends have been evident in recent retailer updates, with M&S reporting that 51% of its sales are now online compared with 27% pre-pandemic, whilst John Lewis has seen its online sales increase from 40% to 75%. The scale of the migration online is aptly demonstrated by the projected rise in Amazon's UK sales which are expected to reach £77 billion by 2025 compared to £36 billion in 2020 and would crown Amazon as the UK's largest retailer ahead of Tesco.

Unsurprisingly, the strong tailwinds for UK logistics have continued over the last six months. It has once again been the strongest performing property sector driven by further yield compression and most importantly strong income growth. Investment volumes of £9 billion for the nine months to September had already reached levels seen for the whole of 2020, again assisted by a rotation of capital out of legacy real estate and a further influx of overseas money.

Including warehousing under offer, occupational take up in 2021 is set to surpass the record 43 million sq ft seen last year. The third quarter was particularly active with take up focused on new supply reflecting the need for quality accommodation. Demand has been strong across the board with traditional 3PLs and online retailer demand supplemented by other sources of take up, for example from a reinvigorated manufacturing sector, growing renewable energy requirements, ultrafast grocery and micro fulfilment.

As well as occupiers responding to ever growing online penetration, they are also responding to geopolitical issues such as Brexit and an increasing number of 'black swan' events such as Covid-19, the Suez Canal disruption, climate shocks and power shortages. These issues have increased occupier focus on their supply chains, with increased pressure being placed on the just in time strategies and more companies reverting to just in case ones by holding greater inventories within the island of Great Britain.

Consequently, warehouse availability has been driven to all-time lows with an acute shortage apparent around London and the South East as well as the Midlands. Latest estimates put warehouse availability at just two months' available supply and whilst speculative supply has increased in response, with 13 million sq ft under construction, pent up and new demand continues to absorb new product.

Logistics continues to generate attractive rental growth with UK prime logistics rents rising nearly 10% in 2021 and London and the South East again seeing very strong rental growth. But there has been a notable upward rebasing of rents in other geographies that are benefitting from the 'London ripple effect'. London is again expected to see the highest annual rental growth over the next five years, whilst many other locations such as Birmingham, Northampton and Milton Keynes are also expected to outperform.

In urban logistics, where warehouse demand continues to grow to meet ever rising consumer expectations of quicker and more accurate deliveries, the supply environment remains highly challenged due to competition from higher value alternative uses. These strong dynamics are continuing to create superior rental growth and a very attractive investment backdrop for urban logistics.

### **The pandemic is still having a far reaching impact on the real estate sector**

Accelerated by the pandemic, large parts of physical retail has continued to suffer unprecedented disruption as retailers have sought to further right size their physical estate. Whilst the high street will continue to serve as a component of digital strategies, it will be undoubtedly different, smaller and cheaper. Next continues to show the pricing power that the survivors have inherited in lease negotiations. On the 73 lease events over the most recent six month period, it achieved a 52% reduction in rental liabilities and signed average lease lengths of just three years.

We continue to believe that most physical retail destinations remain over supplied and very exposed to continued growth in online penetration. This results in ongoing reductions in rental income and growing capex liabilities as destinations continue to age and are increasingly under pressure to meet modern ESG requirements. It appears to us that occupiers will continue to leverage their pricing power with a rental equilibrium driven by demand and supply rather than the quantum of falls or the affordability of rents, as some investors and commentators seem to suggest.

The demand and outlook for offices is facing structural disruption with demand subject to continued uncertainty. The home working experiment during the pandemic has not only caused employees to reassess traditional working practises but also made employers recognise the cost savings from a reduced office presence and operating efficiencies that technological advances have allowed. Therefore, whilst the outlook for the sector remains uncertain and the capex bill for creating green and desirable space is under-priced, we see the sector facing continued headwinds.

Longer term, a return to normality is creating a new set of challenges. Prior to the pandemic, the global economy had never experienced a planned shut-down followed by a manufactured restart. With each stage of recovery, the inflationary pressures have grown as supply chains, energy providers and labour have struggled to respond to significantly greater levels of demand. The response of governments to eye-watering levels of sovereign debt built up during the pandemic and the climate change challenge are further factors that are adding to the uncertain outlook.

The impact of these events on the recovery, consumer demand and future interest rates will all have a bearing on the whole of the real estate sector. Certain property sectors are well set to navigate these challenges whilst many legacy sectors and assets will continue to see value erosion. After all, no matter how great the intelligence, or how high the energy, it is the macro trends that generally outpace the micro ones.

**Our real estate strategy is underpinned by income and investing in high quality assets to deliver highly attractive returns.**

We continue to believe that income will be the defining characteristic of this decade's investing environment and that real estate strategies focused on income-led total returns will deliver future outperformance.

Collecting income is the bedrock of successful long term investing and, whilst many will focus on short term riches with higher risk strategies, we appreciate the true benefit of compounding lower risk and longer term returns. Let's not forget that investing focuses on the quantity, quality and timing of when cash will be returned, whereas speculating is worrying about what someone else will pay for your assets.

Even with the prospect of higher interest rates, real estate can offer strong collateral backed and repetitive cash flows, still significantly higher than current bond yields and dividend payouts. Their inflation protection characteristics only add to their attractiveness, and we believe that certain sub sectors of the real estate market can prosper from a strengthening economy and a more inflationary environment.

However, for us, investing in real estate has to be properly considered:

Investing in structurally supported sectors is great. Most of our real estate decisions are influenced by macro trends that originate outside the property sector but that are fundamentally shaping its future. This allows us to sleep safe in the knowledge that something very extreme has to happen to knock us off course – after all, mega trends are generally not affected by short term or sporadic shocks, however profound. We believe that our conviction calls of logistics and grocery-led long income will remain the solid sector performers and maintain their wide margin of victory.

Even better is owning assets in the best geographies. It allows us to avoid the losers and the valuable thinking time that comes with owning 'cheap' assets. We want to own wonderful assets that occupy little of our time. After all, when you choose real estate for its location, tenants will need you. You can attract high quality occupiers, command longer leases, be more confident of future rental growth and safe in the knowledge that there is a high intrinsic value to your land. We believe that the importance of geography is wildly misunderstood by the markets, which fail to appreciate that great locations are more reliable when measuring investment lifecycles over longer investment periods.

Lastly, we pride ourselves on recognising new trends, identifying mis-pricing inefficiencies and acting quickly to create new opportunities or exit old ones. We believe that there is no substitute for being aware, open minded and being prepared to act.

## **We continue to focus on disciplined investing for the long term**

Since our merger in 2013, the quality of our portfolio has continually improved. Our stock selection, patience and strong conviction to pivot the portfolio to benefit from the structural shifts in consumer behaviour have put us on the right side of change and continue to positively impact our performance. Our assets are aligned to the winning sectors of logistics and grocery-led long income, which now account for 97% of the portfolio.

Acquisitions of £161 million in the period have furthered our alignment into the winning sectors and assets. These purchases had a WAULT of 15 years and over 80% were located in London and the South East. Despite a highly competitive market, 75% of our acquisitions were in our strongest 'conviction call' sector of urban logistics, which helped to increase our urban exposure to £1,244 million, representing 42% of the portfolio.

We find that our investment in urban logistics gives us a greater degree of certainty of income growth and rising intrinsic values. Our experiences within this sub-sector have shown that we are more likely to benefit from positive surprises from higher growth and returns that can be levered by time and compounding.

Some of our more recent acquisitions in sector adjacencies have added occupiers in new and high growth markets to our portfolio, including dark kitchens, data centres and life sciences, where we believe we can leverage our opportunistic approach. Furthermore, some provide opportunity to upgrade the quality and sustainability of the buildings using our expertise and reflecting our long term approach.

Our investment strategy is about prioritising quality assets in the very best geographies that will deliver excellent returns over the long term. Whilst we could have acquired much more, our rigorous and disciplined approach has continued to temper our activity. After all, we are happier paying a fair price for a wonderful asset than a wonderful price for a fair asset.

Disposals of £168 million broadly matched our acquisitions and these were transacted with a WAULT of ten years. The sale of our mega warehouse let to Primark, which completes in February 2022, accounted for the majority of disposals. 70% of sales were in the Midlands and a further 21% in the North East and Yorkshire, including in Leeds where we sold one of our last remaining retail parks at a significant premium to book value.

Our sales are often characterised by a long period of attractive returns and/or a growing expectation that valuations may flatten or even reverse as a building grows older, leases shorten and capex requirements increase. Selling the laggards and running the winners can generate unattractive frictional costs and income interruption, but we will always make the right property decision for long term performance. However, each incremental sale improves the average quality of the portfolio and thereby raises the hurdle for future sales.

Since the half year end, we have acquired a further £144 million of assets. These are predominantly high quality long let and BREEAM Very Good warehouses which are aligned to growing markets, integral to efficient supply chains and offering reliable and growing income returns. In addition, we are under offer on a further £243 million of acquisitions.

Our enlarged portfolio, which has increased in value to £3.0 billion, has helped reduce our EPRA cost ratio by 50 bps since last year to 13.2%. Whilst size should always be the result of a successful strategy and not just an ambition in itself, our increased scale will deliver further efficiencies as our operationally light model allows us to sustain a larger portfolio without requiring additional resource.

## **Long income assets continue to appeal to an ever wider investor audience and our opportunistic approach continues to uncover attractive assets**

It is our long held belief that long income assets with low operational requirements let to high quality occupiers are an increasingly attractive proposition in a yield starved environment, and are becoming a stronger and larger component of many real estate investors' portfolios.

Accordingly, our long income assets again performed strongly over the period achieving very high rent collection levels and a total property return of 8.4%. This reflects their essential or non-discretionary attributes and a low susceptibility to the migration of spend online, particularly in our grocery and roadside assets which now account for almost half of the long income portfolio. Smaller format grocery continues to see very strong occupier demand with Aldi recently committing to invest £1.3 billion in its UK business over the next two years, as part of its plan to reach 1,200 stores by 2025, up from the 920 stores at present.

Long income acquisitions in the period totalled £40 million, let on average for 11 years to strong credits such as Aldi, B&M, McDonalds, the Range and Screwfix with almost 70% located in London and the South East and offering strong residual value from alternative use. These acquisitions were largely offset by £30 million of long income disposals which were located in the North and where occupier contentment and rental growth was less certain.

Our long income portfolio is 100% let off low and sustainable rents, offering a topped up NIY of 5.1%, a WAULT of 14 years and 66% of income subject to contractual rental uplifts. This offers a strong income bedrock but with both capital and inflation protection characteristics. With a consumer that is more than ever driven by convenience and value, we believe these assets remain underappreciated.

So, despite yield compression to date, we expect their strong fundamentals to drive further growth, particularly as investors appreciate the simplicities of collecting rent and compounding returns.

## **We continue to strengthen and grow our income as well as improve the quality of our assets**

The portfolio continues to achieve its objective of delivering reliable, repetitive and growing income as part of a total return strategy.

Again, our portfolio metrics were very strong with occupancy at 98.9%, the WAULT rising to 11.6 years and a gross to net income ratio of 98.7% that continues to reflect our very low income leakage. Furthermore, 60% of our income now benefits from contractual rental uplifts, which is up from 57% at the start of the period.

During the half year, we concluded 76 occupier initiatives, adding £3.9 million per annum of rent and delivering like for like income growth of 3.0%. Lettings were signed across 0.6 million sq ft on average lease lengths of 11.6 years, most notably at Bedford Link and Grange Park where we achieved rents significantly ahead of expectations. Rent reviews were agreed on 1.9 million sq ft delivering a 13% uplift on a five yearly equivalent basis, with urban logistics open market reviews achieving average uplifts of 25% on a five yearly basis.

This activity, combined with further yield compression and strong market rental growth is reflected in our total property return of 10.4% for the six months, with distribution delivering 12.0% and our urban assets again generating another strong performance of 13.4%.

At our developments, we are pleased to report that the final unit at Bedford Link of 355,000 sq ft will complete next month and has been let post period end to a specialist European logistics company on a 25 year lease and at a rent of £2.9 million per annum. At Tyseley, following our pre-let early in the year of 120,000 sq ft to Amazon, this state of the art last mile facility completed construction in the summer. Our development pipeline has been

extended recently with the acquisition of a 296,000 sq ft pre-let development. These activities are increasing the quality of our portfolio whilst providing attractive new income streams.

We continue to embed sustainability and high ESG standards across our activities driven by our own aspirations as well as those of our customers and occupiers. We are pleased to report that, in the period, we maintained our GRESB green star, achieving a score of 65 which is in line with the previous year. The Company continues to implement its Net Zero Carbon strategy having set out its ambition earlier in the year.

In the period, a further 350 kWp of solar PV was installed and we expect to complete a further 460 kWp of solar PV in the second half. Including post period end deals, the percentage of the portfolio that is BREEAM Very Good or Excellent is expected to rise from 26% to over 30%.

## **Outlook**

We believe that real estate can continue to offer reliable, repetitive and growing income. At the same time, asset values in our chosen sectors are still being driven by attractive demand/supply fundamentals as consumers continue to shift their behaviours and more occupiers consider just in case logistic strategies rather than just in time in response to a more disruptive world.

Whilst it is not apparent today, we are mindful that at some point in the future speculation will overtake rational thinking and so we continue to adopt a careful approach so that we aren't swept away in the wild enthusiasm. Consequently, we do not believe all distribution warehouses are great, in much the same way that not all retail investments are poor.

As large shareholders ourselves, we have a high degree of alignment and so we will always look to buy right, build right and manage right content in the knowledge that we have invested in the right sectors and own some wonderful buildings that are let to some fantastic businesses.

We continue to benefit from excellent rent collections, long unexpired leases terms and very low vacancies, which are delivering reliable, repetitive and growing income streams. This continual compounding of our earnings continues to frame our thoughts and helps us deliver a well-covered and progressive dividend. A simple strategy but one that we take very seriously.



# Property Review

## **Delivering strong total property returns, driven by our conviction calls of distribution and long income**

The portfolio has delivered a strong total property return of 10.4% over the six month period, significantly outperforming the IPD All Property index of 7.6%:

- Distribution delivered 12.0% with urban and regional seeing the strongest performance; and
- Long income delivered 8.4% which, excluding our leisure assets, increased to 9.2%.

Capital growth of 7.9% was driven by management actions, yield compression and rental value growth:

- Distribution delivered a 9.7% capital return; and
- Long income delivered a 5.5% capital return.

The investment portfolio's EPRA topped up net initial yield is 4.2% and the equivalent yield is 4.7% with a like for like valuation yield compression of 18 bps over the period. ERV growth of 3.7% was driven by distribution assets which saw a 5.0% increase.

## **Our portfolio metrics continue to reflect our focus on long and strong income**

The portfolio's WAULT increased from 11.4 years to 11.6 years, continuing to provide high income security with only 10.1% of income expiring within three years. Occupancy increased to 98.9% and our high gross to net income ratio of 98.7% continues to reflect the portfolio's very low operational requirements.

During the period, we undertook 76 occupier initiatives adding £3.9 million per annum of rent and delivering like for like income growth of 3.0%. These consisted of:

- Leasing activity, where we signed 38 new leases and regears, mostly on urban logistics, delivering £3.0 million of increased rent with a WAULT of 11.6 years;
- Contractual rental uplifts, where 22 fixed and RPI linked reviews were settled delivering £0.4 million of increased rent at an average of 12% above passing on a five yearly equivalent basis; and
- Open market rent reviews, where 16 reviews were settled delivering £0.5 million of increased rent at an average of 20% above passing. Open market reviews on our urban logistics assets were particularly strong at 25% above passing.

Post period end, a letting has been signed representing an additional £2.9 million per annum of rent, relating to the final unit at our Bedford Link development.

## **Investment activity continues to improve the portfolio's quality and resilience**

Acquisitions in the period were mostly urban warehouses and totalled £161 million. These assets are let for an average of 15 years and were acquired at a NIY of 4.3% and a reversionary yield of 5.0%. 72% of the income is subject to contractual rental uplifts and 81% is located in London and the South East. A breakdown of acquisitions\* by sector is provided below:

- |   |         |
|---|---------|
| • Distribution – Urban Logistics        | £120.8m |
| • Long Income – Grocery & Roadside      | £24.9m  |
| • Long Income – Trade & DIY, NNN Retail | £14.9m  |

\* Excludes £35.7 million of acquisitions, that exchanged in the previous year but completed in the period. Includes £7.2 million of acquisitions that exchanged in the period but complete post period end

Post period end, we have acquired a further £144 million of assets on a WAULT of 21 years.

Disposals totalled £168 million and were at a NIY of 5.0% and with a WAULT of ten years. They were sold at a 6% premium to 31 March 2021 book value and mostly located in the Midlands, North East and Yorkshire.

