URBAN LOGISTICS
REIT PLC

INTERIM REPORT

SEPTEMBER 2019

URBAN LOGISTICS REIT PLC IS A PROPERTY INVESTMENT COMPANY, QUOTED ON THE AIM MARKET OF THE LONDON STOCK EXCHANGE.

We focus on a specialist sub-sector of the UK real estate market, investing in industrial and logistics properties that enable businesses to operate essential modern distribution networks capable of responding to the challenges created by e-commerce and the evolving infrastructure demands of today's economy.

REPORT

CONDENSED FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

OUR VISION

To become the market leader in smaller lot size industrial and logistics properties.

Find out more
www.urbanlogisticsreit.com

HIGHLIGHTS

Total accounting return
8.2%
H1 September 18: 8.1%

EPRA NAV per share
145.20p
+12% H1 September 18: 129.21p

Rental income
£5.9m
+21% H1 September 18: £4.9m

EPRA earnings
£3.4m
+31% H1 September 18: £2.6m

EPRA earnings per share
3.92p
+25% H1 September 18: 3.13p

Dividend per share
3.75p
+25% H1 September 18: 3.00p

Valuation uplift
2.9%
H1 September 18: 3.8%

Portfolio like-for-like growth
3.8%
H1 September 18: 6.6%

IFRS profit before tax
£9.0m
-3% H1 September 18: £9.3m

Loan to value
34.1%
H1 September 18: 34.3%

Find out more
www.urbanlogisticsreit.com

PORTFOLIO AT A GLANCE

What we do
Urban Logistics REIT plc (AIM: SHED) is a property investment company, which invests in smaller (typically sub-£10 million) logistics properties across the UK.

Why we do it
We believe that a focus on smaller sized single-let properties exploits a unique value opportunity in this real estate sector, which is underpinned by resilient wider economic trends that support valuations, and the portfolio's ability to generate both income and an attractive total return.

Number of assets

38

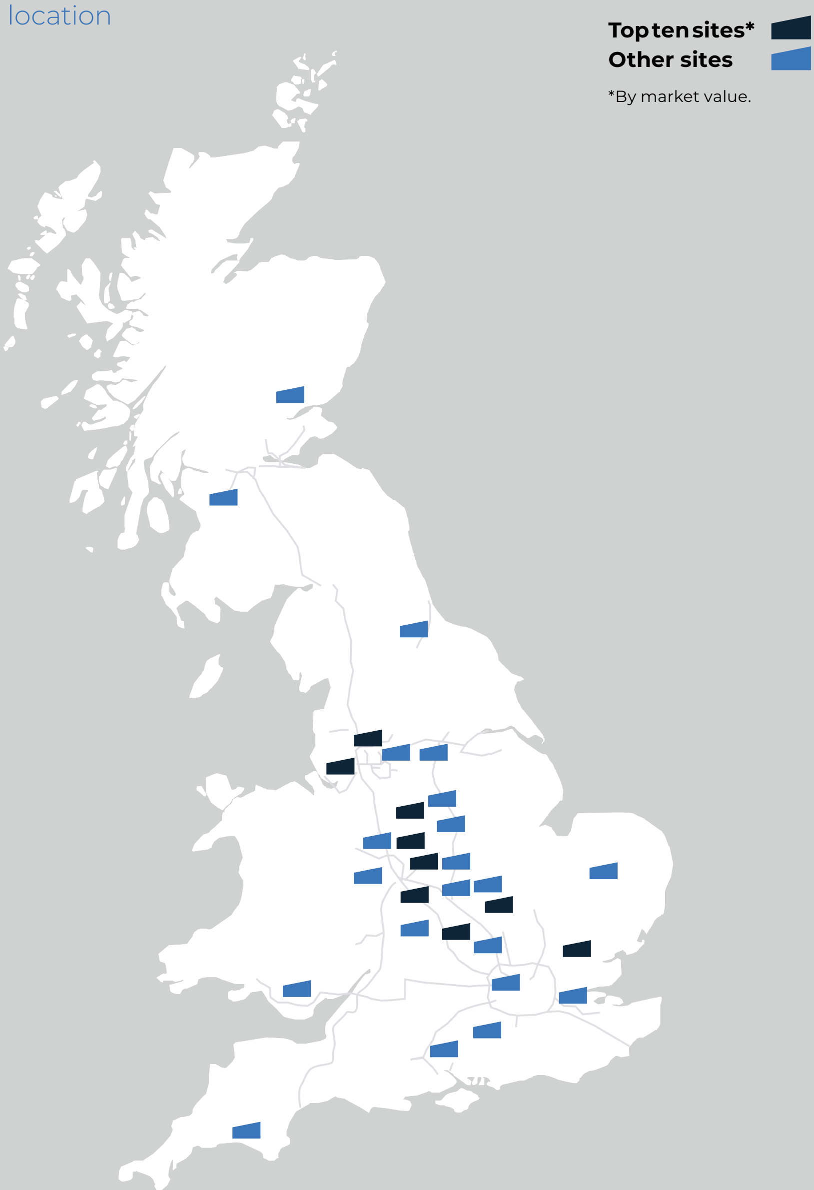
H1 September 2018: 34

Average lot size

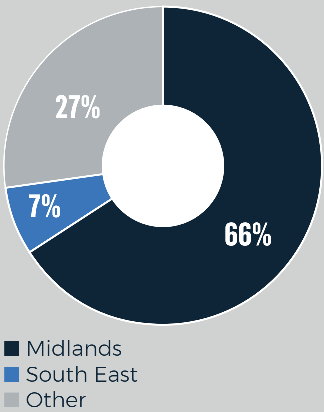
54,313 sq ft

H1 September 2018: 64,994 sq ft

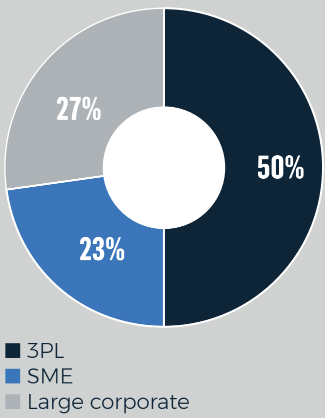
Asset location



Location (% by value)



Tenant diversity (%)

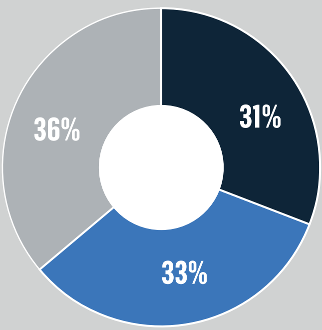


Top ten assets by market value


Culina Logistics, Haverhill

01.	Culina Logistics	£21.6m
02.	Your Farmer Produce	£16.0m
03.	Hillarys Blinds	£9.3m
04.	Unipart Group	£9.2m
05.	Manitowoc	£9.0m
06.	OTC Direct	£8.0m
07.	Unipart Group	£8.0m
08.	Winit	£7.5m
09.	DHL	£6.4m
10.	XPO Logistics	£6.1m

Portfolio WAULT by contracted rent (%)



Portfolio valuation[1]

£195.0m

H1 September 18: £173.8m

WAULT

6.1 years

H1 September 18: 5.0 years

Net initial yield

6.18%

H1 September 18: 6.08%

Contracted rent

£12.2m

H1 September 18: £10.7m

Occupancy

100%

H1 September 18: 98.9%

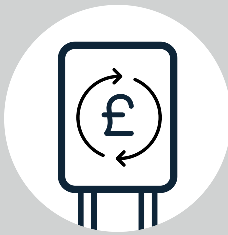
1. As per the CBRE valuation as at 30 September 2019. More details can be found in note 10.

OUR MODEL

Urban Logistics focusses on investing in industrial and logistics properties that enable businesses to operate essential modern distribution networks capable of responding to the challenges created by e-commerce and evolving infrastructure demands.

STOCK SELECTION

ACTIVE ASSET MANAGEMENT



TARGETING 10 – 15% TOTAL RETURN P.A.

Find out more on PAGE 4

BUSINESS MODEL

LAST MILE LOGISTICS. ESSENTIAL GOODS.

Urban Logistics focuses on investing in logistics properties that enable businesses to operate essential modern distribution networks capable of responding to the challenges created by e-commerce and evolving infrastructure demands. We are building a portfolio of high-quality single-let properties with secure income from a diverse range of tenants operating in a variety of sectors. Our active asset management approach enables us to deliver sector-leading returns to shareholders, targeting 10 – 15% total return per annum.

INPUTS

LOGISTICS FOCUSSED

Maintain market knowledge. Source opportunities via rigorous stock selection process.

SPECIALIST MANAGER

Focus on single-let properties let to institutional grade tenants, up to 200,000 sq ft.

MIDLANDS AND SOUTH EAST BIAS

Targeting e-fulfilment in locations where supply is limited and demand robust.

INVESTMENT POLICY

Negotiate acquisitions at 30 – 70% of new build cost on assets with below-market-rate rents with short-to-medium term rent review reversionary potential.

WHAT WE DO

1.

STOCK SELECTION

Well located single-let logistics properties.

MARKET DYNAMICS

Real estate returns focussed on income-led total return

- Rental growth through experienced asset management.
- SHED offers compelling capital growth off low passing rents and capital values.

> LOOKING FORWARD WE REMAIN CONFIDENT THAT OUR URBAN LOGISTICS PORTFOLIO WILL CONTINUE TO DELIVER ATTRACTIVE RETURNS FOR SHAREHOLDERS.

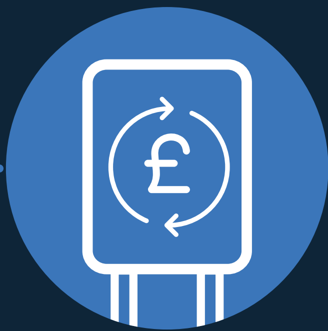
NIGEL RICH CBE
Independent Non-Executive Chairman

2.

ACTIVE ASSET MANAGEMENT

Focus on tenant needs, lease terms and rent.

3.



TARGETING 10 – 15% TOTAL RETURN P.A.

Recycle capital and re-invest in extensive pipeline.

Supportive economic case

- Resilient occupier demand in property subsector.
- High barriers to entry: cost of replacement, availability of land, planning constraints.
- Occupier demand owing to growth in e-commerce and investment by suppliers.
- Export and manufacturing markets holding up well in Brexit environment.
- Rental values strengthening.

Investment demand

- Stable, consistent returns.
- Wider range of facilities proliferating; Urban Logistics focus.
- E-fulfilment growth.

WHO WE CREATE VALUE FOR

INVESTORS

Reward equity holders with high-quality income, maintaining supportive institutional and private shareholder register.

TENANTS

Proactive tenant engagement and relationship management, with a collaborative face-to-face approach, making assets work harder for them.

FINANCING PARTNERS

A conservative 35 – 40% loan to value ratio.

MARKET

A closer integration of logistics and retailing across the UK.

Find out more
www.urbanlogisticsreit.com

CHAIRMAN'S STATEMENT

NIGEL RICH CBE
Chairman

I AM PLEASED TO PRESENT THE GROUP'S CONSOLIDATED RESULTS FOR ITS INTERIM REPORTING PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2019.

Overview

The Group continues to assemble a diversified logistics portfolio of last mile properties that offer secure income from high quality tenants, with the prospect of an attractive total return through asset management initiatives undertaken by the Manager. The strong results achieved reflect our focus, which is underpinned by a structural shift in how consumers and businesses are procuring goods across the UK.

At the end of September, we owned a portfolio of 38 properties which were valued by CBRE at £195.0 million. As I write this, the Company's market capitalisation stands at just over £118 million.

The Portfolio

At 30 September 2019, the portfolio of properties was fully occupied with a WAULT of 6.1 years. A number of asset management initiatives were completed during the period which increased rents and lease terms. Contracted rent at 30 September 2019 increased to £12.2 million, compared with £10.7 million last year.