We disposed of one mega distribution warehouse let to Primark for £102 million, whilst long income disposals totalled £30 million. The remaining £36 million of disposals were non-core assets consisting of a retail park in Leeds sold for £25 million with a WAULT to first break of six years, an office in Birmingham sold for £10 million let to Beiersdorf for a further seven years and four residential flats sold for £1 million at share, which completes the sale of our remaining residential flats. A sector breakdown\* is shown below:

• Distribution – Mega Logistics	£102.0m
• Retail parks	£25.2m
• Long Income – Grocery & Roadside	£16.4m
• Long Income – Trade & DIY, NNN Retail	£14.1m
• Offices & residential	£10.6m

\* Excludes £15.2 million of disposals, that exchanged in the previous year but completed in the period. Includes £110.2 million of disposals that exchanged in the period but complete post period end, £102 million of which is the mega distribution asset sale which is expected to complete in February 2022

### **Continued alignment to structurally supported distribution and grocery-led long income**

Assisted by a strong capital performance and further net investment into the sector, our distribution platform increased in value to £2,188 million, representing 73.8% of the portfolio, up from 70.8% at the start of the period.

Urban logistics is our largest weighting, representing 42.0% of the portfolio whilst long income reduced to 23.1% of the portfolio, with grocery and roadside now representing nearly half of this segment. The remaining 3.1% of the portfolio is deemed non-core and split between six offices and our last few remaining retail parks. A full breakdown of the portfolio split is shown below:

• Urban Logistics	42.0%
• Regional Distribution	19.2%
• Mega Distribution	12.6%
• Long Income	23.1%
• Non-Core	3.1%

### **We continue to focus on income diversification and income growth**

Our investment and asset management actions over a number of years have increased the resilience of our portfolio by investing in structurally supported sectors and improving our income diversification, granularity and security.

Excluding contracted income from the Primark warehouse that we sold in the period, our top ten occupiers account for 32% of contracted income which is down from 51% in 2019 and 36% at the start of the period.

We continue to diversify our occupier by business type, a breakdown of which is provided below:

- Business Services & Trade: 36%
- Retail Logistics: 21%
- 3PLs & Parcel Logistics: 14%
- Grocery & Roadside: 12%
- Electrical, Home & Discount: 11%
- Leisure & Other: 6%

Contracted rent increased over the period from £124.3 million to £130.5 million which, together with post period end investment and our letting at Bedford Link, rises to £135.1 million. Whilst we see further scope to increase our contracted rent through investment and letting activity, we also see strong rental growth potential through rent reviews.

Contractual rental uplifts apply to 60% of our income which provides high certainty of income growth with:

- 43% of contracted income index linked: 29% RPI, 11% CPI or CPIH and 3% CPI+1 or CPIH+1; and
- 17% of contracted income subject to fixed uplifts with average uplifts of 2.1% per annum.

Our index linked rent reviews have a range of collars and caps which are typically between 1.5% to 3.5% over a five year period. At 16% inflation over the five year period (equivalent to 3% p.a.), 98% of RPI reviews and 84% of CPI reviews benefit from full inflation linkage, whilst at 22% inflation over the five year period (equivalent to 4% p.a.) this falls to 67% and 16% respectively. These reviews are mostly five yearly rather than annually compounded meaning that higher inflation in a particular year is often offset with a lower rate of inflation in another to result in the blended average rate over the five year period being within the cap and collar provisions.

In addition to contractual rental uplifts, a further 23% of our rent relates to urban logistics assets in higher growth regions of the UK with open market reviews or leases expiring within five years. Here we expect to capture material reversion with average ERVs 21% higher than current passing.

### **Improving the sustainability of our assets**

We continue to upgrade the quality of assets through our activities.

For the financial year to date, 69% of acquisitions have an EPC rating of 'A-B' and 93% have an EPC rating of 'A-C'. This is higher than the portfolio average at the start of the year of 52% 'A-B' and 74% 'A-C'. Acquisitions rated below 'C' were bought with specific asset improvements plans or with longer term redevelopment potential and mostly related to urban logistics assets.

As covered more fully in the Distribution Review section, we see the potential to upgrade the quality of our urban assets through relatively straightforward initiatives which can materially improve value and occupier appeal, particularly as we continue to focus on providing fit for purpose and net zero carbon ready buildings.

Following post period end activity, the proportion of assets built to a BREEAM Very Good or Excellent standard will increase to over 30% from 26% at the start of the period. Whilst BREEAM ratings remains a relevant measure of a building's quality, it is more applicable to newer and larger warehousing built over the last 5 to 10 years than urban logistics where buildings are typically smaller and older but have much higher intrinsic land values.

In the period, we completed the installation of solar PV projects totalling 350 kWp and are underway on a further 460 kWp. We continue to work with occupiers to explore the deployment of Solar PV and have a number of conversations ongoing.

# Distribution Review

## Overview

Our distribution assets are spread across the urban, regional and mega sub-sectors. Including developments, we increased our exposure to distribution over the period from £1,829 million to £2,188 million with this sector accounting for 73.8% of our portfolio.

The WAULT on our distribution assets is 10.9 years, which is up from 10.6 years at the start of the period. Occupancy remains high at 98.6% with our mega and regional assets fully let. Our urban logistics occupancy increased from 96.7% to 97.7%.

Our distribution assets performed well over the period, delivering a total property return of 12.0% which was driven by strong yield compression, rental growth and crystallising gains on development activity. Urban and regional delivered 13.4% and 11.4% respectively, whilst mega distribution delivered 8.3%.

Over the period, the value of our urban assets increased from £994 million to £1,244 million, accounting for 57% of distribution and totalling 112 properties. Whilst the WAULT on urban assets of nine years is significantly lower than for mega or regional, urban warehousing benefits from significant rental reversion potential given that rents are low and that 50% of our urban portfolio is located in London and the South East with a further 35% in the Midlands.

With stronger organic rental growth in urban logistics, we continue to prefer inflation linked and fixed rental uplifts on larger box assets and open market rent reviews on urban.

## Distribution Portfolio

As at 30 September 2021	Urban	Regional	Mega <sup>2</sup>
	Up to 100,000	100,000 to	In excess of
Typical warehouse size	sq ft	500,000 sq ft	500,000 sq ft
Value <sup>1</sup>	£1,244.0m	£570.6m	£373.6m
WAULT	9.0 years	12.8 years	14.7 years
Average rent (psf)	£7.40	£6.50	£5.70
ERV (psf)	£8.20	£7.20	£5.90
Topped up NIY	3.9%	3.9%	3.6%
Contractual uplifts	43%	78%	100%

1 Including developments

2 Including our Primark distribution warehouse in Northampton that was sold in the period but completes in the second half of the year

## Acquisitions

All distribution investments in the period related to urban warehousing in strong locations with high residual values and strong rental growth prospects. In total, £121 million of assets were acquired with a WAULT of 16 years and a NIY of 4.1%, which is expected to rise to 4.7% after five years. 85% of acquisitions by value were in London and the South East and they consisted of:

- a 130,000 sq ft warehouse acquired for £19.0 million through a sale and lease back transaction with Bowers & Wilkins on a new 15 year lease in Worthing;
- a 119,000 sq ft warehouse acquired for £11.1 million and let to Global Life Science Solutions, trading as Cytiva, for ten years in Cardiff. The life science occupier is investing £36 million in establishing this new facility which will be used for the production and distribution of pharmaceutical products;

- a 115,000 sq ft warehouse acquired for £43.8 million through a sale and lease back transaction with Reynolds on a new 23 year lease in Waltham Cross, London;
- a 50,000 sq ft warehouse acquired for £10.3 million with a low site density of 32% and let to John Lewis for a further 15 years in Uckfield;
- a 47,000 sq ft warehouse acquired for £6.1 million with strong reversionary and redevelopment potential, let to Jewson for a further 17 years in Exeter;
- a 28,000 sq ft highly reversionary warehouse acquired for £5.2 million and let to HTC Group for four years in Croydon, South London;
- a 23,000 sq ft warehouse acquired for £7.2 million with vacant possession in Tottenham which, after refurbishment, is expected to deliver a yield on cost of 4.5%;
- a 21,000 sq ft warehouse acquired for £13.0 million with vacant possession in Fulham which, after refurbishment, is expected to deliver a yield on cost of 4.5%. Terms have been agreed on nearly 60% of the space with Jacuna Kitchens on a 20 year lease;
- a 19,000 sq ft warehouse acquired for £3.0 million and let at a highly revisionary rent to Deralam Laminates for four years in Dunstable; and
- two sites in Walthamstow and Cardiff acquired for £2.1 million with development potential.

Post period end, £135.6 million of logistics was acquired with a WAULT of 22 years and a NIY of 4.2%, which is expected to rise to 4.8% after five years. They are both BREEAM Very Good buildings and consist of:

- a c.700,000 sq ft modern, highly specified and automated warehouse acquired for £97.0 million and let to a high quality occupier for another 23 years in a premier logistics location adjacent to a key UK motorway junction. The building is let at a reversionary rent of £6.00 psf and has further development potential of up to 180,000 sq ft; and
- a 296,000 sq ft bonded warehouse development acquired for £38.6 million and pre-let to a rapidly expanding e-commerce company, on a 20 year lease. The occupier will use the warehouse to import and distribute products for its own brand and other online retailers. It is located at Port One Logistics Park in Ipswich, close to the A14 near Felixstowe and designated an HMRC Inland Customs site.

## **Disposals**

One distribution asset was sold in the period for £102 million reflecting a NIY of 4.1%. Sale of the 785,000 sq ft mega distribution warehouse let to Primark in Thrapston, Northamptonshire, completes in February 2022 at which point there will be 10.7 years left on the lease.

## **Asset management - lettings and regears**

Distribution lettings and regears in the period were signed on 0.6 million sq ft, adding £2.8 million per annum of income, with a WAULT of 11.4 years and incentives equivalent to seven months' rent free. They included:

- 172,000 sq ft letting to Carlton Packaging for 15 years at our recently completed regional warehouse at Bedford Link Logistics Park;
- 116,000 sq ft of break removals with Grupo Antolin and DHL, extending the term certain by seven years;
- 86,000 sq ft letting to My 1<sup>st</sup> Years for 15 years at our recently refurbished warehouse in Grange Park, Northampton, where the rent increased 29% compared to previous passing;
- 83,000 sq ft of lettings and regears on multi-let warehousing with a WAULT of five years;

- 59,000 sq ft of regears at Crawley where leases were extended by five years; and
- 11,000 sq ft letting to Jacuna Kitchens for 20 years at our 19,000 sq ft warehouse in Streatham.

Our largest single building vacancy relates to our 30,000 sq ft urban logistics warehouse in Bicester where we recently took back the unit and carried out a net zero assessment of the building ahead of refurbishment. This resulted in us enhancing our scope of works to achieve an EPC 'A' rating compared to an EPC 'C' rating at purchase. The future installation of a solar PV system would allow the building to become net zero. We are now in active letting discussions with four parties following recent completion of the refurbishment and expect to achieve a rental uplift of c.25% compared to previous passing rent.

We have a number of urban redevelopments underway or planned across our recently purchased London assets in Brent Cross, Streatham, Fulham and Tottenham. Most of these assets were acquired with full or partial pre-lets in place and subject to upgrade works which are expected to materially improve the buildings' environmental condition. We expect to generate additional income of c.£1.5 million per annum from these urban redevelopments and the letting of our warehouse in Bicester.

### Asset management - rent reviews

Distribution rent reviews in the period were settled across 1.5 million sq ft, adding £0.6 million per annum of income at 12% above previous passing rent, on a five yearly equivalent basis.

16 urban reviews were settled at 20% above passing rent on a five yearly equivalent basis, with open market reviews achieving 25% uplifts on average and ranging from 7% to 88%. One fixed mega review was settled at 7.7% above passing rent on a five yearly equivalent basis.

## Long income Review

### Our long income assets offer long dated income with the certainty of income growth

Our long income assets are typically single tenant assets with low operational requirements that are benefitting from the changes in the way people live and shop. They are insulated from structural dislocation, continue to offer long leases and are predominantly focused on grocery, wholesale, roadside services, discount and essential retail, trade and DIY.

The value of our long income assets has increased from £635 million at the start of the period to £685 million, representing 23.1% of our portfolio. They are 100% let to strong occupiers with a WAULT of 14 years, average rents of £15.80 psf and a topped up NIY of 5.1%. Average asset size is c.£5 million with 66% of income subject to contractual rental uplifts.

Long income delivered a strong total property return of 8.4%. Our small exposure to leisure slightly tempered this performance, with these assets delivering a -2.9% total return. Excluding leisure, our long income assets would have delivered a higher property return of 9.2%.

### Long Income Portfolio

As at 30 September 2021	Grocery & Roadside	NNN Retail	Trade, DIY & Other	Leisure <sup>2</sup>
Value <sup>1</sup>	£320.9m	£191.9m	£123.3m	£48.6m
WAULT	15.9 years	9.7 years	14.2 years	20.3 years
Average Rent (psf)	£18.90	£20.70	£7.80	£17.70
Topped up NIY	4.5%	6.0%	4.3%	7.0%
Contractual uplifts	88%	31%	64%	100%

<sup>1</sup> Including developments

<sup>2</sup> Leisure consists of five out of town cinemas let to Odeon and one Premier Inn hotel

## Grocery & Roadside

Grocery-led convenience forms c.70% of this segment with the remainder made up of convenience stores with attached petrol filling stations, drive through coffee outlets and automated car washes, all located in high density urban areas. We have been significant acquirers in this segment over recent years.

Key occupiers	
Aldi	Euro Garages
BP	Lidl
Co-op	M&S
Costco	Waitrose

## NNN Retail

These are primarily single or cluster assets let to discount, essential, electrical and home retail occupiers. 49% of the assets are located in London and the South East, with the largest located in New Malden, London. These assets typically benefit from high alternative use values.

Key occupiers	
B&M	Halfords
Currys	Home Bargains
DFS	Pets at Home
Dunelm	The Range

## Trade, DIY & Other

A significant proportion of this segment consists of assets that are trade/DIY focused. A recent addition to this sub-sector has been prominent roadside service centres concentrated around the South East, let at low rents to Kwik Fit, with high alternative use values.

Key occupiers	
Howdens	MKM
Jewson	Selco
Kwik Fit	Wickes

## Acquisitions

£39.8 million of long income assets were purchased in the period at a NIY of 4.9% and a reversionary yield of 5.8%. They were mainly grocery and roadside assets, had a WAULT of 11 years and almost half of the income benefitted from contractual rental uplifts. 69% of the acquisitions are in London and the South East and have strong residual value supported by alternative use. They consisted of:

- a £18.0 million grocery-led asset in South Ruislip, London, let to Aldi and B&M for a further nine years. The asset is located on a 3.5 acre site adjacent to an Asda supermarket, has a sizeable car park and has been recently refurbished with further asset management potential;
- a £6.9 million portfolio of five drive thru McDonalds in strong roadside locations with a WAULT of 16 years let at very low rents and with the benefit of fixed rental uplifts;
- a £6.6 million NNN retail asset in Truro let to The Range for a further ten years;
- a £5.8 million sale and leaseback portfolio of four Halfords Autocentres with a WAULT of 15 years; and
- a £2.5 million trade park in Bognor with a WAULT of six years.

Post period end, two assets were acquired for £8.8 million in Thanet and Tonbridge with a WAULT of nine years.

### **Disposals**

£44.5 million (Group share: £30.5 million) was sold at a NIY of 5.9% and with a WAULT of ten years:

- a £14.2 million (Group: £7.1 million) portfolio of three DIY and homeware properties, located in Speke, Barnsley, and Beverley let to Wickes and Dunelm with a WAULT of ten years;
- a £11.9 million (Group share: £6.0 million) NNN Retail asset in North Shields let for a further five years;
- a £10.2 million grocery asset in Liverpool let to Aldi and M&S with a WAULT of 13 years, sold at a NIY of 4.7%;
- a £6.2 million grocery asset in Derby let to M&S for 15 years; and
- a £2.0 million (Group share: £1.0 million) NNN Retail asset in Inverness let for a further 0.4 years.

### **Asset management**

In the period, we signed two lettings with a WAULT of 18.7 years. They consisted of a regear of an enlarged Co-op grocery store in Harborne, where we extended the lease to 20 years, and a pre-let of a new Costa at Glasgow on a 15 year lease. Rent reviews were settled on 20 assets in the period generating an uplift of £0.3 million at 15% above previous passing on a five yearly equivalent basis. Most of these reviews were RPI or fixed uplifts at our grocery, roadside and leisure assets.

Our long income assets are well located in suburban locations with strong alternative use, such as residential and we continue to upgrade existing assets and exploit new opportunities:

- At our 48,000 sq ft asset in Orpington, London, previously fully let to Carpetright, repurposing is now complete and Lidl has taken occupation of the unit on a 25 year lease;
- At our 51,000 sq ft NNN retail asset in New Malden, London, predominantly let to Dixons, planning is being resubmitted to accommodate an additional pre-let grocery store;
- At our 34,000 sq ft NNN retail asset in Totton, Southampton, planning has been submitted to accommodate a grocery occupier;
- At our 32,000 sq ft trade asset in Ashford, Surrey, vacant possession has been secured and planning is in progress to accommodate Lidl on a 25 year lease; and
- At our 26,000 sq ft NNN Retail asset in Birmingham let to DFS, we constructed a new 10,000 sq ft Sofology unit that is BREEAM Excellent. In addition, consent has been secured for a new drive-thru coffee pod where we are agreeing terms with an occupier.



## Development Review

In the period, we completed 120,000 sq ft of developments representing £1.6 million of additional rent per annum at a yield on cost of 6.0%. A further 702,000 sq ft of major development is underway that will generate £5.7 million of additional rent per annum, reflecting a yield on cost of 6.2%. Our pipeline of further developments includes a c.300,000 sq ft logistics warehouse.

	Area sq ft '000	Income £m	Yield on cost %
<b>Completed in the period</b>			
Tyseley (Amazon)	120	1.6	6.0
<b>Total</b>	<b>120</b>	<b>1.6</b>	<b>6.0</b>
<b>Under construction at period end</b>			
Bedford (Unit 1) <sup>1</sup>	355	2.9	7.8%
Ipswich <sup>2</sup>	296	1.9	4.5%
Weymouth (Phase 2)	51	0.9	6.6%
<b>Total</b>	<b>702</b>	<b>5.7</b>	<b>6.2%</b>

1 Anticipated yield on cost and rents

2 4.5% refers to NIY

### Tyseley

Construction completed in the period of a 120,000 sq ft distribution warehouse let to Amazon on a new 15 year lease with inflation linked rent reviews. The building is BREEAM Excellent and a 105 kWp solar PV scheme was installed as part of the development.

### Bedford - Unit 1

The 355,000 sq ft building has been pre-let and is expected to complete next month and be BREEAM Excellent certified with a 200 kWp solar PV scheme installed.

### Ipswich

Development of a 296,000 sq ft distribution warehouse, pre-let for 20 years, is expected to complete in Spring 2022. The building is expected to be BREEAM Very Good.

### Weymouth

Following completion last year of a 19,000 sq ft Aldi at our long income development site in Weymouth, we have commenced development of phase two totalling 51,000 sq ft. The BREEAM Excellent development is pre-let with a WAULT of 16 years and will generate £0.9 million per annum of rent. 45,000 sq ft is let to B&M and Dunelm with a further 6,000 sq ft let to McDonalds and Costa. The development is expected to complete in Q3 FY23 and cost £13.5 million, delivering a yield on cost of 6.6%.

### Urban redevelopment and refurbishment opportunities

As discussed in the Distribution Review section, we recently completed a c.30,000 sq ft refurbishment in Bicester and, at the period end, a further c.80,000 sq ft of redevelopments were underway or planned across our recently purchased London assets in Brent Cross, Streatham, Fulham and Tottenham. These redevelopments are expected to add a further £1.5 million per annum of contracted income upon full letting which represents a yield on cost of 5.0%.

## Financial Review

The lifting of lockdown restrictions in the UK over the period has allowed us all to return to more normal trading and working conditions and has improved confidence for consumers and among our occupiers. This, together with the quality of our assets and occupier base, considered investment choices, asset management actions and robust financing metrics, have allowed us once again to report both earnings and NAV progression and a very strong set of half year results. Our performance has enabled us to grow our dividend by 4.8% over the previous half year whilst maintaining a strong dividend cover of 111%. We have continued our long term disciplined approach to investing in the structurally supported real estate sectors of logistics and grocery-led long income, which have seen significant growth in value, underpinning the 12.5% increase in net asset value in the period. We remain very well placed with a portfolio that is stronger than ever, low leverage and an experienced team to deliver further progression and execute our successful strategy.

EPRA earnings increased by 4.5% to £44.2 million and by 2.5% on a per share basis to 4.87p, driven by a 3.6% increase in net rental income and supported by another very strong rent collection performance, with 99.5% of rent due in the period having been collected.

IFRS reported profit has almost trebled to £254.1 million and is predicated on a valuation uplift of £207.3 million. IFRS net assets have increased to £1,947.6 million and 97% of our assets are in the winning sectors of logistics and long income. EPRA net tangible assets ('NTA') per share increased 12.1% over the period to 213.4p (31 March 2021: 190.3p) and our total accounting return was 14.5% (30 September 2020: 5.6%).

We previously reported new debt facilities of £780 million which completed in the period, comprising a £380 million private debt placement and two revolving credit facilities totalling £400 million. These new facilities replaced existing short dated facilities and has enabled us to increase our debt maturity to 7.2 years and hedging to 70%, whilst maintaining a low average debt cost of just 2.5%.

We continually seek to strengthen our financial position and capital structure to provide operational flexibility and execute our property strategy and just recently we have entered into a new, attractively priced, £150 million unsecured facility to increase our short term headroom and accelerate our investment plans. We have substantial headroom under our financial covenants and significant available facilities and cash of £156 million at the period end, which increases to £306 million with the new debt facility.

Taking into account sales that exchanged in the period and will complete in the second half of the year, our loan to value has fallen further to 31.1%, which alongside today's equity raise is providing capacity to fund our committed deals and future investment pipeline.

### Presentation of financial information

The Group financial statements have been prepared in accordance with IFRS. Management monitors the performance of the business principally on a proportionately consolidated basis, which includes the Group's share of joint ventures ('JV') and excludes any non-controlling interest ('NCI') on a line by line basis. The figures and commentary in this review are presented on a proportionately consolidated basis, consistent with our management approach, as we believe this provides a meaningful analysis of overall performance. These measures are alternative performance measures, as they are not defined under IFRS.

The Group uses alternative performance measures based on the European Public Real Estate Association ('EPRA') Best Practice Recommendations ('BPR') to supplement IFRS, in line with best practice in our sector, as they highlight the underlying performance of the Group's property rental business and exclude property and derivative valuation movements, profits and losses on disposal of properties and financing break costs, all of

which may fluctuate considerably from year to year. These are adopted throughout this report and are key business metrics supporting the level of dividend payments. Further details, definitions and reconciliations between EPRA measures and the IFRS financial statements can be found in note 7 to the financial statements, Supplementary notes i to vii and in the Glossary.

## Income statement

EPRA earnings for the Group and its share of joint ventures are detailed as follows:

For the six months to 30 September	100% owned £m	JV £m	NCI £m	Total 2021 £m	100% owned £m	JV £m	NCI £m	Total 2020 £m
Gross rental income	62.6	2.3	(0.6)	<b>64.3</b>	60.3	2.7	(0.9)	62.1
Property costs	(0.8)	–	–	<b>(0.8)</b>	(0.7)	(0.1)	–	(0.8)
Net rental income	61.8	2.3	(0.6)	<b>63.5</b>	59.6	2.6	(0.9)	61.3
Management fees	0.7	(0.3)	0.1	<b>0.5</b>	0.4	(0.2)	–	0.2
Other income	0.4	–	–	<b>0.4</b>	–	–	–	–
Administrative costs	(8.2)	–	–	<b>(8.2)</b>	(8.0)	–	–	(8.0)
Net finance costs	(11.6)	(0.5)	0.1	<b>(12.0)</b>	(10.7)	(0.7)	0.1	(11.3)
Tax	(0.1)	–	0.1	<b>–</b>	–	–	0.1	0.1
<b>EPRA earnings</b>	<b>43.0</b>	<b>1.5</b>	<b>(0.3)</b>	<b>44.2</b>	<b>41.3</b>	<b>1.7</b>	<b>(0.7)</b>	<b>42.3</b>

## Net rental income

Growing our net rental income and earnings to deliver dividend progression for our shareholders remains at the centre of our corporate strategy and so we are pleased once again to be able to report a 3.6% increase in net rental income this half year to £63.5 million. The detailed movements are reflected in the table below.

	£m	£m
Net rental income H1 2020		61.3
Additional rent from existing properties <sup>1</sup>		1.5
Additional rent from developments <sup>1</sup>		1.3
Movement in surrender premium income		(1.3)
Additional rent from acquisitions <sup>1</sup>	6.1	
Rent lost through disposals <sup>1</sup>	(5.4)	
Additional rent from net acquisitions		0.7
<b>Net rental income H1 2021</b>		<b>63.5</b>

<sup>1</sup> Properties held, developments completed and acquisitions and disposals since 1 April 2020

Income from lettings, rent reviews and regears of existing properties and completed developments generated additional rent of £2.8 million this half year, offset by a reduction in surrender premiums received of £1.3 million. Income from net acquisitions added a further £0.7 million compared to the previous half year.

Property costs are consistent with the previous year at £0.8 million and our cost leakage remains low at 1.3% (30 September 2020: 1.3%, 31 March 2021: 1.4%).

## Rent collection

Rent collection levels across the real estate sector continue to be impacted by the Covid-19 pandemic. Our collection rates have been exceptionally strong throughout and reflect the quality of our covenants and dedication of our team.

We have agreed deferred payment plans and initiatives on a case by case basis and have permitted monthly rental payments for some tenants. Of the total rent demanded for the period, £1.7 million was subject to deferred payment arrangements, all of which are being honoured.

The table below shows our rent collection statistics in the half year and for the September quarter in advance. We have collected 99.5% of rents due in the period and just 0.5% remains unpaid or has been forgiven.

Quarter commencing	March 2021 %	June 2021 %	Total for Half Year %	September 2021 %
Rent received	99.7	99.3	<b>99.5</b>	99.1
Rent forgiven	—	0.4	<b>0.2</b>	—
Outstanding arrears	0.3	0.3	<b>0.3</b>	0.9
	100.0	100.0	<b>100.0</b>	100.0

We have assessed the recoverability of our period end trade debtor and lease incentive balances in accordance with IFRS 9 and have increased our rent provision by £0.2 million to £1.6 million. This reflects a Group provision against trade debtors and unamortised rent free incentives of £1.2 million and also a provision of £0.4 million against joint venture debtors. Our provisioning takes into account the continued uncertainty facing our tenants over the next 12 months.

## Administrative costs and EPRA cost ratio

Administrative costs have increased slightly by £0.2 million to £8.2 million and are stated after capitalising staff costs of £1.2 million (30 September 2020: £1.1 million) in respect of time spent on development projects in the period. The movement is primarily due to pay increases in June which were previously approved and disclosed last year.

We continue to monitor our operational costs closely and use the EPRA cost ratio to measure our effective management of costs. We have a low and transparent cost base and the EPRA cost ratio, having fallen 50 bps since the last half year to 13.2%, remains one of the lowest in our sector.

	30 September 2021 %	30 September 2020 %	31 March 2021 %
EPRA cost ratio including direct vacancy costs	<b>13.2</b>	13.7	13.6
EPRA cost ratio excluding direct vacancy costs	<b>12.4</b>	13.4	13.0

The ratio reflects total operating costs as a percentage of gross rental income. The full calculation is shown in Supplementary note iv.

## Net finance costs

Net finance costs in the period, excluding fair value movements in derivatives and financing break costs, were £12.0 million, an increase of £0.7 million over the previous period.

This reflected higher interest charges of £0.3 million due to higher average debt balances over the period compared to last year and less interest receivable from forward funded investments of £0.5 million, offset by slightly higher amounts of interest capitalised on developments of £0.1 million. The average interest rate payable over the period was in line with the previous comparative period.

Further detail is provided in notes 4 and 9 to the financial statements.

## Share of joint ventures

EPRA earnings from joint venture investments were £1.5 million, a decrease of £0.2 million over the comparative period as reflected in the table below.

For the six months to 30 September	2021 £m	2020 £m
Metric Income Plus Partnership (MIPP)	1.5	1.8
LSP London Residential Investments (Moore House)	–	(0.1)
<b>EPRA earnings</b>	<b>1.5</b>	<b>1.7</b>

Income from our MIPP joint venture fell by £0.3 million due to sales in the period and the development of a property in Orpington which commenced last year.

The Group received net management fees of £0.5 million for acting as property advisor to each of its joint ventures, which have risen by £0.3 million as a result of additional sales fees and property valuation gains. Post period end, the Group's residential JV disposed of its remaining four flats at Moore House.

## Taxation

As the Group is a UK REIT, any income and capital gains from our qualifying property rental business are exempt from UK corporation tax. Any UK income that does not qualify as property income within the REIT regulations is subject to UK tax in the normal way. The Group's tax strategy is compliance oriented; to account for tax on an accurate and timely basis and meet all REIT compliance and reporting obligations. We seek to minimise the level of tax risk and to structure our affairs based on sound commercial principles. We strive to maintain an open dialogue with HMRC with a view to identifying and solving issues as they arise. There were no issues raised in the period.

We continue to monitor and comfortably comply with the REIT balance of business tests and distribute as a Property Income Distribution ('PID') 90% of REIT relevant earnings to ensure our REIT status is maintained. The Group has paid the estimated PID for the year to 31 March 2021 ahead of the 12 month deadline for submission. In accordance with REIT regulations, £4.2 million was withheld from distributions and paid directly to HMRC in the period.

## IFRS reported profit

A reconciliation between EPRA earnings and IFRS reported profit is given in note 7(b) to the accounts and is summarised in the table below.

For the six months to 30 September	100% owned £m	JV £m	NCI £m	Total 2021 £m	100% owned £m	JV £m	NCI £m	Total 2020 £m
EPRA earnings	43.0	1.5	(0.3)	<b>44.2</b>	41.3	1.7	(0.7)	42.3
Revaluation	201.2	8.2	(2.1)	<b>207.3</b>	44.3	(1.8)	0.3	42.8
Derivatives	–	0.3	–	<b>0.3</b>	4.7	(0.1)	–	4.6
Profit/(loss) on disposal	2.2	0.2	–	<b>2.4</b>	0.3	(0.1)	0.1	0.3
Debt/hedging costs	–	(0.1)	–	<b>(0.1)</b>	(4.9)	–	–	(4.9)
<b>IFRS reported profit/(loss)</b>	<b>246.4</b>	<b>10.1</b>	<b>(2.4)</b>	<b>254.1</b>	85.7	(0.3)	(0.3)	85.1

The Group's reported profit for the period was £254.1 million compared with £85.1 million in the previous period. The £169.0 million increase was primarily due to the property revaluation gain being £164.5 million higher and increased profit from property disposals of £2.1 million. Disposals are discussed in detail in the Property Review.

Last year we cancelled all of our Group interest rate swaps at a cost of £4.9 million, which in turn led to a £4.6 million favourable movement on derivatives in the previous period. The Group continues to hedge its exposure to interest rate movements by way of fixed rate loans, which following the refinancing in the period, has increased to 70% of drawn debt as at 30 September 2021.

## Balance sheet

EPRA net tangible assets ('NTA') is a key performance measure that includes both income and capital returns but excludes the fair valuation of derivative instruments that are reported in IFRS net assets. A reconciliation between IFRS and EPRA NTA is detailed in the table below and in note 7(c) to the financial statements.

As at	100% owned £m	JV £m	NCI £m	30 September 2021 £m	100% owned £m	JV £m	NCI £m	31 March 2021 £m
Investment property	2,792.8	86.4	(14.2)	<b>2,865.0</b>	2,504.6	94.4	(11.4)	2,587.6
Assets held for sale	104.6	—	—	<b>104.6</b>	—	—	—	—
Trading property	1.1	—	—	<b>1.1</b>	1.1	—	—	1.1
	2,898.5	86.4	(14.2)	<b>2,970.7</b>	2,505.7	94.4	(11.4)	2,588.7
Gross debt	(1,042.4)	(27.3)	—	<b>(1,069.7)</b>	(839.5)	(37.5)	—	(877.0)
Cash	69.1	7.3	—	<b>76.4</b>	51.4	3.4	(0.2)	54.6
Other net liabilities	(34.0)	(0.9)	5.4	<b>(29.5)</b>	(39.1)	(0.5)	5.2	(34.4)
<b>EPRA NTA</b>	<b>1,891.2</b>	<b>65.5</b>	<b>(8.8)</b>	<b>1,947.9</b>	<b>1,678.5</b>	<b>59.8</b>	<b>(6.4)</b>	<b>1,731.9</b>
Derivatives	—	(0.3)	—	<b>(0.3)</b>	—	(0.6)	—	(0.6)
<b>IFRS net assets</b>	<b>1,891.2</b>	<b>65.2</b>	<b>(8.8)</b>	<b>1,947.6</b>	<b>1,678.5</b>	<b>59.2</b>	<b>(6.4)</b>	<b>1,731.3</b>

Both IFRS reported net assets and EPRA NTA have increased 12.5% since March to £1.9 billion. The increase on a per share basis was 12.1%, taking EPRA NTA per share to 213.4p. The movement in EPRA NTA and EPRA NTA per share is reflected in the table below.

	EPRA NTA £m	EPRA NTA per share p
EPRA NTA at 1 April 2021	1,731.9	190.3
EPRA earnings	44.2	4.9
Dividends <sup>2</sup>	(40.3)	(4.4)
Property revaluation	207.3	22.9
Other movements <sup>1</sup>	4.8	(0.3)
<b>At 30 September 2021</b>	<b>1,947.9</b>	<b>213.4</b>

<sup>1</sup> Other movements include profit on sales (£2.4 million), share based awards (£1.0 million), scrip share issue savings (£1.5 million), offset by debt break costs (£0.1 million)

<sup>2</sup> Dividend per share is based on the weighted average number of shares in the period. The actual dividend paid in the period was 4.45p as reflected in note 6 to the financial statements

The increase in EPRA NTA per share was principally due to the property revaluation gain of 22.9p per share, as EPRA earnings per share of 4.87p covered the dividend paid in the period by 1.1 times.