During the period, the Group continued to acquire properties suitable for logistics. We purchased a portfolio of parcel depots, leased to Tuffnells Parcels Express, offering 20-year income at a 7.0% net initial yield to the Group for £9.9 million, and two logistics properties which are let to DHL in the South East. In addition, three properties were sold in Nuneaton, Bedford and Dunstable for £18.4 million, with an average profit on original cost of over 57%.

Financial Results

Turning to our results for the interim period ended 30 September 2019, rental income increased to £5.9 million compared with £4.9 million at 30 September 2018. EPRA earnings are up to £3.4 million from £2.6 million, with EPRA earnings per share increasing to 3.92 pence from 3.13 pence. The increases reflect rents being received from purchased properties and increases in rental income as a result of renewals or new leases at higher rents.

Per CBRE's independent valuation, assets under management increased from £186.4 million at 31 March 2019 to £195.0 million which reflects an increase of 3.8% in the value of existing assets, plus the value of the new assets acquired. Our total return (NAV and dividend) for the six-month period was 8.2%.

Following the increase in total asset value, the loan to value ("LTV") at 30 September 2019 was 34.1%.

Dividend

The Company has declared a first interim dividend of 3.75 pence per Ordinary Share in respect of the financial year ended 31 March 2020. This will be paid as a property income distribution ("PID") on 20 December 2019 to shareholders on the register at the close of business on 22 November 2019. The ex-dividend date will be 21 November 2019.

Outlook

The outcomes of the upcoming General Election and ongoing Brexit negotiations will inevitably have an impact on the economic outlook for the UK.

Against this uncertain background Urban Logistics has continued to perform well, benefitting from the shift in retailing to e-commerce. We believe this structural change will continue to drive demand for last mile logistics properties in the coming years. Inevitably any major downturn in the economy could affect our tenants; however, we believe our portfolio is well positioned with no direct exposure to fashion retail.

We will continue to evaluate opportunities to raise capital to accelerate our growth and we hope that following the General Election the outlook for the UK will become more certain, enabling us to continue to build our well positioned business in this very attractive sector of the property market.

Nigel Rich CBE
Chairman
13 November 2019

MANAGER'S REPORT

OVERVIEW

The Group owns real estate in the urban logistics sub-sector of the UK commercial property market. The investment proposition is focused on last mile warehousing and parcel depots. Our facilities principally operate business-to-business delivery of domestic goods such as food or pharmaceuticals - not the historically volatile area of fashion retail.

At a macro level there is strong structural support from evolving consumer and business supply chain demands – led by e-commerce and online retail which is driving the need for a greater volume of warehouse space. Therefore, whilst we believe it is right to have concern over a traditional "late cycle" position in real estate, we see that current supply cannot meet changing patterns of consumer demand and therefore have constructed a portfolio to benefit from this secular growth.

Whilst there are a number of broader near-term risks, including continued Brexit uncertainty and a General Election, we remain optimistic for the future given continued occupier interest; particularly across the South East and Midlands of the UK where our portfolio is centred.

The market

Investor activity in the logistics sub sector of the UK real estate market has been robust. H1 2019 investment volumes stood at £1.5bn, which is 5% higher than the corresponding period last year (Savills briefing July 2019).

Structural changes, in particular e-commerce and the continuing development of modern technology, are the drivers of demand as well as a supply chain requirement to modernise and fulfil orders to urban areas nationally.

Regionally, the East Midlands saw the strongest take up in H1 2019, accounting for just over 38% of total take up. The Group is very well represented in this area.

Speculative building is continuing across the Midlands, particularly in the 'big box' space of over 400,000 sq ft. New build space also remains popular for occupiers with "design and build" in particular driving take-up due to their increasingly complex requirements.

INVESTMENT ACTIVITY

Acquisitions

The Group acquired eight properties during the period, excluding development land, all of which are high quality logistics warehouses, with good geographical spread and an average WAULT of 15 years. The new properties all present a variety of asset management opportunities, which have the potential to drive income growth and capital appreciation.

	Tuffnells Portfolio	Thatcham	Sittingbourne
Purchase price[1]	£9.9m	£3.4m	£1.9m
Net initial yield	7.0%	5.8%	5.9%
Area (sq.ft)	84,872	26,478	21,872
Contracted rent	£0.80m	£0.21m	£0.12m
WAULT	20.0 years	4.5 years	2.5 years
Rent per sq.ft	£7.08	£8.01	£5.49

1. Purchase price excludes acquisition costs.

Tuffnells portfolio

On 27 September 2019, a portfolio of parcel depots was acquired for £9.9 million. The acquisition was sourced at a net initial yield of 7.0%. The properties are close to established regional transport hubs in last-mile locations. These well specified parcel delivery hubs are leased to Tuffnells Parcel Express Limited, a business-to-business distributor specialising in irregular dimensions and weights, on fully repairing and insuring leases.

Thatcham and Sittingbourne

The Group acquired two logistics properties in Sittingbourne and Thatcham for a combined consideration of 5.3 million at a 5.9% blended net initial yield. The acquisitions further extend our portfolio's weighting across the South East of England where there is a chronic shortage of logistics properties in our size range. Both properties are let to DHL's UK Mail business.

Disposals

The Group completed the sale of three logistics properties located in Nuneaton, Bedford and Dunstable. The sales totalled £18.4 million, representing an average profit on cost of 57%. Taken together with the income returns generated during the Group's ownership the combined sale price represents a total property return of 50%.

	Nuneaton	Postley Road	Cemetery Road
Purchase price[1]	£6.7m	£5.6m	£0.6m
Sales price	£8.1m	£9.1m	£1.2m
Total property return	23.3%	73.1%	126.3%
Sales price v NBV	+1.3%	+8.2%	+14.3%
Disposal NIY	4.7%	4.7%	5.3%

1. Purchase price excludes acquisition costs.

Nuneaton

The building was purchased as part of a portfolio in September 2017 for £6.7 million. The unit was acquired with vacant possession and was subject to a rent guarantee until September 2019. The property was sold to an owner occupier, Cofresh Limited, in April 2019 and realised a Total Property Return of 23%.

Postley Road, Bedford

This property was purchased at IPO in 2016 for £5.6 million and comprises four industrial units with a piece of development land. After extensive asset management, increasing rents and lease terms, the fully occupied site was sold in May 2019 for £9.1 million and realised a Total Property Return of 73%. The land element has been retained and the purchaser has an option to acquire it for £0.5m if planning for redevelopment is granted.

Forward funding of new warehouses

We are forward funding, using the Group's internal resources, three properties suitable for urban logistics by providing funds to the developer, with further detail provided below.

	Stone	Hinckley	Southwater
Unit size	86,000	63,500	24,000
Total cost	£8.5m	£6.9m	£4.6m
Yield on cost	6.0%	6.0%	6.0%

Construction across all three sites is expected to commence shortly with completion expected in the second quarter of calendar year 2020. A number of pre-lets are at an advanced stage.

Pipeline

We seek to identify markets with high performance characteristics. For example, the East of England has just 3 months of supply in the 100-200,000 sq. ft. range. We note that 70% of 2018 take up was within this size range and we have a number of assets in our pipeline located in this region. Through our track record and experience, we are well-placed to continue sourcing attractive new opportunities and have a strong pipeline of similar product to our current portfolio.

BEDFORD

Contracted rent at disposal
£460,521

Size (sq ft)
85,012

Rent per sq ft
£5.42

Tenure
Freehold

This building was purchased at IPO in 2016 for £5.6 million and comprises four industrial units with a piece of development land.

After extensive asset management, increasing rents and lease terms, the fully occupied site was sold in May 2019 for £9.1 million and realised a Total Property Return of 73%. The land element has been retained and the purchaser has an option to acquire it for £0.5m if planning for redevelopment is granted.

MANAGER'S REPORT CONTINUED

NUNEATON

Size (sq ft)

130,508

This building was purchased as part of a portfolio in September 2017 for £6.7 million and refurbished. It was subject to a rent guarantee until September 2019.

Tenure

Freehold

The property was sold to an owner-occupier, Cofresh Limited, in April 2019 and realised a Total Property Return of 23%.

STONE

Size (sq ft)

86,000

Total cost

£8.5m

Yield on cost

6.0%

The site will provide a flexible gross internal floor area of 86,000 sq. ft. Stone Business Park is in an established logistics location and benefits from direct access to junctions 14 and 15 of the M6.

ASSET MANAGEMENT

During the interim period, the Group successfully completed three new lettings and settled two rent reviews, which in total generated £0.3 million of additional annual rental income. Shortly after the period end, two further rent reviews were agreed at 9% above ERV and further increased our annual contracted rent by £0.3 million. Therefore, like-for-like income growth across the interim period, including rent reviews settled post period end, was 3.1%.

	No of deals	Rental uplift	Like-for-like Rental growth	% of Sep 19 contracted rent	WAULT (years)
New lettings	3	£0.2m	n/a	2%	7.3
FIxed rent review	1	£0.1m	20%	2%	n/a
OMV rent reviews[1]	3	£0.3m	44%	8%	n/a
Total	7	£0.6m	38%	12%	

1. Includes two rent reviews settled shortly after the period end

Valuation and portfolio growth

CBRE independently valued the portfolio at 30 September 2019. The portfolio's market value was £195.0 million, compared with the assets' combined purchase price of £163.3 million, excluding purchaser costs. This represents an increase of £31.7 million, or 19.4%, when compared to the purchase prices. During the interim financial period, property values increased by 3.8% on a like-for-like basis, supporting our growth conviction. The valuation increase reflects our focus on asset management and buying well-located sites, in many cases off market.

Financial Review

The interim financial period to 30 September 2019 was a busy operational time for the Company with a focus on both asset management and investment activity.

The results demonstrate some significant achievements and how the stated strategy of the Group, namely adding scale whilst focusing on investment returns, continues to prosper. We expect the results to continue to improve as the Group achieves scale and undertakes its rent and lease driven asset management initiatives.

EPRA earnings for the period were £3.4 million (H1 Sep 18: £2.6 million), or 3.92 pence per share (H1 Sep 18: 3.13 pence per share). There were two principal drivers for this positive performance. The first was full capital utilisation, as acquisitions replaced sold properties and the portfolio was fully occupied. The second was successful asset management undertaken during the prior and current periods across a number of sites.

Administrative and other expenses, which include the Manager's fee and other costs of running the Group, were £1.1 million (H1 Sep 18: £0.8m). The EPRA cost ratio was 18.6% for the period (H1 Sep 18: 26.2%).

The Company has seen strong NAV growth over the period, up 5.2% from 137.96 pence at 31 March 2019, to 145.20 pence per share at 30 September 2019. With the Company fully invested, and a range of asset management initiatives ongoing, we expect earnings and capital growth to continue.

Financing and hedging

As at 30 September 2019, the Group had a senior debt facility with Santander and Barclays totalling £75.7 million. This is 72% hedged using interest rate swaps. It reflects a conservative loan to value (LTV) of 34.1% which is felt appropriate. The Group's target LTV is 35-40%.

MARKET OUTLOOK

The Manager believes that this property sub sector continues to show resilience in a context of wider economic and political uncertainty.

The UK continues to be one of the fastest growing adopters of online retail sales and there is a requirement for tenants to develop their e-fulfilment capability accordingly. As such, key geographic regions across the UK are seeing buoyant leasing activity.

We also see a strong market for local delivery driven by 10% expected population growth across major UK conurbations by 2038 (source: Savills). Furthermore, supply in the 20,000-200,000 sq ft logistics space, where Urban Logistics is focused, has fallen by 36.0% since 2012 with land being lost to higher value uses.

Growth of online retail could account for up to 25% of all retail sales by 2021, creating yet more demand for distribution warehousing, particularly in our size range of unit.

Our focus will be to continue acquiring assets and implementing asset management initiatives with a focus on rental growth in light of the current market dynamic of diminishing supply and increasing occupier demand. We will also focus on maintaining and building existing tenant relationships with a view to extending the Group's reputation as the leader in the smaller lot size urban logistics market.

We will continue to build a pipeline of property acquisitions in the expectation that we will be able to raise new equity capital in the not too distant future.