The movement in EPRA NTA per share, together with the dividend paid in the period, results in a total accounting return of 27.6p per share or 14.5% which is significantly ahead of the previous half year's return of 5.6%. Total accounting return is another key performance indicator and component of the variable element of Directors' remuneration arrangements. The full calculation can be found in supplementary note viii.

## Dividend

The dividend remains well covered by EPRA earnings and our policy of paying a sustainable and progressive dividend remains unchanged. We have continued to declare quarterly dividends and offer shareholders a scrip alternative to cash payments.

The Company paid the third and fourth quarterly dividends for the year to 31 March 2021 of £40.3 million or 4.45p per share in the period as reflected in note 6 to the financial statements. The Company issued 0.7 million ordinary shares under the terms of the Scrip Dividend Scheme, which reduced the cash dividend payment by £1.5 million to £38.8 million.

The first quarterly payment for the current year of 2.2p per share was paid as a Property Income Distribution (PID) in October 2021 and the Company has approved a second quarterly payment of 2.2p per share in January 2022. The total dividend payable for the half year of 4.4p represents an increase of 4.8% over the previous half year.

## Portfolio valuation

Our property portfolio including share of joint ventures grew by £382.3 million or 14.8% in the half year to £3.0 billion as reflected in the table below. The portfolio closing valuation includes the value of assets held for sale and trading properties that are reflected separately in the balance sheet.

	Group £m	JV £m	NCI £m	30 September 2021 £m	31 March 2021 £m
Opening valuation	2,500.6	94.4	(11.4)	<b>2,583.6</b>	2,346.5
Acquisitions <sup>1</sup>	198.8	—	—	<b>198.8</b>	212.4
Developments <sup>2</sup>	33.4	—	—	<b>33.4</b>	37.9
Capital expenditure <sup>3</sup>	6.6	1.0	(0.6)	<b>7.0</b>	5.1
Disposals	(49.0)	(16.6)	—	<b>(65.6)</b>	(199.3)
Revaluation	201.2	8.2	(2.1)	<b>207.3</b>	173.7
Lease incentives <sup>4</sup>	2.1	(0.6)	(0.1)	<b>1.4</b>	7.3
<b>Property portfolio value</b>	<b>2,893.7</b>	<b>86.4</b>	<b>(14.2)</b>	<b>2,965.9</b>	<b>2,583.6</b>
Head lease and right of use assets	4.8	—	—	<b>4.8</b>	5.1
<b>Closing valuation</b>	<b>2,898.5</b>	<b>86.4</b>	<b>(14.2)</b>	<b>2,970.7</b>	<b>2,588.7</b>

<sup>1</sup> Group acquisitions include purchase costs and represent completed investment properties as shown in note 8 to the financial statements

<sup>2</sup> Group developments include acquisitions and capital expenditure on properties under development as reflected in note 8

<sup>3</sup> Capital expenditure on completed properties

<sup>4</sup> Comprises incentives and rent frees of £5.1 million (31 March 2021: £13.4 million) less amounts written off on disposal of £3.7 million (31 March 2021: £6.1 million)

During the six month period, we invested £198.8 million into distribution and long income assets. We disposed of 11 assets generating net proceeds of £71.7 million at share and reducing the book value of property by £69.3 million (including the cost of lease incentives written off of £3.7 million). Four disposals which generated net proceeds of £15.2 million and three acquisitions for £35.7 million had exchanged last year.

We also exchanged to sell our mega distribution warehouse in Thrapston let to Primark for £102.0 million, a grocery asset in Derby let to M&S for £6.2 million, an asset in Inverness through our MIPP JV for £2.0 million (£1.0 million at share) and our last four residential flats at Moore House for £2.4 million (£1.0 million at share). We have also exchanged to acquire an asset in Tottenham for £7.2 million. These transactions will be accounted for on completion in the second half of the year.

Property values have increased by £207.3 million in the half year, driven by further yield compression, strong market rental growth and asset management actions.

The portfolio has delivered a strong total property return of 10.4%, outperforming the IPD All Property index of 7.6%, with distribution assets once again delivering the largest increase of 12.0%. A breakdown of the property portfolio by sector is reflected in the table below.

As at	30 September 2021 £m	30 September 2021 %	31 March 2021 £m	31 March 2021 %
Distribution	2,137.4	72.1	1,777.3	68.8
Long income	678.8	22.9	629.4	24.3
Retail Parks	58.5	1.9	73.9	2.9
Offices	29.7	1.0	41.1	1.6
Investment portfolio	2,904.4	97.9	2,521.7	97.6
Development <sup>1</sup>	59.6	2.0	59.8	2.3
Residential	1.9	0.1	2.1	0.1
<b>Property portfolio value</b>	<b>2,965.9</b>	<b>100.0</b>	<b>2,583.6</b>	<b>100.0</b>
Head lease and right of use assets	4.8		5.1	
	<b>2,970.7</b>		<b>2,588.7</b>	

<sup>1</sup> Represents regional distribution £45.7 million (1.5%), urban logistics £5.1 million (0.2%), long income £5.9 million (0.2%), office and other land £2.9 million (0.1%) at 30 September 2021. Split of prior period comparatives was urban logistics £51.8 million (2.0%), long income £5.8 million (0.2%), office and other land £2.2 million (0.1%).

Assisted by strong capital growth and net acquisitions, investment in our preferred sectors of distribution and long income has increased further to 96.9% from 95.3% in March, with our distribution exposure increasing from 70.8% to 73.8% in the period. Our development exposure remains low at 2.0% of the portfolio and includes the last remaining 355,000 sq ft unit at Bedford.

The second phase of our development in Tyseley consisting of 120,000 sq ft distribution warehouse pre-let to Amazon completed in the period and has been transferred to investment properties.

The Group had capital commitments of £33.5 million as reported in note 8 to the financial statements, relating primarily to our last unit in Bedford and our retail development in Weymouth.

Further detail on property acquisitions, sales, asset management and development can be found in the Property Review.

## Financing

The key performance indicators used to monitor the Group's debt and liquidity position are shown in the table below. The Group and joint venture split is shown in Supplementary note iii.

As at	30 September 2021 £m	31 March 2021 £m
Gross debt	1,069.7	877.0
Cash	76.4	54.6
Net debt	993.3	822.4
Loan to value <sup>1</sup>	31.1%	32.3%
Cost of debt <sup>2</sup>	2.5%	2.5%
Undrawn facilities	80.0	170.5
Average debt maturity	7.2 years	4.2 years
Hedging <sup>3</sup>	70%	45%

<sup>1</sup> LTV at 30 September 2021 includes the impact of sales and acquisitions that exchanged in the period and will complete in the second half of the year of £106.6 million and £7.2 million respectively (31 March 2021: £15.2 million and £35.7 million respectively), and excludes the fair value debt adjustment of £2.4 million (31 March 2021: £2.5 million)

<sup>2</sup> Cost of debt is based on gross debt and including amortised costs but excluding commitment fees

<sup>3</sup> Based on the notional amount of existing hedges and total debt drawn



Net debt has increased by £170.9 million in the period to fund net property acquisitions and our development programme. Loan to value has continued to fall from 32.3% in March to 31.1%, after taking account of sales that will complete in the second half of the year.

We completed three new debt facilities in the period totalling £780 million, comprising a £380 million private debt placement and two revolving credit facilities totalling £400 million. These new facilities replaced existing short dated facilities and has enabled us to increase our debt maturity to 7.2 years (31 March 2021: 4.2 years) and hedging to 70% (31 March 2021: 45%), whilst maintaining a low average debt cost of just 2.5%.

We have also recently entered into a new £150 million unsecured debt facility to increase our short term headroom and accelerate our investment pipeline. At 30 September 2021, the Group had headroom available from undrawn facilities and cash balances held of £156 million, providing ample cover for its contracted capital commitments of £33.5 million. This increases to £306 million post period end with the new debt facility.

The Group has comfortably complied throughout the period with the financial covenants contained in its debt funding arrangements and has substantial levels of headroom within these. Covenant compliance is regularly stress tested for changes in capital values and income. The Group's unsecured facilities and private placement loan notes, which together account for 92% of debt drawn at the period end, contain gearing and interest cover financial covenants.

At 30 September 2021, the Group's gearing ratio as defined within these funding arrangements was 51% which is significantly lower than the maximum limit of 125%, and its interest cover ratio was 5.1 times, comfortably higher than the minimum level of 1.5 times. Property values would have to fall by 39% and rents by 63% before banking covenants are breached.

The Group's policy is to de-risk the impact of movements in interest rates by entering into hedging and fixed rate arrangements. Following the refinancing this year, the proportion of debt hedged by fixed coupon private placement facilities and existing fixed rate debt has increased to 70%.

We are advised by Chatham Financial and continue to monitor our hedging profile in light of interest rate projections.

## Cash flow

During the period since March, the Group's cash balances increased by £17.7 million as reflected in the table below.

	2021	2020
For the six months to 30 September	£m	£m
Net cash from operating activities	53.5	36.4
Net cash used in investing activities	(182.0)	(48.9)
Net cash from/(used in) financing activities	146.2	(30.5)
Net increase/(decrease) in cash and cash equivalents	17.7	(43.0)

The net cash inflow from operating activities of £53.5 million reflects an increase of £17.1 million compared to the previous period, which was due to increased net rents received in the period and also changes in working capital.

The Group spent £200.1 million acquiring property in the period and received net cash proceeds of £56.8 million from property disposals and joint ventures. Capital expenditure on asset management, developments and other investments cost the Group £38.7 million.

Cash inflows from financing activities reflect new net borrowings of £203.0 million, offset by dividend payments of £38.8 million, financing costs of £17.1 million and share purchases of £0.9 million. Further detail is provided in the Group Cash Flow Statement.

## **Key Risks and Uncertainties**

### **Risk management**

Effective risk management reduces the negative impact of risk on the business and is critical to our strategy of investing in real estate that provides reliable, repetitive and growing income-led total returns and long-term outperformance. Our Board undertakes robust risk assessments and establishes the extent to which it is willing to accept some level of risk in achieving its strategic goals whilst ensuring stakeholder interests are protected. It has a low risk appetite in respect of these objectives but acknowledges that no system can eliminate risk entirely.

The processes for identifying, assessing and mitigating principal and emerging risks within the business are set out on pages 64 to 79 of our 2021 Annual Report. The Board is satisfied that these continue to be sound and it considers risk management at each of its meetings. Since publication of the 2021 Annual Report no new principal or emerging risks have been identified.

The principal risks and uncertainties facing the Group, the Board's appetite for each and significant changes in the period, where identified, are summarised below. The Board believes that three principal risk areas currently dominate. These are (1) economic and political risk, (2) responsible business, including ESG risk and (3) investment risk. Further information on these and how they are being navigated is also provided in the relevant sections below.

### **Corporate risks**

These risks relate to the entire Group and include those which affect strategy, our market, systems, employees and wider stakeholders, our regulatory and social and environmental responsibilities.

#### **Strategy**

**Risk:** The Group's strategy may be inappropriate for the current economic climate or stage of the market cycle or it may be poorly implemented. This may lead to underperformance and an inability to take advantage of opportunities. Threat management may also be ineffective and we may have the wrong balance of skills and resources for ongoing success.

The Board continues to view the Group's strategic priorities as fundamental to its business and reputation. It's appetite for this risk is extremely low.

#### **Economic and political factors**

**Risk:** Economic and political factors may lead to a market downturn or specific sector turbulence. This may reduce occupier demand and disrupt tenant businesses exerting pressure on their ability to pay rent and ultimately their solvency. It may also reduce asset liquidity and impact debt markets.

The Board monitors economic and political factors and reflects these in its consideration of strategy.

**Update:** The effects of Covid-19 continue to present uncertainty and significant challenge, both here in the UK and globally. In the UK, a growing sense of a return to normality is fuelling a strong consumer led recovery and

driving increased demand. It is however being met by reduced capacity resulting from Covid-19 related factors, such as multiple lockdowns and challenges exacerbated by new trade arrangements with the EU and other economies following Brexit. This is resulting in increased supply chain disruption, inflation, soaring energy costs and labour shortages which are impacting the timing and trajectory of the recovery.

As detailed in the CEO's overview we continue to believe that in this fast changing world the macro economic environment continues to be supportive of the right real estate in structurally supported sectors as demonstrated by our half year results.

### **Human resources**

Risk: An inability to attract, motivate and retain high calibre skilled staff may jeopardise delivery of the Group's strategy and its ability to maintain a competitive advantage.

The Board believes it is vitally important to have the appropriate level of leadership, expertise and experience to deliver its objectives and adapt to change. It is satisfied it has the right human resource strategy in place and staff are appropriately remunerated.

### **Systems, processes and financial management**

Risk: Controls for safeguarding assets and financial management systems may not be robust compromising security and the accuracy of information. This may lead to losses and negatively impact decision making processes.

Appetite for such risk is low and management continually strive to monitor and improve processes.

### **Responsible business approach**

Risk: Non-compliance with responsible business practices including ESG concerns, such as climate change and treating stakeholders fairly, may damage corporate reputation and have a profound negative impact on our earnings, assets and share liquidity.

Tolerance for non-compliance impacting reputation and stakeholder sentiment towards the Group is low.

Update: We continue to assess our business level climate and transition risk in conjunction with JLL, including carrying out scenario analysis, which will enable us to publish a fully compliant TCFD statement for the year end. We are also developing our carbon offset strategy to ensure we can meet our short term net zero carbon target and position the business for its longer term carbon offsetting needs.

### **Regulatory framework**

Risk: Non-compliance with legal or regulatory obligations such as planning, environmental, health and safety and tax may result in increased costs or fines and could impact the letting prospects of assets, damage corporate reputation and access to debt and capital markets.

The Board has no appetite where non-compliance risks injury or damage to a broad range of stakeholders, assets and reputation.

### **Property risks**

These risks are focused on our core business and relate to portfolio composition and management, development activity, factors impacting capital values, income returns and our occupiers.

## **Investment risk**

Risk: The Group may be unable to source investment opportunities at attractive prices and deploy capital into value enhancing and earnings accretive investments.

Management aim to keep this risk to a minimum by applying their extensive experience, leveraging a strong network of relationships and having the right funding in place to take advantage of opportunities as they arise.

Update: Investor demand for the Company's favoured sectors has continued to increase as reflected by the £207.3 million valuation increase over the last six months. Whilst management remain focused on a disciplined investment approach, which invariably tempers investment activity, £161 million has been deployed on acquisitions in the period with a further £144 million post period end.

## **Development risk**

Risk: Excessive capital could be allocated to activities which carry development risk. Developments may fail to deliver expected returns due to inconsistent timing with the economic cycle, adverse letting conditions, increased costs, planning or construction delays, contractor failure or other supply chain interruption.

The Board takes on limited speculative development as its overall tolerance for this risk is low. Such development is only undertaken where it represents a small proportion of the overall portfolio and is supported by robust research into occupier demand.

Update: Supply chain disruption, cost inflation and labour shortages are impacting the UK construction sector. The Company's overall development exposure is however very limited representing only 2% of the portfolio by value currently. By working with a limited number of contractors, forward planning and staying close to contractor operations, no cost shocks or significant delays have been experienced.

## **Valuation risk**

Risk: There is no certainty that property values will be realised. This risk is inherent in the real estate sector.

The Board aims to keep this risk to a minimum through its investment approach that looks to acquire and retain quality investments for the right price which offer long term income, capital growth and downside protection from strong intrinsic values and through active asset management initiatives.

## **Transaction and tenant risk**

Risk: Acquisitions and asset management initiatives may be inconsistent with strategy and due diligence undertaken may be inadequate. Tenant default and failure to let vacant assets may impact earnings and, if material, could reduce dividend cover and put pressure on loan covenants.

The Board has no appetite for risk arising out of poor due diligence processes on acquisitions and lettings. A degree of tenant covenant risk and lower unexpired lease terms are accepted on urban logistics assets where there is high occupational demand, redevelopment potential or alternative site use.

Update: The Group continues to experience extremely high rates of rent collection and negligible delinquency within the portfolio to date.

## **Financing risks**

Financing risks relate to how we fund our operations through cash management, capital and debt markets and joint ventures.

### **Capital and finance risk**

Risk: The Group may have insufficient funds and credit available to enable it to fund investment opportunities and implement strategy.

The Board has no appetite for imprudently low levels of available headroom in its reserves or credit lines. It accepts some interest rate risk and loans are not fully hedged. This follows cost benefit assessment and takes into account that not all loans are fully drawn all the time.