Richard Moffitt
13 November 2019

HINCKLEY

Size (sq ft)
63,500

Total cost
£6.9m

Yield on cost
6.0%

The site will comprise two units with a total gross internal floor area of 63,500 sq. ft. Lime Kilns Business Park has direct access to the A5 and is close to junction 1 of the M69, enabling access to both the M1 and M6.

SOUTHWATER

Size (sq ft)
24,000

Total cost
£4.6m

Yield on cost
6.0%

This development of 24,000 sq. ft. is located in a prime location in the South East and will comprise one unit.

KEY PERFORMANCE INDICATORS

Our aim is to deliver sustainable, progressive earnings and long-term capital value through the execution of our strategy. We track our progress against six key performance indicators to monitor the performance of the Group.

Set out below are the key performance indicators we use to track our progress.

Total accounting return ("TAR")

8.2%

TAR measures the movement in EPRA NAV per share plus dividends paid during the period, expressed as a percentage of the EPRA NAV per share at the beginning of the period. Our objective is to deliver long-term returns through execution of our strategy.

Performance:
TAR of 8.2% for the period ended 30 September 2019 (H1 Sep 18: 8.1%).

Loan to value ("LTV")

34.1%

LTV measures the proportion of our property assets that are funded by borrowings. Our medium-term target is 35-40% of the Group's gross asset value.

Performance:
LTV of 34.1% at 30 September 2019 (H1 Sep 18: 34.3%).

Weighted average unexpired lease term ("WAULT")

6.1 years

WAULT is the average unexpired lease term across the invested portfolio, weighted by annual passing rents. It is used to determine the quality of our investment portfolio. Our medium-term target is 5-7 years across the portfolio.

Performance:
WAULT of 6.1 years at 30 September 2019 (H1 Sep 18: 5.0 years).

EPRA NAV per share

145.20p

EPRA NAV per share is the value of our assets less the book value of our liabilities, calculated in accordance with EPRA guidelines, that is attributable to our shareholders. Our aim is to build on long-term asset value growth whilst managing liabilities.

Performance:
EPRA NAV per share of 145.20p at 30 September 2019 (H1 Sep 18: 129.21p).

EPRA earnings per share ("EPRA EPS")

3.92p

EPRA EPS measures the Group's underlying operating results and provides an indication of the extent to which current dividend payments are supported by earnings.

Performance:
EPRA EPS of 3.92p for the period ended 30 September 2019 (H1 Sep 18: 3.13p).

EPRA cost ratio (including direct vacancy costs)

18.6%

The ratio of our property operating and administrative costs expressed as a percentage of gross rental income throughout the period.

Performance:
EPRA cost ratio (including direct vacancy costs) of 18.6% for the period ended 30 September 2019 (H1 Sep 18: 26.2%).

INDEPENDENT REVIEW REPORT TO URBAN LOGISTICS REIT PLC

INTRODUCTION

We have been engaged by Urban Logistics REIT plc (the "Company") to review the condensed set of financial statements in the interim report for the six months ended 30 September 2019 which comprise the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Cash Flow Statement and the Condensed Consolidated Statement of Changes in Equity and related explanatory notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information in the condensed set of financial statements.

DIRECTORS' RESPONSIBILITY

The interim report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with AIM Rule 18.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. It is the responsibility of the Directors to ensure that the condensed set of financial statements included in this interim report have been prepared on a basis consistent with that which will be adopted in the Group's annual financial statements.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim 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 enquiries, 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 interim report for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with the requirements of the AIM rules.

USE OF OUR REPORT

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the AIM Rule 18. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 the conclusions we have reached.

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

13 November 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months to 30 Sep 19 (unaudited) £'000**	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Rental income		**5,853**	4,853	10,771
Property operating expenses		**(46)**	(431)	(694)
Net Rental Income		**5,807**	4,422	10,077
Administrative and other expenses		**(1,045)**	(840)	(1,833)
Long-term incentive plan charge	8	**(60)**	(59)	(119)
Operating profit before changes in fair value of investment properties		**4,702**	3,523	8,125
Changes in fair value of investment property	10	**5,636**	6,658	13,352
Profit/(Loss) on disposal of investment property		**582**	(64)	160
Operating profit		**10,920**	10,117	21,637
Finance income		**7**	25	29
Finance expense	6	**(1,272)**	(923)	(2,210)
Changes in fair value of interest rate derivatives	12	**(612)**	63	(709)
Profit before taxation		**9,043**	9,282	18,747
Tax credit/(charge) for the period		**–**	–	–
Profit and total comprehensive income (attributable to the shareholders)		**9,043**	9,282	18,747
Earnings per share – basic	7	**10.31p**	11.14p	22.12p
Earnings per share – diluted	7	**10.31p**	11.08p	22.10p
EPRA earnings per share – diluted	7	**3.92p**	3.13p	7.01p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Non-current assets				
Investment property	10	**196,900**	173,840	186,420
Intangible assets		**20**	25	22
Interest rate derivatives	12	**–**	82	–
Total non-current assets		**196,920**	173,947	186,442
Current assets				
Trade and other receivables		**4,189**	1,284	1,531
Cash and cash equivalents		**9,103**	4,756	9,760
Total current assets		**13,292**	6,040	11,291
Total assets		**210,212**	179,987	197,733
Current liabilities				
Trade and other payables		**(2,762)**	(1,457)	(1,808)
Deferred rental income		**(2,698)**	(2,288)	(2,388)
Total current liabilities		**(5,460)**	(3,745)	(4,196)
Non-current liabilities				
Long-term rental deposits		**(953)**	(949)	(951)
Lease obligation		**(1,865)**	–	–
Interest rate derivatives		**(1,302)**	–	(690)
Bank borrowings	11	**(74,522)**	(63,321)	(71,420)
Total non-current liabilities		**(78,642)**	(64,270)	(73,061)
Total liabilities		**(84,102)**	(68,015)	(77,257)
Total net assets		**126,110**	111,972	120,476
Equity				
Share capital	13	**878**	861	877
Share premium	14	**93,937**	92,283	93,877
Share warrant reserve		**–**	62	14
Other reserves		**254**	134	194
Retained earnings		**31,041**	18,632	25,514
Total equity		**126,110**	111,972	120,476
NAV per share basic	16	**143.71p**	130.08p	137.39p
NAV per share diluted	16	**143.71p**	129.30p	137.18p
EPRA NAV - diluted	16	**145.20p**	129.21p	137.96p

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Cash flows from operating activities				
Profit for the period (attributable to shareholders)		**9,043**	9,282	18,747
Add: depreciation and amortisation		**3**	–	4
Less: changes in fair value of investment property		**(5,636)**	(6,658)	(13,352)
Add/(less): changes in fair value of interest rate derivatives		**612**	(63)	709
(Less)/add: (profit)/loss on disposal of investment property		**(582)**	64	(160)
Less: finance income		**(7)**	(25)	(29)
Add: finance expense		**1,272**	923	2,210
Long-term investment plan		**60**	59	119
Increase in trade and other receivables		**(2,658)**	(699)	(946)
Increase in trade and other payables		**1,265**	844	1,291
Cash generated from operations		**3,372**	3,727	8,593
Net cash flow generated from operating activities		**3,372**	3,727	8,593
Investing activities				
Purchase of investment properties	10	**(20,488)**	(38,502)	(52,088)
Disposal of investment properties		**18,091**	3,101	11,030
Purchase of intangible assets		**–**	(26)	(26)
Net cash flow used in investing activities		**(2,397)**	(35,427)	(41,084)
Financing activities				
Proceeds from issue of Ordinary Share capital		**–**	21,268	20,400
Proceeds from issue of warrant shares		**59**	–	2,430
Cost of share issue		**–**	(664)	(664)
Bank borrowings drawn		**10,771**	17,200	28,931
Bank borrowings repaid		**(7,667)**	(1,361)	(4,930)
Loan arrangement fees paid		**(165)**	(351)	(610)
Interest paid		**(1,109)**	(762)	(1,853)
Interest received		**7**	25	29
Dividends paid to equity holders		**(3,528)**	(2,179)	(4,762)
Net cash flow (used in)/generated from financing activities		**(1,632)**	33,176	38,971
Net (decrease)/increase in cash and cash equivalents for the period		**(657)**	1,476	6,480
Cash and cash equivalents at start of period		**9,760**	3,280	3,280
Cash and cash equivalents at end of period		**9,103**	4,756	9,760

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2019 (unaudited)	Share capital £'000	Share premium £'000	Share warrant reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2019	**877**	**93,877**	**14**	**194**	**25,514**	**120,476**
Profit for the period	–	–	–	–	9,043	9,043
Total comprehensive income	**–**	**–**	**–**	**–**	**9,043**	**9,043**
Dividends to shareholders	–	–	–	–	(3,528)	(3,528)
Long-term incentive plan	–	–	–	60	–	60
Exercise of warrant shares	1	60	(2)	–	–	59
Expiry of warrant shares	–	–	(12)	–	12	–
30 September 2019	**878**	**93,937**	**–**	**254**	**31,041**	**126,110**
Six months ended 30 September 2018 (unaudited)						
1 April 2018	**681**	**71,832**	**89**	**75**	**11,529**	**84,206**
Profit for the period	–	–	–	–	9,282	9,282
Total comprehensive income	**–**	**–**	**–**	**–**	**9,282**	**9,282**
Dividends to shareholders	–	–	–	–	(2,179)	(2,179)
Long-term incentive plan	–	–	–	59	–	59
Issue of Ordinary Shares	171	19,565	–	–	–	19,736
Exercise of warrant shares	9	886	(27)	–	–	868
30 September 2018	**861**	**92,283**	**62**	**134**	**18,632**	**111,972**

Year ended 31 March 2019 (audited)	Share capital £'000	Share premium £'000	Share warrant reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2018	**681**	**71,832**	**89**	**75**	**11,529**	**84,206**
Profit for the period	–	–	–	–	18,747	18,747
Total comprehensive income	–	–	–	–	**18,747**	**18,747**
Dividends to shareholders	–	–	–	–	(4,762)	(4,762)
Long-term incentive plan	–	–	–	119	–	119
Issue of Ordinary Shares	171	19,565	–	–	–	19,736
Exercise of warrant shares	25	2,480	(75)	–	–	2,430
31 March 2019	**877**	**93,877**	**14**	**194**	**25,514**	**120,476**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Corporate information

Urban Logistics REIT plc (the "Company") and its subsidiaries (the "Group") carry on the business of property lettings throughout the United Kingdom. The Company is a public limited company incorporated and domiciled in England and Wales and listed on AIM, part of the London Stock Exchange. The registered office address is 124 Sloane Street, London, SW1X 9BW.

2. Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) on the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 30 September 2019. The Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information.

The Group's financial information has been prepared on a historical cost basis, except for investment property and derivative interest rate caps which have been measured at fair value.

The functional currency of the Group is considered to be pounds sterling as this is the currency of the primary environment in which the Group operates.

Non-statutory financial statements

Financial information contained in this document does not constitute statutory accounts for the year ended 31 March 2019 within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year ending 31 March 2019 have been delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under Section 498 of the Companies Act 2006 nor did it include references to any matters to which the auditor drew attention by way of emphasis.

Going concern

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review, the Group has considered its cash balances, its debt maturity profile, including undrawn facilities, and the long-term nature of the tenant leases.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Interim Report and financial statements.

Standards in issue and effective from 1 April 2019

IFRS 16: Leases

The Group has adopted IFRS 16: Leases for the six months ended 30 September 2019. On adoption the Group initially recognises the lease liability at the present value of the remaining lease payments, discounted using the Group's weighted average cost of debt. The associated right-of-use "(ROU)" assets were measured equal to the lease liability.

The leases are comprised of Head leases: A small proportion of the investment properties owned by the Group are situated on land held through leasehold arrangements, as opposed to the Group owning the freehold. The remaining lease terms for the leasehold arrangements range between 124 and 131 years.

The Balance Sheet impact of recognising the lease liability and associated ROU asset at 30 September 2019 is set out below. Opening balances have not been restated as the impact at 31 March 2019 was not material.