Update: The Company completed the refinancing of its revolving credit facilities in the period with a three year syndicated facility of £225 million and a five year facility of £175 million, both with two one year extension options. It also drew £380 million of private placements priced in March 2021, extending maturity and it repaid a £130 million shorter dated secured loan. Post period end, the Company entered into a new short term £150 million debt facility. Access to capital and debt markets continues to be considered as strong.

## Group income statement

		Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
	Note			
<b>Revenue</b>	3	<b>63.7</b>	60.7	122.2
Cost of sales		<b>(0.8)</b>	(0.7)	(1.6)
<b>Net income</b>		<b>62.9</b>	60.0	120.6
Administrative costs		<b>(8.2)</b>	(8.0)	(15.8)
Profit on revaluation of investment properties	8	<b>201.2</b>	44.3	169.9
Profit on sale of investment properties		<b>2.2</b>	0.3	0.8
Share of profits/(losses) of joint ventures	9	<b>10.1</b>	(0.3)	6.9
<b>Operating profit</b>		<b>268.2</b>	96.3	282.4
Finance income		–	0.6	0.6
Finance costs	4	<b>(11.6)</b>	(11.5)	(24.9)
<b>Profit before tax</b>		<b>256.6</b>	85.4	258.1
Taxation	5	<b>(0.1)</b>	–	(0.1)
<b>Profit for the period and total comprehensive income</b>		<b>256.5</b>	85.4	258.0
Attributable to:				
Equity shareholders		<b>254.1</b>	85.1	257.3
Non-controlling interest	17	<b>2.4</b>	0.3	0.7
<b>Earnings per share</b>				
Basic	7	<b>28.0p</b>	9.5p	28.6p
Diluted	7	<b>27.9p</b>	9.5p	28.5p

All amounts relate to continuing activities.

## Group balance sheet

	Note	Unaudited 30 September 2021 £m	Unaudited 30 September 2020 £m	Audited 31 March 2021 £m
<b>Non current assets</b>				
Investment properties	8	2,792.8	2,372.8	2,504.6
Investment in equity accounted joint ventures	9	65.2	53.9	59.2
Other investments and tangible assets		1.2	0.3	0.3
		2,859.2	2,427.0	2,564.1
<b>Current assets</b>				
Non current assets held for sale	8	104.6	—	—
Trading properties		1.1	1.1	1.1
Trade and other receivables	10	12.5	16.9	9.8
Cash and cash equivalents	11	69.1	38.8	51.4
		187.3	56.8	62.3
<b>Total assets</b>		<b>3,046.5</b>	<b>2,483.8</b>	<b>2,626.4</b>
<b>Current liabilities</b>				
Trade and other payables	12	48.9	38.2	46.0
<b>Non current liabilities</b>				
Borrowings	13	1,036.3	836.2	837.5
Lease liabilities		4.9	5.5	5.2
		1,041.2	841.7	842.7
<b>Total liabilities</b>		<b>1,090.1</b>	<b>879.9</b>	<b>888.7</b>
<b>Net assets</b>		<b>1,956.4</b>	<b>1,603.9</b>	<b>1,737.7</b>
<b>Equity</b>				
Called up share capital	14	91.0	90.8	91.0
Share premium	15	220.8	216.6	219.3
Capital redemption reserve	15	9.6	9.6	9.6
Other reserve	15	492.5	493.0	487.7
Retained earnings	15	1,133.7	787.9	923.7
<b>Equity shareholders' funds</b>		<b>1,947.6</b>	<b>1,597.9</b>	<b>1,731.3</b>
Non-controlling interest	17	8.8	6.0	6.4
<b>Total equity</b>		<b>1,956.4</b>	<b>1,603.9</b>	<b>1,737.7</b>
<b>IFRS net asset value per share</b>				
	7	214.4p	176.3p	191.3p

## Group statement of changes in equity

Six months ended 30 September 2021 (Unaudited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling interest £m	Total equity £m
At 1 April 2021	91.0	219.3	9.6	487.7	923.7	1,731.3	6.4	1,737.7
Profit for the period and total comprehensive income	—	—	—	—	254.1	254.1	2.4	256.5
Purchase of shares held in trust	—	—	—	(0.2)	—	(0.2)	—	(0.2)
Vesting of shares held in trust	—	—	—	5.0	(5.7)	(0.7)	—	(0.7)
Share-based awards	—	—	—	—	1.9	1.9	—	1.9
Dividends	—	1.5	—	—	(40.3)	(38.8)	—	(38.8)
<b>At 30 September 2021</b>	<b>91.0</b>	<b>220.8</b>	<b>9.6</b>	<b>492.5</b>	<b>1,133.7</b>	<b>1,947.6</b>	<b>8.8</b>	<b>1,956.4</b>

Year ended 31 March 2021 (Audited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling interest £m	Total equity £m
At 1 April 2020	84.2	106.3	9.6	488.4	743.3	1,431.8	7.1	1,438.9
Profit for the year and total comprehensive income	—	—	—	—	257.3	257.3	0.7	258.0
Equity placing	6.6	110.0	—	—	—	116.6	—	116.6
Purchase of shares held in trust	—	—	—	(5.5)	—	(5.5)	—	(5.5)
Vesting of shares held in trust	—	—	—	4.8	(5.1)	(0.3)	—	(0.3)
Share based awards	—	—	—	—	3.8	3.8	—	3.8
Distribution to non-controlling interest	—	—	—	—	—	—	(1.4)	(1.4)
Dividends	0.2	3.0	—	—	(75.6)	(72.4)	—	(72.4)
At 31 March 2021	91.0	219.3	9.6	487.7	923.7	1,731.3	6.4	1,737.7

Six months ended 30 September 2020 (Unaudited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling interest £m	Total equity £m
At 1 April 2020	84.2	106.3	9.6	488.4	743.3	1,431.8	7.1	1,438.9
Profit for the period and total comprehensive income	—	—	—	—	85.1	85.1	0.3	85.4
Equity placing	6.6	110.0	—	—	—	116.6	—	116.6
Purchase of shares held in trust	—	—	—	(0.2)	—	(0.2)	—	(0.2)
Vesting of shares held in trust	—	—	—	4.8	(5.1)	(0.3)	—	(0.3)
Share-based awards	—	—	—	—	2.1	2.1	—	2.1
Distribution to non-controlling interest	—	—	—	—	—	—	(1.4)	(1.4)
Dividends	—	0.3	—	—	(37.5)	(37.2)	—	(37.2)
At 30 September 2020	90.8	216.6	9.6	493.0	787.9	1,597.9	6.0	1,603.9



## Group cash flow statement

	Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
<b>Cash flows from operating activities</b>			
Profit before tax	256.6	85.4	258.1
<b>Adjustments for non-cash items:</b>			
Profit on revaluation of investment properties	(201.2)	(44.3)	(169.9)
Profit on sale of investment properties	(2.2)	(0.3)	(0.8)
Share of post-tax (profit)/loss of joint ventures	(10.1)	0.3	(6.9)
Movement in lease incentives	(3.8)	(5.7)	(11.3)
Share-based payment	1.9	2.1	3.8
Net finance costs	11.6	10.9	24.3
Cash from operations before changes in working capital	52.8	48.4	97.3
Change in trade and other receivables	(0.5)	0.1	(1.9)
Change in trade and other payables	1.1	(12.1)	4.5
Cash flows from operations	53.4	36.4	99.9
Tax received/(paid)	0.1	—	(0.3)
<b>Cash flows from operating activities</b>	<b>53.5</b>	<b>36.4</b>	<b>99.6</b>
<b>Investing activities</b>			
Purchase of investment properties	(200.1)	(114.3)	(229.0)
Capital expenditure on investment properties	(36.2)	(8.8)	(25.6)
Purchase of investments	(1.0)	—	—
Lease incentives paid	(1.5)	(0.7)	(2.1)
Sale of investment properties	52.7	74.9	208.4
Investment in joint ventures	—	(4.7)	(4.7)
Distributions from joint ventures	4.1	4.6	6.5
Interest received	—	0.1	0.1
<b>Net cash used in investing activities</b>	<b>(182.0)</b>	<b>(48.9)</b>	<b>(46.4)</b>
<b>Financing activities</b>			
Dividends paid	(38.8)	(37.2)	(72.4)
Distribution to non-controlling interest	—	(1.4)	(1.4)
Proceeds from issue of ordinary shares	—	116.6	116.6
Purchase of shares held in trust	(0.2)	(0.2)	(5.5)
Vesting of shares held in trust	(0.7)	(0.3)	(0.3)
New borrowings and amounts drawn down	789.0	191.0	316.0
Repayment of loan facilities	(586.0)	(282.0)	(409.0)
Financial arrangement fees and break costs	(5.4)	(5.2)	(7.5)
Interest paid	(11.7)	(11.8)	(20.1)
<b>Net cash from/(used in) financing activities</b>	<b>146.2</b>	<b>(30.5)</b>	<b>(83.6)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17.7</b>	<b>(43.0)</b>	<b>(30.4)</b>
Opening cash and cash equivalents	51.4	81.8	81.8
<b>Closing cash and cash equivalents</b>	<b>69.1</b>	<b>38.8</b>	<b>51.4</b>

# Notes to the financial statements

## 1. Basis of preparation and general information

### Basis of preparation

The condensed consolidated financial information included in this Half Year Report has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting', as adopted by the United Kingdom. The current period information presented in this document is reviewed but unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The financial information for the year to 31 March 2021 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The Half Year Report should be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2021, which were prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and applied by the Group at the time. The Group's consolidated financial statements for the year ended 31 March 2022 will be prepared in accordance with the United Kingdom adopted International Financial Reporting Standards.

These condensed financial statements were approved and authorised for issue by the Board of Directors on 18 November 2021. The same accounting policies, estimates, presentation and methods of computation are followed in the Half Year Report as those applied in the Group's consolidated financial statements for the year to 31 March 2021, except for certain new accounting amendments which became effective for the financial year commencing 1 April 2021 as noted below:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform
- IFRS 16 (amended) – Covid-19 related Rent Concessions

The new amendments had no material impact on the financial statements.

### Going concern

The Board has continued to pay particular attention to the appropriateness of the going concern basis in preparing these financial statements. The going concern assessment considers the principal risks and uncertainties facing the Group's activities, future development and performance, including those arising from the Covid-19 pandemic and are discussed in detail in the Key Risks and Uncertainties section of this report.

A key consideration is the Group's financial position, cash flows and liquidity, including its access to debt facilities and headroom under financial loan covenants. As reported in the Financial Review, the Group refinanced its unsecured debt facilities in April 2021 and entered into two new revolving credit facilities and a new Private Placement totalling £780 million. These new facilities contain the same gearing and interest cover covenants as the existing unsecured and private placement loans. Post period end, the Group entered into a new short term £150 million debt facility.

The Group's unsecured revolving credit facilities and private placement loan notes, which together represented 92% of total Group borrowings including its share of joint ventures at the half year, contain gearing and interest cover covenants. At 30 September 2021, the Group had substantial headroom within these covenants. Gearing was 51%, substantially lower than the maximum limit of 125% and its interest cover ratio was 5.1 times, comfortably higher than the minimum level of 1.5 times. Property values would have to fall by 39% and rents by 63% before banking covenants are breached.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance including the impact of Covid-19. They were mindful of the Group's income certainty and diversity, strong rent collection rates and long lease lengths when assessing the Group's going concern position.

On the basis of their review, together with available market information and the Directors' experience and knowledge of the portfolio, they have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Half Year Report.

### **Significant accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The accounting policies subject to significant judgements and estimates are as follows:

#### Significant area of estimation uncertainty

##### **i. Property valuations**

The valuation of the property portfolio is a critical part of the Group's performance. The Group carries the property portfolio at fair value in the balance sheet and engages professionally qualified external valuers to undertake six monthly valuations.

The determination of the fair value of each property requires, to the extent applicable, the use of estimates and assumptions in relation to factors such as estimated rental value and current market yields. In addition, to the extent possible, the valuers make reference to market evidence of transaction prices for similar properties.

The fair value of a development property is determined by using the 'residual method', which deducts all estimated costs necessary to complete the development, together with an allowance for development risk, profit and purchasers' costs, from the fair valuation of the completed property.

## 2. Segmental information

### Property value

	100% Owned <sup>1</sup> £m	Share of JV £m	NCI £m	Unaudited 30 September 2021 £m	Unaudited 30 September 2020 £m	Audited 31 March 2021 £m
Distribution	2,137.4	—	—	<b>2,137.4</b>	1,622.5	1,777.3
Long income	607.6	85.4	(14.2)	<b>678.8</b>	637.4	629.4
Retail parks	58.5	—	—	<b>58.5</b>	74.1	73.9
Office	29.7	—	—	<b>29.7</b>	54.5	41.1
Residential	0.9	1.0	—	<b>1.9</b>	2.7	2.1
Development	59.6	—	—	<b>59.6</b>	55.1	59.8
	<b>2,893.7</b>	<b>86.4</b>	<b>(14.2)</b>	<b>2,965.9</b>	<b>2,446.3</b>	<b>2,583.6</b>
Head lease and right of use assets				<b>4.8</b>	5.4	5.1
				<b>2,970.7</b>	<b>2,451.7</b>	<b>2,588.7</b>

<sup>1</sup> Includes trading property of £1.1 million and assets held for sale of £104.6 million

### Gross rental income

	100% owned £m	Share of JV £m	NCI £m	Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
Distribution	41.6	—	—	<b>41.6</b>	38.5	78.0
Long income	17.1	2.3	(0.6)	<b>18.8</b>	19.5	38.6
Retail parks	2.7	—	—	<b>2.7</b>	2.2	4.7
Office	1.2	—	—	<b>1.2</b>	1.8	3.5
Residential	—	—	—	—	—	0.1
Development	—	—	—	—	0.1	0.2
	<b>62.6</b>	<b>2.3</b>	<b>(0.6)</b>	<b>64.3</b>	<b>62.1</b>	<b>125.1</b>

### Net rental income

	100% owned £m	Share of JV £m	NCI £m	Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
Distribution	41.0	—	—	<b>41.0</b>	38.2	77.1
Long income	17.1	2.3	(0.6)	<b>18.8</b>	19.3	38.3
Retail parks	2.6	—	—	<b>2.6</b>	2.0	4.3
Office	1.1	—	—	<b>1.1</b>	1.7	3.4
Development	—	—	—	—	0.1	0.2
	<b>61.8</b>	<b>2.3</b>	<b>(0.6)</b>	<b>63.5</b>	<b>61.3</b>	<b>123.3</b>

An operating segment is a distinguishable component of the Group that engages in business activities, earns revenue and incurs expenses, whose results are reviewed by the Group's Chief Operating Decision Makers ('CODMs') and for which discrete financial information is available. Gross rental income represents the Group's revenues from its tenants and net rental income is the principal profit measure used to determine the performance of each sector. Total assets are not monitored by segment. However, property assets are reviewed on an ongoing basis. The Group operates entirely in the United Kingdom and no geographical split is provided in information reported to the Board.

Included within the distribution operating segment are the sub-categories of urban logistics, regional distribution and mega distribution as reported throughout the CEO, Property and Financial Reviews, however the sub-category results are not separately reviewed by the CODMs as they are not considered separate operating segments. Instead, the CODMs review the distribution sector as a whole as its own operating segment.

### 3. Revenue

	Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
Gross rental income	62.6	60.3	121.3
Property management fee income	0.7	0.4	0.9
Other income	0.4	–	–
<b>Revenue</b>	<b>63.7</b>	<b>60.7</b>	<b>122.2</b>
	Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
Gross rental income	62.6	60.3	121.3
Cost of sales – property operating expenses	(0.8)	(0.7)	(1.6)
<b>Net rental income</b>	<b>61.8</b>	<b>59.6</b>	<b>119.7</b>

No individual tenant contributed more than 10% of gross rental income in the current or comparative periods. The contracted rental income of the Group's top ten occupiers is shown in the Supplementary information section in note xvii.

### 4. Finance costs

	Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
Interest payable on bank loans and related derivatives	11.1	9.9	19.4
Unwinding of discount on fixed rate debt acquired	(0.1)	(0.1)	(0.2)
Debt and hedging early close out costs	–	4.9	7.5
Amortisation of loan issue costs	0.6	0.9	1.8
Interest on lease liabilities	–	–	0.1
Commitment fees and other finance costs	0.7	1.2	2.1
<b>Total borrowing costs</b>	<b>12.3</b>	<b>16.8</b>	<b>30.7</b>
Less amounts capitalised on developments	(0.7)	(0.6)	(1.1)
<b>Net borrowing costs</b>	<b>11.6</b>	<b>16.2</b>	<b>29.6</b>
Fair value gain on derivative financial instruments	–	(4.7)	(4.7)
<b>Total finance costs</b>	<b>11.6</b>	<b>11.5</b>	<b>24.9</b>

Net finance costs deducted from EPRA earnings in the comparative period to 30 September 2020, as disclosed in Supplementary note ii, exclude the fair value gain on derivatives of £4.7 million and early close out costs of £4.9 million and include interest receivable of £0.6 million as reflected in the income statement.

### 5. Taxation

	Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
UK tax charge on profit	0.1	–	0.1

As the Group is a UK-REIT there is no provision for deferred tax arising on the revaluation of properties or other temporary differences.