	30 Sep 19 (unaudited) £'000
Investment property (ROU asset)	1,865
Non-current Trade and other Payables (lease liability)	1,865

As the head leases meet the definition of investment property, it is initially recognised in accordance with IFRS 16, and then subsequently accounted for as investment property in accordance with IAS 40 and the Group's accounting policy.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with the generally accepted accounting practices requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the reporting period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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Business combinations
The Group has acquired companies that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property.

Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather the cost to acquire the corporate entity is allocated between identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Long-term incentive plan
In determining the fair value of the long-term incentive plan and the related charge to the Statement of Comprehensive Income, the Group makes assumptions about future events and market conditions. In particular, judgement must be formed as to the likely number of shares that will vest, and the fair value of each award granted.

The fair value is determined using a valuation model which is dependent on a number of assumptions of the Group's future dividend policy and the future volatility in the price of the Group's shares. Such assumptions are based on publicly available information and reflects market expectation. Different assumptions about these factors to those made by the Group could materially affect the reported value of the long-term investment plan.

Details of the Group's long-term incentive plan can be found in note 8.

Fair value of investment property
The fair value of investment property is market value as determined on a half-yearly basis, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Each property has been valued on an individual basis. The valuers use recognised valuation techniques and the principles of IFRS 13. The valuations have been prepared in accordance with RICS Valuation – Global Standards July 2017 (the "Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths and location. The significant methods and assumptions used by the valuers in estimating the fair value of investment property are set out in note 10.

4. Principal accounting policies
The principal accounting policies applied in the preparation of these financial statements are consistent with those applied within the Company's Annual Report and Financial Statements for the year ended 31 March 2019, apart from IFRS 16: leases which is applied as below:

Leases
At inception, the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

The Group recognises a right-of-use ("ROU") asset and a corresponding lease liability at the commencement date of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received.

Lease payments generally include fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Group considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Each lease payment is allocated between the liability and finance cost. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined or if not, the incremental borrowing rate is used. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

As the head leases meet the definition of investment property, it is initially recognised in accordance with IFRS 16, and then subsequently accounted for as investment property in accordance the Group's accounting policy. After initial recognition the ROU head lease asset is subsequently carried at fair value and the valuation gains and losses recognised within 'Realised and unrealised property gain' in the Income Statement.

ROU assets are included in the heading Non-current assets, and the lease liability included in the heading non-current liabilities on the Balance Sheet.

Where the ROU asset relates to land or property that meets the definition of investment property under IAS 40, the ROU assets are included in the heading Investment properties, and the lease liability in the heading Non-current liabilities on the Balance Sheet.

5. Revenue

The Group is involved in UK property ownership and letting and is considered to operate in a single geographical and business segment. The total revenue of the Group for the year was derived from its principal activity, being that of property lettings.

For the interim period to 30 September 2019, one tenant accounted for 11% of the Group's gross rental income. This tenant is XPO Logistics, one of the largest providers of logistics services globally.

6. Finance expense

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Interest on bank borrowings	**1,109**	762	1,853
Amortisation of loan arrangement fees	**163**	161	357
	1,272	923	2,210

7. Earnings per share

The calculation of the basic earnings per share ("EPS") was based on the profit attributable to Ordinary Shareholders divided by the weighted average number of Ordinary Shares outstanding during the period, in accordance with IAS 33.

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Profit attributable to Ordinary Shareholders			
Total profit (£'000)	**9,043**	9,282	18,747
Weighted average number of Ordinary Shares in issue	**87,738,937**	83,328,855	84,734,355
Basic earnings per share (pence)	**10.31p**	11.14p	22.12p
Number of diluted shares under option/warrant	**–**	439,140	89,866
Weighted average number of Ordinary Shares for the purpose of dilutive earnings per share	**87,738,937**	83,767,995	84,824,221
Diluted earnings per share (pence)	**10.31p**	11.08p	22.10p
Adjustments to remove:			
Changes in fair value of investment property (£'000)	**(5,636)**	(6,658)	(13,352)
Changes in fair value of interest rate derivatives (£'000)	**612**	(63)	709
(Profit)/loss on disposal of investment properties	**(582)**	64	(160)
EPRA earnings (£'000)	**3,437**	2,625	5,944
EPRA diluted earnings per share	**3.92p**	3.13p	7.01p

8. Long-term incentive plan

The Company has a LTIP, accounted for as an equity settled share-based payment. At 30 September 2019, Pacific Industrial LLP, an affiliate of Pacific Capital Partners Limited, has subscribed for 1,000 B Ordinary Shares of £0.01 each and 1,000 C Ordinary Shares of £0.01 each issued in Pacific Industrial & Logistics Limited, a subsidiary of the Company.

Date options granted	Class of share	Fair value at grant £'000	Charge for the period £'000
April 2016	B Ordinary	307	49
August 2017	C Ordinary	131	11
			60

The LTIP has an EPRA NAV element and a share price element and will be assessed on: i) 30 September 2020 (the "First Calculation Date") and ii) 30 September 2023 (the "Second Calculation Date"). The EPRA NAV element will be 10 per cent of the excess of the EPRA NAV per Ordinary Share return, including dividends, over an annualised 9 per cent hurdle, multiplied by the number of Ordinary Shares in issue at the relevant calculation date. The share price element will be 10 per cent of the excess of the share price return, including dividends, over an annualised 9 per cent hurdle, multiplied by the number of Ordinary Shares in issue at the relevant calculation date.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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At the First Calculation Date, the share price element and the EPRA NAV element hurdle will be calculated by reference to the Placing Price of 115.0 pence.

At the Second Calculation Date, if a payment has been made at the First Calculation Date under either element, the hurdle for that element at the Second Calculation Date will be re-set to be based on the prevailing EPRA NAV per Ordinary Share/share price as at the First Calculation Date (as applicable). If no payment is made under an element at the First Calculation Date, then the hurdle for that element will continue to be calculated by reference to the Placing Price of 115.0 pence.

The LTIP will be paid in shares or, at the Board's discretion, in cash.