## 6. Dividends

	Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
<b>Ordinary dividends paid</b>			
2020 Third quarterly interim dividend: 2.0p per share	–	16.7	16.7
2020 Fourth quarterly interim dividend: 2.3p per share	–	20.8	20.8
2021 First quarterly interim dividend: 2.1p per share	–	–	19.0
2021 Second quarterly interim dividend: 2.1p per share	–	–	19.1
2021 Third quarterly interim dividend: 2.1p per share	19.0	–	–
2021 Fourth quarterly interim dividend: 2.35p per share	21.3	–	–
	<b>40.3</b>	37.5	75.6
<b>Ordinary dividends payable</b>			
2022 First quarterly interim dividend: 2.2p per share	20.0		
2022 Second quarterly interim dividend: 2.2p per share	20.0		

The Company paid its first quarterly interim dividend in respect of the financial year to 31 March 2022 of 2.2p per share, wholly as a Property Income Distribution (PID), on 8 October 2021 to ordinary shareholders on the register at the close of business on 3 September 2021.

The second quarterly interim dividend for the current year of 2.2p per share will be paid on 7 January 2022, wholly as a PID, to ordinary shareholders on the register at the close of business on 26 November 2021. A scrip dividend alternative will be offered to shareholders as it was for the first quarterly dividend payment.

Neither dividend has been included as a liability in these accounts. Both dividends will be recognised as an appropriation of retained earnings in the six months to 31 March 2022.

During the period, the Company issued 0.7 million ordinary shares under the terms of the Scrip Dividend Scheme, which reduced the cash dividend payment by £1.5 million to £38.8 million.

## 7. Earnings and net assets per share

Adjusted earnings and net assets per share are calculated in accordance with the Best Practice Recommendations (BPR) of The European Public Real Estate Association (EPRA). The EPRA earnings measure highlights the underlying performance of the property rental business.

The basic earnings per share calculation uses the weighted average number of ordinary shares during the period and excludes the average number of shares held by the Employee Benefit Trust for the period. The basic net asset per share calculation uses the number of shares in issue at the period end and excludes the actual number of shares held by the Employee Benefit Trust at the period end. The fully diluted calculations assume that new shares are issued in connection with the expected vesting of the Group's long term incentive plan.

Further EPRA performance measures are reflected in the Supplementary information section.

### a) EPRA Earnings

EPRA earnings for the Group and its share of joint ventures are summarised in the Financial Review and in Supplementary note ii. The reconciliation between EPRA earnings and IFRS reported profit is disclosed in the Financial Review and in note 7(b) below.

## b) Earnings per ordinary share attributable to equity shareholders

		Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
IFRS reported profit		254.1	85.1	257.3
EPRA adjustments <sup>1</sup>				
Revaluation of investment property	Group	(201.2)	(44.3)	(169.9)
	JV	(8.2)	1.8	(3.4)
Fair value of derivatives	Group	–	(4.7)	(4.7)
	JV	(0.3)	0.1	(0.1)
(Profit)/loss on disposals	Group	(2.2)	(0.3)	(0.8)
	JV	(0.2)	0.1	0.1
Debt early close out costs	Group	–	4.9	7.5
	JV	0.1	–	–
Non-controlling interest share of adjustments		2.1	(0.4)	(0.4)
<b>EPRA earnings</b>		<b>44.2</b>	<b>42.3</b>	<b>85.6</b>

<sup>1</sup> EPRA adjustments are also shown in the table reconciling EPRA earnings with IFRS reported profit in the Financial Review

	Unaudited Six months to 30 September 2021 Number of shares (millions)	Unaudited Six months to 30 September 2020 Number of shares (millions)	Audited Year to 31 March 2021 Number of shares (millions)
Ordinary share capital	909.9	894.8	901.9
Shares held in the Employee Benefit Trust	(3.0)	(3.0)	(2.8)
Weighted average number of ordinary shares - basic	906.9	891.8	899.1
Employee share schemes	5.1	5.0	4.8
Weighted average number of ordinary shares – fully diluted	912.0	896.8	903.9
<b>Earnings per share</b>			
Basic	28.01p	9.54p	28.61p
Diluted	27.86p	9.49p	28.46p
<b>EPRA Earnings per share</b>			
Basic	4.87p	4.75p	9.52p
Diluted	4.84p	4.72p	9.47p

## c) Net assets per share attributable to equity shareholders

In October 2019, EPRA published new best practice recommendations for financial disclosures by public real estate companies. The best practice recommendations introduced three new measures of net asset value: EPRA net tangible assets (NTA), EPRA net reinstatement value (NRV) and EPRA net disposal value (NDV). EPRA NTA is considered to be the most relevant measure for the Group and replaces EPRA NAV as the primary measure of net asset value. All three measures are calculated on a diluted basis, which assumes that new shares are issued in connection with the expected vesting of the Group's long term incentive plan. A reconciliation between the three new EPRA NAV metrics to IFRS NAV and the previously reported EPRA NAV is shown in the tables below for the previous comparative periods.

<b>As at 30 September 2021 (unaudited)</b>	<b>EPRA net tangible assets £m</b>	<b>EPRA net disposal value £m</b>	<b>EPRA net reinstatement value £m</b>
Equity shareholders' funds	<b>1,947.6</b>	<b>1,947.6</b>	<b>1,947.6</b>
Fair value of joint ventures' derivatives	<b>0.3</b>	–	<b>0.3</b>
Mark to market of fixed rate debt	–	<b>(7.0)</b>	–
Purchasers' costs <sup>1</sup>	–	–	<b>202.0</b>
<b>EPRA net asset value (new measures)</b>	<b>1,947.9</b>	<b>1,940.6</b>	<b>2,149.9</b>

<sup>1</sup> Estimated from the portfolio's external valuation which is stated net of purchasers' costs of 6.8%.

<b>As at 30 September 2020 (unaudited)</b>	<b>EPRA net tangible assets £m</b>	<b>EPRA net disposal value £m</b>	<b>EPRA net reinstatement value £m</b>
Equity shareholders' funds	1,597.9	1,597.9	1,597.9
Fair value of group derivatives	–	–	–
Fair value of joint ventures' derivatives	0.8	0.8	0.8
<b>EPRA net asset value (as previously reported)</b>	<b>1,598.7</b>	<b>1,598.7</b>	<b>1,598.7</b>
Fair value of derivatives	–	(0.8)	–
Mark to market of fixed rate debt	–	(6.3)	–
Purchasers' costs	–	–	166.7
<b>EPRA net asset value (new measures)</b>	<b>1,598.7</b>	<b>1,591.6</b>	<b>1,765.4</b>

<b>As at 31 March 2021 (audited)</b>	<b>EPRA net tangible assets £m</b>	<b>EPRA net disposal value £m</b>	<b>EPRA net reinstatement value £m</b>
Equity shareholders' funds	1,731.3	1,731.3	1,731.3
Fair value of group derivatives	–	–	–
Fair value of joint ventures' derivatives	0.6	0.6	0.6
<b>EPRA net asset value (as previously reported)</b>	<b>1,731.9</b>	<b>1,731.9</b>	<b>1,731.9</b>
Fair value of derivatives	–	(0.6)	–
Mark to market of fixed rate debt	–	(4.9)	–
Purchasers' costs	–	–	176.0
<b>EPRA net asset value (new measures)</b>	<b>1,731.9</b>	<b>1,726.4</b>	<b>1,907.9</b>

<b>As at</b>	<b>Unaudited 30 September 2021 Number of shares (millions)</b>	<b>Unaudited 30 September 2020 Number of shares (millions)</b>	<b>Audited 31 March 2021 Number of shares (millions)</b>
Ordinary share capital	<b>910.3</b>	908.3	909.6
Shares held in Employee Benefit Trust	<b>(2.1)</b>	(2.0)	(4.4)
Number of ordinary shares - basic	<b>908.2</b>	906.3	905.2
Employee share schemes	<b>4.5</b>	4.6	4.7
Number of ordinary shares – fully diluted	<b>912.7</b>	910.9	909.9
<b>IFRS net asset value per share</b>	<b>214.4p</b>	176.3p	191.3p
<b>EPRA net tangible assets per share</b>	<b>213.4p</b>	175.5p	190.3p
<b>EPRA net disposal value per share</b>	<b>212.6p</b>	174.7p	189.7p
<b>EPRA net reinstatement value per share</b>	<b>235.6p</b>	193.8p	209.7p



## 8. Investment properties

### a) Investment properties

	Completed £m	Under development £m	Unaudited 30 September 2021 £m	Completed £m	Under development £m	Audited 31 March 2021 £m
Opening balance	2,440.8	58.7	<b>2,499.5</b>	2,212.0	55.9	2,267.9
Acquisitions	198.8	1.2	<b>200.0</b>	212.4	16.8	229.2
Capital expenditure	6.6	32.2	<b>38.8</b>	4.9	21.1	26.0
Disposals	(45.6)	(3.4)	<b>(49.0)</b>	(200.8)	–	(200.8)
Property transfers <sup>1</sup>	(63.0)	(41.6)	<b>(104.6)</b>	55.5	(55.5)	–
Revaluation movement	192.4	8.8	<b>201.2</b>	149.7	20.2	169.9
Tenant incentives	2.1	–	<b>2.1</b>	7.1	0.2	7.3
Property portfolio	2,732.1	55.9	<b>2,788.0</b>	2,440.8	58.7	2,499.5
Head lease and right of use assets	4.8	–	<b>4.8</b>	5.1	–	5.1
	2,736.9	55.9	<b>2,792.8</b>	2,445.9	58.7	2,504.6

<sup>1</sup> Properties totalling £104.6 million have been separately disclosed as assets held for sale as reflected in note 8b

Investment properties are held at fair value as at 30 September 2021 based on external valuations performed by professionally qualified valuers CBRE Limited ('CBRE') and Savills (UK) Limited ('Savills'). The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2014 on the basis of fair value. There has been no change in the valuation technique in the period. The total fees earned by CBRE and Savills from the Company represent less than 5% of their total UK revenues. CBRE and Savills have continuously been the signatory of valuations for the Company since October 2007 and September 2010 respectively. However, this year Savills have increased their portfolio coverage and Cushman & Wakefield have stepped down.

Long term leasehold values included within investment properties amount to £143.3 million (30 September 2020: £154.2 million, 31 March 2021: £148.7 million). All other properties are freehold.

Included within the investment property valuation is £81.5 million (30 September 2020: £78.5 million, 31 March 2021: £79.4 million) in respect of lease incentives and rent free periods.

The historical cost of all of the Group's investment properties at 30 September 2021 was £2,127.5 million (30 September 2020: £1,933.7 million, 31 March 2021: £1,948.2 million).

Capital commitments have been entered into amounting to £33.5 million (30 September 2020: £42.3 million, 31 March 2021: £93.3 million) which have not been provided for in the financial statements.

Internal staff costs of the development team of £1.2 million (30 September 2020: £1.1 million, 31 March 2021: £2.2 million) have been capitalised in the period, being directly attributable to the development projects in progress.

Forward funded development costs in the previous comparative periods have been classified within investment property as acquisitions (30 September 2020: £9.1 million, 31 March 2021: £15.5 million).

At 30 September 2021, investment properties included £4.8 million for the head lease right of use assets in accordance with IFRS 16 (30 September 2020: £5.4 million, 31 March 2021: £5.1 million).

### b) Non current assets held for sale

The valuation of property held for sale at 30 September 2021 was £104.6 million (30 September 2020: £79.5 million, 31 March 2021: £22.4 million), representing £102.0 million distribution and £2.6 million long income assets. The sales of these assets are expected to complete within the next six months.

The prior period comparatives are not material for separate disclosure on the face of the balance sheet and have been classified within investment properties.

## 9. Investment in joint ventures

At 30 September 2021, the following principal property interests, being jointly-controlled entities, have been equity accounted for in these financial statements:

	Country of Incorporation or Registration <sup>1</sup>	Property Sector	Group Share
Metric Income Plus Partnership	England	Long income	50.0%
LSP London Residential Investments Limited	Guernsey	Residential	40.0%

<sup>1</sup> The registered address for entities incorporated in England is One Curzon Street, London, W1J 5HB. The registered address for entities incorporated in Guernsey is Regency Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 3AP.

The principal activity of joint venture interests is property investment in the UK in the sectors noted in the table above, which complements the Group's operations and contributes to the achievement of its strategy.

The Metric Income Plus Partnership ('MIPP'), in which the Company has a 50% interest, sold five properties in the period for £35.3 million (Group share: £17.6 million).

LSP London Residential Investments Limited disposed of its remaining four residential flats at Moore House post period end for £2.4 million (Group share: £1.0 million).

At 30 September 2021, the freehold and leasehold investment properties were externally valued by CBRE. The valuation of property held for sale by joint ventures at 30 September 2021 was £4.4 million (Group share: £2.0 million), (30 September 2020: £nil, 31 March 2021: £21.1 million (Group share: £10.6 million)).

The movement in the carrying value of joint venture interests in the period is summarised as follows:

	Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Audited Year to 31 March 2021 £m
Opening balance	59.2	54.1	54.1
Additions at cost	—	4.7	4.7
Share of profit/(loss) in the period	10.1	(0.3)	6.9
Distributions received	(4.1)	(4.6)	(6.5)
<b>Closing balance</b>	<b>65.2</b>	<b>53.9</b>	<b>59.2</b>

The Group's share of the profit after tax and net assets of its joint ventures is as follows:

	Metric Income Plus Partnership £m	LSP London Residential Investments £m	Unaudited Total 30 September 2021 £m	Unaudited Group share 30 September 2021 £m
<b>Summarised income statement</b>	100%	100%	100%	Group share
Gross rental income	4.6	—	4.6	2.3
Property costs	(0.1)	—	(0.1)	—
Net rental income	4.5	—	4.5	2.3
Management fees	(0.5)	—	(0.5)	(0.3)
Revaluation	16.7	(0.5)	16.2	8.2
Net finance cost	(1.2)	—	(1.2)	(0.6)
Derivative movement	0.5	—	0.5	0.3
Profit on disposal	0.6	—	0.6	0.2
<b>Profit/(loss) after tax</b>	20.6	(0.5)	20.1	10.1
<b>Group share of profit/(loss) after tax</b>	10.3	(0.2)	10.1	
<b>EPRA adjustments</b>				
Revaluation	(16.7)	0.5	(16.2)	(8.2)
Derivative movement	(0.5)	—	(0.5)	(0.3)
Debt and hedging early close out costs	0.2	—	0.2	0.1
Profit on disposal	(0.6)	—	(0.6)	(0.2)
<b>EPRA earnings</b>	3.0	—	3.0	1.5
<b>Group share of EPRA earnings</b>	1.5	—	1.5	
<b>Summarised balance sheet</b>				
Investment properties	170.9	2.4	173.3	86.4
Other current assets	0.6	—	0.6	0.3
Cash	13.3	1.5	14.8	7.3
Current liabilities	(2.6)	—	(2.6)	(1.3)
Bank debt	(54.6)	—	(54.6)	(27.3)
Unamortised finance costs	0.3	—	0.3	0.1
Derivative financial instruments	(0.6)	—	(0.6)	(0.3)
<b>Net assets</b>	127.3	3.9	131.2	65.2
<b>Group share of net assets</b>	63.6	1.6	65.2	

	Metric Income Plus Partnership £m	LSP London Residential Investments £m	Unaudited Total 30 September 2021 £m	Unaudited Group share 30 September 2021 £m
<b>Summarised income statement</b>	100%	100%	100%	Group share
Gross rental income	5.4	–	5.4	2.7
Property costs	(0.1)	–	(0.1)	(0.1)
Net rental income	5.3	–	5.3	2.6
Management fees	(0.4)	(0.1)	(0.5)	(0.2)
Revaluation	(2.8)	(1.0)	(3.8)	(1.8)
Net finance cost	(1.4)	–	(1.4)	(0.7)
Derivative movement	(0.2)	–	(0.2)	(0.1)
Loss on disposal	–	(0.2)	(0.2)	(0.1)
Profit/(loss) after tax	0.5	(1.3)	(0.8)	(0.3)
Group share of profit/(loss) after tax	0.2	(0.5)	(0.3)	
<b>EPRA adjustments</b>				
Revaluation	2.8	1.0	3.8	1.8
Derivative movement	0.2	–	0.2	0.1
Debt and hedging early close out costs	0.1	–	0.1	–
Loss on disposal	–	0.2	0.2	0.1
EPRA earnings	3.6	(0.1)	3.5	1.7
Group share of EPRA earnings	1.8	(0.1)	1.7	
<b>Summarised balance sheet</b>				
Investment properties	186.5	2.9	189.4	94.4
Other current assets	0.8	–	0.8	0.4
Cash	4.6	2.8	7.4	3.4
Current liabilities	(2.6)	–	(2.6)	(1.2)
Bank debt	(74.9)	–	(74.9)	(37.5)
Unamortised finance costs	0.5	–	0.5	0.3
Derivative financial instruments	(1.1)	–	(1.1)	(0.6)
Net assets	113.8	5.7	119.5	59.2
Group share of net assets	56.9	2.3	59.2	

## 10. Trade and other receivables

	Unaudited 30 September 2021 £m	Unaudited 30 September 2020 £m	Audited 31 March 2021 £m
Trade receivables	9.8	5.2	4.8
Prepayments and accrued income	1.5	1.3	3.5
Other receivables	1.2	10.4	1.5
	12.5	16.9	9.8

All amounts fall due for payment in less than one year. Trade receivables comprise rental income which is due on contractual payment dates with no credit period.

At 30 September 2021, trade receivables of £101,200 were overdue and considered at risk (30 September 2020: £207,900, 31 March 2021: £159,200).

Based on the IFRS 9 expected credit loss model, an impairment provision of £810,000 (30 September 2020: £600,000, 31 March 2021: £760,000) has also been made against trade receivables.

## 11. Cash and cash equivalents

Cash and cash equivalents include £12.1 million (30 September 2020: £6.2 million, 31 March 2021: £10.7 million) retained in rent and restricted accounts which are not readily available to the Group for day to day commercial purposes.

## 12. Trade and other payables

	Unaudited 30 September 2021 £m	Unaudited 30 September 2020 £m	Audited 31 March 2021 £m
Trade payables	11.4	4.8	4.6
Amounts payable on property acquisitions and disposals	1.0	0.2	1.3
Rent received in advance	22.1	21.6	22.6
Accrued interest	1.0	1.3	1.3
Other payables	3.1	1.4	5.3
Other accruals and deferred income	10.3	8.9	10.9
	48.9	38.2	46.0

The Group has financial risk management policies in place to ensure that all payables are settled within the required credit timeframe.

## 13. Borrowings

	Unaudited 30 September 2021 £m	Unaudited 30 September 2020 £m	Audited 31 March 2021 £m
Secured Bank loans	62.4	192.6	192.5
Unsecured Bank loans	980.0	649.0	647.0
	1,042.4	841.6	839.5
Unamortised finance costs	(6.1)	(5.4)	(2.0)
	1,036.3	836.2	837.5

Certain bank loans at 30 September 2021 are secured by fixed charges over Group investment properties with a carrying value of £239.7 million (30 September 2020: £554.3 million, 31 March 2021: £584.9 million).

As at 30 September 2021 (unaudited)	Floating rate £m	Fixed rate £m	Total debt £m	Weighted average maturity (years)
<b>Secured bank loans:</b>				
Scottish Widows fixed rate debt	–	62.4	62.4	10.2
<b>Unsecured bank loans:</b>				
Revolving credit facility (syndicate)	150.0	–	150.0	2.6
Wells Fargo revolving credit facility	170.0	–	170.0	4.6
Private Placement 2016 (syndicate)	–	130.0	130.0	3.2
Private Placement 2018 (syndicate)	–	150.0	150.0	9.3
Private Placement 2021 (syndicate)	–	380.0	380.0	10.7
	320.0	722.4	1,042.4	7.4

As at 31 March 2021 (audited)	Floating rate <sup>1</sup> £m	Fixed rate £m	Total debt £m	Weighted average maturity (years)
<b>Secured bank loans:</b>				
Helaba term loan	130.0	–	130.0	3.3
Scottish Widows fixed rate debt	–	62.5	62.5	10.7
<b>Unsecured bank loans:</b>				
Revolving credit facility (syndicate)	258.0	–	258.0	1.0
HSBC revolving credit facility	59.0	–	59.0	2.0
Wells Fargo revolving credit facility	50.0	–	50.0	4.3
Private Placement 2016 (syndicate)	–	130.0	130.0	3.7
Private Placement 2018 (syndicate)	–	150.0	150.0	9.8
	497.0	342.5	839.5	4.3

<sup>1</sup> Interest rate caps of £19.6 million were used to hedge the Group's exposure to interest rate risk

The following table shows the contractual maturity profile of the Group's bank loans and interest payments on bank loans on an undiscounted cash flow basis and assuming settlement on the earliest repayment date.

As at 30 September 2021 (unaudited)	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m	Total £m
Bank loans	25.3	90.3	420.8	701.7	1,238.1

As at 31 March 2021 (audited)	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m	Total £m
Bank loans	20.3	332.5	317.4	274.3	944.5

The Group is exposed to interest rate risk from the use of debt financing at a variable rate. It is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Group uses interest rate derivatives and fixed rates to manage its interest rate exposure and hedge future interest rate risk for the term of the bank loan. At 30 September 2021, 70% of the Group's (including share of JV) debt drawn was hedged, mainly through fixed coupon debt arrangements.

Details of the fair value of the Group's derivative financial instruments that were in place in the current and previous periods are provided below.

	Average rate		Notional amount		Fair value	
	Unaudited 30 September 2021 %	Audited 31 March 2021 %	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m	Unaudited 30 September 2021 £m	Audited 31 March 2021 £m
<b>Interest rate caps – expiry</b>						
Less than one year	–	2.0	–	19.6	–	–

All derivative financial instruments are non-current interest rate derivatives and are carried at fair value following a valuation by Chatham Financial. In accordance with accounting standards, fair value is estimated by calculating the present value of future cash flows, using appropriate market discount rates. For all derivative financial instruments, this equates to a Level 2 fair value measurement as defined by IFRS 13 Fair Value Measurement. The valuation therefore does not reflect the cost or gain to the Group of cancelling its interest rate protection at the balance sheet date, which is generally a marginally higher cost (or smaller gain) than a market valuation.

## 14. Share capital

	Unaudited 30 September 2021 Number	Unaudited 30 September 2021 £m	Audited 31 March 2021 Number	Audited 31 March 2021 £m
<b>Issued, called up and fully paid</b>				
Ordinary shares of 10p each	<b>910,304,586</b>	<b>91.0</b>	909,643,040	91.0

The movement in the share capital and share premium of the Company during the current and previous year is summarised below.

	Ordinary shares Number	Ordinary shares £m	Share premium £m
<b>Share capital issued, called up and fully paid</b>			
At 1 April 2020	841,498,022	84.2	106.3
Issued under equity placing	66,666,666	6.6	110.0
Issued under scrip share scheme	1,478,352	0.2	3.0
At 1 April 2021	909,643,040	91.0	219.3
Issued under scrip share scheme	661,546	–	1.5
<b>At 30 September 2021</b>	<b>910,304,586</b>	<b>91.0</b>	<b>220.8</b>

The Company issued 661,546 ordinary shares under the terms of its Scrip Dividend Scheme during the period. Post period end in October, the Company issued a further 78,990 ordinary shares under the terms of its Scrip Dividend Scheme.

The movement in the shares held by the Employee Benefit Trust in the year is summarised in the table below.

	Ordinary shares Number	Ordinary shares £m
<b>Shares held by the Employee Benefit Trust</b>		
At 1 April 2021	4,390,195	0.4
Shares issued under employee share schemes	(2,339,267)	(0.2)
Shares acquired by the Employee Benefit Trust	78,413	–
<b>At 30 September 2021</b>	<b>2,129,341</b>	<b>0.2</b>

In June 2021, the Company granted options over 1,822,860 ordinary shares under its Long Term Incentive Plan. In addition, 2,339,267 ordinary shares in the Company that were granted to certain Directors and employees under the Company's Long Term Incentive Plan in 2018 vested. The average share price on vesting was 234.5p. As at 30 September 2021, the Company's Employee Benefit Trust held 2,129,341 shares in the Company to satisfy awards under the Company's Long Term Incentive and Deferred Bonus Plans.

## 15. Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital	The nominal value of shares issued.
Share premium	The premium paid for new ordinary shares issued above the nominal value.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued ordinary shares.
Other reserve	A reserve relating to the application of merger relief in the acquisition of LondonMetric Management Limited, Metric Property Investments Plc and A&J Mucklow Group Plc by the Company and the cost of shares held in trust to provide for the Company's future obligations under share award schemes. A breakdown of other reserves is provided for the Group below.
Retained earnings	The cumulative profits and losses after the payment of dividends.

	Merger reserve £m	Employee Benefit Trust shares £m	Total other reserves £m
<b>Share capital issued, called up and fully paid</b>			
At 1 April 2020	497.4	(9.0)	488.4
Employee share schemes:			
Purchase of shares	–	(5.5)	(5.5)
Vesting of shares	–	4.8	4.8
At 1 April 2021	497.4	(9.7)	487.7
Employee share schemes:			
Purchase of shares	–	(0.2)	(0.2)
Vesting of shares	–	5.0	5.0
<b>At 30 September 2021</b>	<b>497.4</b>	<b>(4.9)</b>	<b>492.5</b>

## 16. Analysis of movement in net debt

	1 April 2021 £m	Financing cash flows £m	Other cash flows £m	Non cash movements			30 September 2021 £m
				Impact of issue and arrangement costs £m	Early close out costs £m	Interest charge and unwinding of discount £m	
Bank loans and derivatives	839.5	203.0	–	–	–	(0.1)	<b>1,042.4</b>
Unamortised finance costs	(2.0)	(4.7)	–	0.6	–	–	<b>(6.1)</b>
Other finance costs	–	(0.7)	–	0.7	–	–	–
Interest payable	1.3	(11.4)	–	–	–	11.1	<b>1.0</b>
Lease liabilities	5.2	(0.3)	–	–	–	–	<b>4.9</b>
Total liabilities from financing activities	844.0	185.9	–	1.3	–	11.0	<b>1,042.2</b>
Cash and cash equivalents	(51.4)	–	(17.7)	–	–	–	<b>(69.1)</b>
<b>Net debt</b>	<b>792.6</b>	<b>185.9</b>	<b>(17.7)</b>	<b>1.3</b>	<b>–</b>	<b>11.0</b>	<b>973.1</b>

	1 April 2020 £m	Financing cash flows £m	Other cash flows £m	Non cash movements			31 March 2021 £m
				Impact of issue and arrangement costs £m	Early close out costs £m	Interest charge and unwinding of discount £m	
Bank loans and derivatives	937.4	(97.9)	–	–	–	–	839.5
Unamortised finance costs	(6.0)	–	–	1.4	2.6	–	(2.0)
Interest payable and fees	1.9	(22.7)	–	2.7	–	19.4	1.3
Lease liabilities	5.9	–	–	–	–	(0.7)	5.2
Total liabilities from financing activities	939.2	(120.6)	–	4.1	2.6	18.7	844.0
Cash and cash equivalents	(81.8)	–	30.4	–	–	–	(51.4)
<b>Net debt</b>	<b>857.4</b>	<b>(120.6)</b>	<b>30.4</b>	<b>4.1</b>	<b>2.6</b>	<b>18.7</b>	<b>792.6</b>



## 17. Related party transactions

### c) Joint Ventures

Management fees and profit distributions receivable from the Group's joint venture arrangements in which it had an equity interest during the period were as follows:

	Group interest	Management fees		Profit distributions	
		Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m	Unaudited Six months to 30 September 2021 £m	Unaudited Six months to 30 September 2020 £m
LSP London Residential Investments Ltd	40%	–	–	0.5	2.8
Metric Income Plus Partnership	50%	0.7	0.4	3.6	1.8
		0.7	0.4	4.1	4.6

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation.

### d) Non-controlling interest

The Group's non-controlling interest ('NCI') represents an 18% shareholding in LMP Retail Warehouse JV Holdings Limited, which owns a portfolio of DFS assets.

The Group's interest in LMP Retail Warehouse JV Holdings Limited is 82%, requiring it to consolidate the results and net assets of its subsidiary in these financial statements and reflect the non-controlling share as a deduction in the consolidated income statement and consolidated balance sheet.

As at the period end, the non-controlling interest share of profit and net assets was £2.4 million and £8.8 million respectively, with no distributions paid during the period.

## 18. Post balance sheet events

Post period end, we have completed acquisitions totalling £8.8 million and have exchanged on a further £135.6 million, which included a logistics warehouse for £97 million and a pre-let warehouse development in Ipswich for £38.6 million. In addition, we completed the sale of our four remaining flats at Moore House for £1.0 million. The Group has also entered into a new short term £150 million debt facility.

We have today separately announced an equity placing to fund a pipeline of attractive investment opportunities which are either committed or under offer and which will enable us to grow the portfolio.

## Directors' responsibility statement

The Directors are responsible for preparing the condensed set of financial statements, in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:

- This condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the United Kingdom; and
- This condensed set of financial statements includes a fair review of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

By order of the Board

**Andrew Jones**

Chief Executive

**Martin McGann**

Finance Director

18 November 2021

## Independent review report to LondonMetric Property Plc

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 September 2021 which comprises the Group income statement, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and related notes 1 to 18. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### Directors' responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, 'Interim Financial Reporting'.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

## **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## **Use of our report**

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

### **Deloitte LLP**

Statutory Auditor  
London, United Kingdom  
18 November 2021

## Supplementary information

### i EPRA Summary table

	30 September 2021	30 September 2020	31 March 2021
EPRA earnings per share	<b>4.87p</b>	4.75p	9.52p
EPRA net tangible assets per share	<b>213.4p</b>	175.5p	190.3p
EPRA net disposal value per share	<b>212.6p</b>	174.7p	189.7p
EPRA net asset reinstatement value per share	<b>235.6p</b>	193.8p	209.7p
EPRA vacancy rate	<b>1.1%</b>	1.5%	1.3%
EPRA cost ratio (including vacant property costs)	<b>13.2%</b>	13.7%	13.6%
EPRA cost ratio (excluding vacant property costs)	<b>12.4%</b>	13.4%	13.0%
EPRA net initial yield	<b>3.8%</b>	4.5%	4.3%
EPRA 'topped up' net initial yield	<b>4.2%</b>	4.9%	4.6%

### ii EPRA proportionally consolidated income statement

For the six months to 30 September	100% owned £m	JV £m	NCI £m	Total 2021 £m	100% owned £m	JV £m	NCI £m	Total 2020 £m
Gross rental income	62.6	2.3	(0.6)	<b>64.3</b>	60.3	2.7	(0.9)	62.1
Property costs	(0.8)	–	–	<b>(0.8)</b>	(0.7)	(0.1)	–	(0.8)
Net rental income	61.8	2.3	(0.6)	<b>63.5</b>	59.6	2.6	(0.9)	61.3
Management fees	0.7	(0.3)	0.1	<b>0.5</b>	0.4	(0.2)	–	0.2
Other income	0.4	–	–	<b>0.4</b>	–	–	–	–
Administrative costs	(8.2)	–	–	<b>(8.2)</b>	(8.0)	–	–	(8.0)
Net finance costs	(11.6)	(0.5)	0.1	<b>(12.0)</b>	(10.7)	(0.7)	0.1	(11.3)
Tax	(0.1)	–	0.1	<b>–</b>	–	–	0.1	0.1
<b>EPRA earnings</b>	<b>43.0</b>	<b>1.5</b>	<b>(0.3)</b>	<b>44.2</b>	<b>41.3</b>	<b>1.7</b>	<b>(0.7)</b>	<b>42.3</b>

### iii EPRA proportionally consolidated balance sheet

As at	100% owned £m	JV £m	NCI £m	30 September 2021 £m	100% owned £m	JV £m	NCI £m	31 March 2021 £m
Investment property	2,792.8	86.4	(14.2)	<b>2,865.0</b>	2,504.6	94.4	(11.4)	2,587.6
Assets held for sale	104.6	–	–	<b>104.6</b>	–	–	–	–
Trading property	1.1	–	–	<b>1.1</b>	1.1	–	–	1.1
	2,898.5	86.4	(14.2)	<b>2,970.7</b>	2,505.7	94.4	(11.4)	2,588.7
Gross debt	(1,042.4)	(27.3)	–	<b>(1,069.7)</b>	(839.5)	(37.5)	–	(877.0)
Cash	69.1	7.3	–	<b>76.4</b>	51.4	3.4	(0.2)	54.6
Other net liabilities	(34.0)	(0.9)	5.4	<b>(29.5)</b>	(39.1)	(0.5)	5.2	(34.4)
<b>EPRA NTA</b>	<b>1,891.2</b>	<b>65.5</b>	<b>(8.8)</b>	<b>1,947.9</b>	<b>1,678.5</b>	<b>59.8</b>	<b>(6.4)</b>	<b>1,731.9</b>
Derivatives	–	(0.3)	–	<b>(0.3)</b>	–	(0.6)	–	(0.6)
<b>IFRS net assets</b>	<b>1,891.2</b>	<b>65.2</b>	<b>(8.8)</b>	<b>1,947.6</b>	<b>1,678.5</b>	<b>59.2</b>	<b>(6.4)</b>	<b>1,731.3</b>
Loan to value	31.4%	21.4%	–	<b>31.1%</b>	32.2%	32.8%	–	32.3%
Cost of debt	2.5%	3.3%	–	<b>2.5%</b>	2.5%	3.0%	–	2.5%
Undrawn facilities	80.0	–	–	<b>80.0</b>	170.5	–	–	170.5

#### iv EPRA cost ratio

	2021 £m	2020 £m
For the six months to 30 September		
Property operating expenses	0.8	0.7
Administrative costs	8.2	8.0
Share of joint venture property costs, administrative costs and management fees	0.2	0.3
Less:		
Joint venture property management fee income	(0.7)	(0.4)
Ground rents	–	(0.1)
<b>Total costs including vacant property costs (A)</b>	<b>8.5</b>	<b>8.5</b>
Group vacant property costs	(0.5)	(0.2)
<b>Total costs excluding vacant property costs (B)</b>	<b>8.0</b>	<b>8.3</b>
Gross rental income	62.6	60.3
Share of joint venture gross rental income	2.3	2.7
Share of non-controlling interest gross rental income	(0.6)	(0.9)
	64.3	62.1
Less: Ground rents	–	(0.1)
<b>Total gross rental income (C)</b>	<b>64.3</b>	<b>62.0</b>
<b>Total EPRA cost ratio (including vacant property costs) (A)/(C)</b>	<b>13.2%</b>	<b>13.7%</b>
<b>Total EPRA cost ratio (excluding vacant property costs) (B)/(C)</b>	<b>12.4%</b>	<b>13.4%</b>

#### v EPRA net initial yield and ‘topped up’ net initial yield

	30 September 2021 £m	31 March 2021 £m
As at		
Investment property – wholly owned	2,788.0	2,499.5
Investment property – share of joint ventures	86.4	94.4
Investment property – assets held for sale	104.6	–
Trading property	1.1	1.1
Less development properties	(59.6)	(59.8)
Less residential properties	(1.9)	(2.1)
Less non-controlling interest	(14.2)	(11.4)
Completed property portfolio	2,904.4	2,521.7
Allowance for:		
Estimated purchasers’ costs	197.5	171.5
Estimated costs to complete	17.8	14.7
<b>EPRA property portfolio valuation (A)</b>	<b>3,119.7</b>	<b>2,707.9</b>
Annualised passing rental income	116.2	112.6
Share of joint ventures	4.2	6.2
Less development properties	(0.5)	(2.3)
<b>Annualised net rents (B)</b>	<b>119.9</b>	<b>116.5</b>
Contractual rental increase across the portfolio	11.6	7.7
<b>‘Topped up’ net annualised rent (C)</b>	<b>131.5</b>	<b>124.2</b>
<b>EPRA net initial yield (B/A)</b>	<b>3.8%</b>	<b>4.3%</b>
<b>EPRA ‘topped up’ net initial yield (C/A)</b>	<b>4.2%</b>	<b>4.6%</b>

## vi EPRA vacancy rate

	30 September 2021 £m	31 March 2021 £m
As at		
Annualised estimated rental value of vacant premises	1.6	1.7
Portfolio estimated rental value <sup>1</sup>	138.1	127.7
<b>EPRA vacancy rate</b>	<b>1.1%</b>	<b>1.3%</b>

<sup>1</sup> Excludes residential and development properties

## vii EPRA capital expenditure analysis

	100% owned £m	JV £m	NCI £m	30 September 2021 £m	100% owned £m	JV £m	NCI £m	31 March 2021 £m
As at								
Opening valuation	2,505.7	94.4	(11.4)	<b>2,588.7</b>	2,274.7	92.4	(14.9)	2,352.2
Acquisitions <sup>1</sup>	198.8	—	—	<b>198.8</b>	212.4	—	—	212.4
Developments <sup>2,4</sup>	33.4	—	—	<b>33.4</b>	37.9	—	—	37.9
Capital expenditure <sup>3</sup>	6.6	1.0	(0.6)	<b>7.0</b>	4.9	0.3	(0.1)	5.1
Disposals	(49.0)	(16.6)	—	<b>(65.6)</b>	(200.8)	(1.8)	3.3	(199.3)
Revaluation	201.2	8.2	(2.1)	<b>207.3</b>	169.9	3.4	0.4	173.7
Lease incentives	2.1	(0.6)	(0.1)	<b>1.4</b>	7.3	0.1	(0.1)	7.3
Head lease ROU asset	(0.3)	—	—	<b>(0.3)</b>	(0.6)	—	—	(0.6)
<b>Closing valuation</b>	<b>2,898.5</b>	<b>86.4</b>	<b>(14.2)</b>	<b>2,970.7</b>	<b>2,505.7</b>	<b>94.4</b>	<b>(11.4)</b>	<b>2,588.7</b>

<sup>1</sup> Group acquisitions in the period reflect completed investment properties in note 8 to the financial statements

<sup>2</sup> Group developments include acquisitions and capital expenditure on properties under development as reflected in note 8

<sup>3</sup> Capital expenditure on completed properties, of which £4.0 million created additional lettable space

<sup>4</sup> Includes capitalised interest of £0.7 million (31 March 2021: £1.1 million)

## viii Total accounting return

	30 September 2021 p/share	30 September 2020 p/share	31 March 2021 p/share
EPRA net tangible asset value per share			
– at end of period	<b>213.4</b>	175.5	190.3
– at start of period	<b>190.3</b>	170.3	170.3
Increase	<b>23.1</b>	5.2	20.0
Dividend paid	<b>4.5</b>	4.3	8.5
Net increase	<b>27.6</b>	9.5	28.5
<b>Total accounting return</b>	<b>14.5%</b>	5.6%	16.7%

## ix Portfolio split and valuation

As at	30 September 2021		31 March 2021	
	£m	%	£m	%
Mega distribution	373.6	12.6	351.9	13.6
Regional distribution	524.9	17.7	483.5	18.7
Urban logistics	1,238.9	41.8	941.9	36.5
Distribution	2,137.4	72.1	1,777.3	68.8
Long income	678.8	22.9	629.4	24.3
Retail parks	58.5	1.9	73.9	2.9
Offices	29.7	1.0	41.1	1.6
<b>Investment portfolio</b>	<b>2,904.4</b>	<b>97.9</b>	<b>2,521.7</b>	<b>97.6</b>
Development <sup>1</sup>	59.6	2.0	59.8	2.3
Residential	1.9	0.1	2.1	0.1
<b>Total portfolio</b>	<b>2,965.9</b>	<b>100.0</b>	<b>2,583.6</b>	<b>100.0</b>
Head lease and right of use assets	4.8		5.1	
	<b>2,970.7</b>		<b>2,588.7</b>	

<sup>1</sup> Represents regional distribution £45.7 million (1.5%), urban logistics £5.1 million (0.2%), long income £5.9 million (0.2%), office and other land £2.9 million (0.1%) at 30 September 2021. Split of prior period comparatives was urban logistics £51.8 million (2.0%), long income £5.8 million (0.2%), office and other land £2.2 million (0.1%).

## x Investment portfolio yields

As at	30 September 2021			31 March 2021		
	EPRA NIY %	EPRA topped up NIY %	Equivalent yield %	EPRA NIY %	EPRA topped up NIY %	Equivalent yield %
Distribution	3.5	3.9	4.4	3.8	4.1	4.7
Long income	4.8	5.1	5.4	5.2	5.4	5.7
Retail parks	6.1	6.2	5.7	7.1	7.6	7.1
Offices	5.9	6.7	6.8	4.9	6.0	6.5
<b>Investment portfolio</b>	<b>3.8</b>	<b>4.2</b>	<b>4.7</b>	<b>4.3</b>	<b>4.6</b>	<b>5.1</b>

## xi Investment portfolio – Key statistics

As at 30 September 2021	Area '000 sq ft	WAULT to expiry years	WAULT to first break years	Occupancy %	Average rent £ per sq ft
Distribution	13,059	10.9	9.8	98.6	6.8
Long income	2,612	14.0	12.8	100.0	15.8
Retail parks	258	8.4	7.7	100.0	14.8
Offices	139	4.5	3.9	90.2	16.7
<b>Investment portfolio</b>	<b>16,068</b>	<b>11.6</b>	<b>10.5</b>	<b>98.9</b>	<b>8.4</b>

## xii Total property returns

	All property 30 September 2021 %	All property 30 September 2020 %	All property 31 March 2021 %
Capital return	7.9	2.3	8.0
Income return	2.4	2.6	5.1
<b>Total return</b>	<b>10.4</b>	<b>4.9</b>	<b>13.4</b>

## xiii Contracted rental income

	30 September 2021 £m	30 September 2020 £m	31 March 2021 £m
As at			
Distribution	87.9	77.2	77.6
Long income	36.3	37.8	35.8
Retail parks	3.8	6.2	6.0
Offices	2.1	3.7	2.6
<b>Investment portfolio</b>	<b>130.1</b>	<b>124.9</b>	<b>122.0</b>
Development – distribution	–	–	1.7
Development – long income	0.4	0.5	0.6
<b>Total portfolio</b>	<b>130.5</b>	<b>125.4</b>	<b>124.3</b>

## xiv Rent subject to expiry

	Within 3 years %	Within 5 years %	Within 10 years %	Within 15 years %	Within 20 years %	Over 20 years %
As at 30 September 2021						
Distribution	13.1	20.9	48.9	80.6	91.9	100.0
Long income	1.7	5.6	35.9	61.6	92.5	100.0
Retail parks	17.6	22.1	77.4	100.0	100.0	100.0
Offices	14.9	66.5	100.0	100.0	100.0	100.0
<b>Total portfolio</b>	<b>10.1</b>	<b>17.4</b>	<b>47.0</b>	<b>76.3</b>	<b>92.6</b>	<b>100.0</b>

## xv Contracted rent subject to RPI or fixed uplifts

	30 September 2021 £m	30 September 2021 %	31 March 2021 £m	31 March 2021 %
As at				
Distribution	53.5	60.8	46.2	58.2
Long income	24.3	66.2	22.9	63.1
Retail parks	0.2	7.8	0.8	14.0
Offices	–	–	0.6	22.5
<b>Total portfolio</b>	<b>78.0</b>	<b>59.8</b>	<b>70.5</b>	<b>56.8</b>



## xvi Top ten assets (by value)<sup>1</sup>

As at 30 September 2021	Area '000 sq ft	Contracted Rent £m	Occupancy %	WAULT to expiry years	WAULT to first break years
Primark, T2, Islip	1,062	5.9	100	19.0	19.0
Eddie Stobart, Dagenham	454	4.1	100	22.0	22.0
Argos, Bedford	658	4.1	100	12.5	12.5
Tesco, Croydon	191	1.9	100	6.6	6.6
Amazon, Warrington	357	2.1	100	10.2	10.2
DHL, Reading	230	2.3	100	3.8	3.8
Ollerton, Clipper	364	2.0	100	16.0	16.0
Reynolds, Waltham Cross	115	1.6	100	22.6	22.6
Bell Farm, Bedford - Unit 1	355	—	—	—	—
Oak Furniture, Swindon	357	1.9	100	14.1	14.1

<sup>1</sup> Excludes post period end sales

## xvii Top ten occupiers<sup>1</sup>

As at 30 September 2021	Contracted rental income £m	Contracted rental income %
Primark	5.8	4.6
Amazon	4.2	3.4
DFS	4.2	3.3
Argos	4.2	3.3
Eddie Stobart	4.1	3.2
Marks & Spencer	4.1	3.2
DHL	3.6	2.9
Odeon	3.5	2.8
Waitrose	3.3	2.6
Currys	3.3	2.6
<b>Top ten</b>	<b>40.3</b>	<b>31.9</b>

<sup>1</sup> Excludes income from post period end sales

# Glossary

## **Building Research Establishment Environmental Assessment Methodology ('BREEAM')**

A set of assessment methods and tools designed to help construction professionals understand and mitigate the environmental impacts of the developments they design and build.

## **Capital Return**

The valuation movement on the property portfolio adjusted for capital expenditure and expressed as a percentage of the capital employed over the period.

## **Chief operating decision makers ('CODMs')**

The Executive Directors, Senior Leadership Team members and other senior managers.

## **Contracted Rent**

The annualised rent excluding rent free periods.

## **Cost of Debt**

Weighted average interest rate payable.

## **Debt Maturity**

Weighted average period to expiry of debt drawn.

## **Distribution**

The activity of delivering a product for consumption by the end user.

## **Energy Performance Certificate ('EPC')**

Required certificate whenever a property is built, sold or rented. An EPC gives a property an energy efficiency rating from A (most efficient) to G (least efficient) and is valid for ten years. An EPC contains information about a property's energy use and typical energy costs, and recommendations about how to reduce energy use and save money.

## **EPRA Cost Ratio**

Administrative and operating costs (including and excluding costs of direct vacancy) as a percentage of gross rental income.

## **EPRA Earnings per Share (EPS)**

Underlying earnings from the Group's property rental business divided by the average number of shares in issue over the period.

## **EPRA NAV per share**

Balance sheet net assets excluding fair value of derivatives, divided by the number of shares in issue at the balance sheet date.

## **EPRA Net Disposal Value per share**

Represents the shareholders' value under a disposal scenario, where assets are sold and/or liabilities are not held to maturity. Therefore, this measure includes an adjustment to mark to market the Group's fixed rate debt.

## **EPRA Net Reinstatement Value per share**

This reflects the value of net assets required to rebuild the entity, assuming that entities never sell assets. Assets and liabilities, such as fair value movements on financial derivatives that are not expected to crystallise in normal circumstances, are excluded. Investment property purchasers' costs are included.

## **EPRA Net Tangible Asset Value per share**

This reflects the value of net assets on a long term, ongoing basis assuming entities buy and sell assets. Assets and liabilities, such as fair value movements on financial derivatives that are not expected to crystallise in normal circumstances, are excluded.

## **EPRA Net Initial Yield**

Annualised rental income based on cash rents passing at the balance sheet date, less non recoverable property operating expenses, expressed as a percentage of the market value of the property, after inclusion of estimated purchaser's costs.

## **EPRA Topped Up Net Initial Yield**

EPRA net initial yield adjusted for expiration of rent free periods or other lease incentives such as discounted rent periods and stepped rents.

## **EPRA Vacancy**

The Estimated Rental Value (ERV) of immediately available vacant space as a percentage of the total ERV of the Investment Portfolio.

## **Equivalent Yield**

The weighted average income return expressed as a percentage of the market value of the property, after inclusion of estimated purchaser's costs.

## **Estimated Rental Value (ERV)**

The external valuers' opinion of the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

## **European Public Real Estate Association (EPRA)**

EPRA is the industry body for European Real Estate Investment Trusts (REITs).

## **Gross Rental Income**

Rental income for the period from let properties reported under IFRS, after accounting for lease incentives and rent free periods. Gross rental income will include, where relevant, turnover based rent, surrender premiums and car parking income.

## **Group**

LondonMetric Property Plc and its subsidiaries.

## **IFRS**

The International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union.

## **IFRS net assets**

The Group's equity shareholders' funds at the period end, which excludes the net assets attributable to the non-controlling interest.

## **IFRS net assets per share**

IFRS net assets divided by the number of shares in issue at the balance sheet date.

## **Income Return**

Net rental income expressed as a percentage of capital employed over the period.

## **Investment Portfolio**

The Group's property portfolio excluding development, land holdings and residential properties.

## **Investment Property Databank (IPD)**

IPD is a wholly owned subsidiary of MSCI producing an independent benchmark of property returns and the Group's portfolio returns.

## **Like for Like Income Growth**

The movement in contracted rental income on properties owned through the period under review, excluding properties held for development and residential.

## **Loan to Value (LTV)**

Net debt expressed as a percentage of the total property portfolio value at the period end, adjusted for deferred completions on sales and acquisitions.

## **Logistics**

The organisation and implementation of operations to manage the flow of physical items from origin to the point of consumption.

## **Net Debt**

The Group's bank loans net of cash balances at the period end.

## **Net Rental Income**

Gross rental income receivable after deduction for ground rents and other net property outgoings including void costs and net service charge expenses.

## **Occupancy Rate**

The ERV of the let units as a percentage of the total ERV of the Investment Portfolio.

## **Passing Rent**

The gross rent payable by tenants under operating leases, less any ground rent payable under head leases.

## **Property Income Distribution (PID)**

Dividends from profits of the Group's tax-exempt property rental business under the REIT regulations. The PID dividend is paid after deducting withholding tax at the basic rate.

## **Real Estate Investment Trust (REIT)**

A listed property company which qualifies for and has elected into a tax regime which is exempt from corporation tax on profits from property rental income and UK capital gains on the sale of investment properties.

## **Total Accounting Return (TAR)**

The movement in EPRA Net Tangible Assets per share plus the dividend paid during the period expressed as a percentage of the EPRA Net Tangible Assets per share at the beginning of the period.

## **Total Property Return (TPR)**

Unlevered weighted capital and income return of the property portfolio as calculated by IPD.

## **Total Shareholder Return (TSR)**

The movement in the ordinary share price as quoted on the London Stock Exchange plus dividends per share assuming that dividends are reinvested at the time of being paid.

## **Weighted Average Interest Rate**

The total loan interest and derivative costs per annum (including the amortisation of finance costs) divided by the total debt in issue at the period end.

## **Weighted Average Unexpired Lease Term (WAULT)**

Average unexpired lease term across the investment portfolio weighted by Contracted Rent.