9. Dividends

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Ordinary dividends paid			
2018: Third interim dividend: 3.20p per share	**–**	2,179	2,180
2018: Fourth interim dividend: 0.02p per share	**–**	–	17
2019: First interim dividend: 2.98p per share	**–**	–	2,565
2019: Second interim dividend: 4.02p per share	**3,528**	–	–
Total dividends paid	**3,528**	2,179	4,762

The Company has declared a first interim dividend of 3.75p pence per Ordinary Share in respect of the financial year ended 31 March 2020. The total dividend of 3.75p pence per Ordinary Share will be paid as a property income distribution ("PID") on 20 December 2019 to shareholders on the register at the close of business on 22 November 2019. The ex-dividend date will be 21 November 2019.

10. Investment properties

In accordance with IAS 40 "Investment Property", investment property is carried at its fair value as determined by an external valuer. This valuation has been conducted by CBRE and has been prepared as at 30 September 2019, in accordance with the RICS valuation – Professional Standards UK January 2017 (revised April 2015) (the "Red Book").

The valuations have been prepared in accordance with those recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS 13.

	Investment properties freehold £'000	Investment properties leasehold £'000	**Total £'000**
As at 1 April 2019	137,690	48,730	**186,420**
Property additions through acquisitions	15,784	4,704	**20,488**
Property additions through recognition of Right of Use Asset	–	1,865	**1,865**
Disposals in year	(9,482)	(8,027)	**(17,509)**
Change in fair value during the period	5,432	204	**5,636**
As at 30 September 2019	**149,424**	**47,476**	**196,900**

Total rental income for the interim period recognised in the Condensed Consolidated Statement of Comprehensive Income amounted to £5.9 million (H1 Sep 18: £4.9 million).

11. Bank borrowings and reconciliation of liabilities to cash flows from financing activities

	Bank borrowings £'000
Balance at 1 April 2019	71,420
Bank borrowings drawn in the year	10,771
Bank borrowings repaid in the year	(7,667)
Loan arrangement fees paid	(165)
Non-cash movements:	
Amortisation of loan arrangement fees	163
Total bank borrowings per the Consolidated Group Statement of Financial Position	**74,522**
Being:	
Drawn debt	75,698
Unamortised loan arrangement fees	(1,176)
Total	**74,522**

On 5 December 2018, the Group, Santander UK plc and Barclays Bank plc entered into a facility agreement pursuant to which Santander UK plc has agreed to provide the Group with a loan facility of £72.6 million for a term of five years.

On 23 August 2019, the loan facility was renegotiated so the Group could draw a further £10.8m. At 30 September 2019 the amount of drawn debt was £75.7m.

12. Interest rate derivatives

The Group has used interest rate swaps to mitigate exposure to interest rate risk. The total fair value of these contracts are recorded in the Statement of Financial Position. The interest rate derivatives are marked to market by the relevant counterparty banks on a quarterly basis in accordance with IFRS 9. Any movement in the fair value of the interest rate derivatives are taken to finance costs in the Statement of Comprehensive Income.

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Non-current assets/(liabilities): derivative interest rate swaps:			
At beginning of period	**(690)**	19	19
Change in fair value in the period	**(612)**	63	(709)
	(1,302)	82	(690)

13. Share capital

	30 Sep 19 (unaudited) Number	**30 Sep 19 (unaudited) £'000**
Issued and fully paid up at 1p each	**87,751,604**	**878**
At beginning of period	87,690,604	877
Issued and fully paid – 10 May 2019	61,000	1
At 30 September 2019	**87,751,604**	**878**

On 10 May 2019, 61,000 warrant shares were redeemed for an issue price of 97.0 pence per share.

14. Share premium

Share premium relates to amounts subscribed for share capital in excess of nominal value less any associated issue costs that have been capitalised.

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Balance brought forward	**93,877**	71,832	71,832
Share premium on the issue of Ordinary Shares	**60**	21,115	22,709
Share issue costs	**–**	(664)	(664)
	93,937	92,283	93,877

NOTES TO THE INTERIM FINANCIAL STATEMENTS

CONTINUED

15. Related party transactions

The terms and conditions of the Investment Management Agreement are described in the Management Engagement Committee Report. During the interim period, the amount paid for services provided by Pacific Capital Partners Limited (the "Manager") totaled £587,568.

Long-term incentive plan

Under the terms of the Company's long-term incentive plan, at 30 September 2019 Pacific Industrial LLP, an affiliate of Pacific Capital Partners Limited, has subscribed for shares in Pacific Industrial & Logistics Limited, a subsidiary of Urban Logistics REIT plc. Further details have been provided in note 8.

Acquisition of investment properties

During the interim period, the Group incurred fees totalling £315,570 from M1 Agency LLP, a partnership in Richard Moffitt is a member. These fees were incurred in the acquisition and sale of investment properties.

For the transactions listed above, Richard Moffitt's benefit is derived from the profit allocation he receives from M1 Agency LLP as a member and not from the transaction.

The Board, with the assistance of the Manager, and excluding Richard Moffitt, review and approve each fee payable to M1 Agency LLP, and ensure the fees are in line with market rates and on standard commercial property terms.

16. Net asset value per share

Basic NAV per share is calculated by dividing net assets in the Consolidated Statement of Financial Position attributable to Ordinary Shareholders by the number of Ordinary shares at the end of the period.

Net assets have been calculated as follows:

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Net assets per Condensed Statement of Financial Position (£'000)	**126,110**	111,972	120,476
Add:			
Cash received from issued share warrants (£'000)	–	2,005	444
Diluted NAV (£'000)	**126,110**	113,977	120,920
Adjustment for:			
Fair value of interest rate derivatives(£'000)	**1,302**	(82)	690
EPRA NAV (£'000) – basic	**127,412**	111,890	121,166
EPRA NAV (£'000) – diluted	**127,412**	113,895	121,610
Ordinary shares:			
Number of Ordinary Shares in issue at period end	**87,751,604**	86,080,818	87,690,604
Number of Ordinary Shares for the purposes of dilutive Net Asset Value per share at period end	**87,751,604**	88,147,854	88,147,854
Basic NAV	**143.71p**	130.08p	137.39p
EPRA NAV – basic	**145.20p**	129.98p	138.17p
Diluted NAV	**143.71p**	129.30p	137.18p
EPRA NAV – diluted	**145.20p**	129.21p	137.96p

SUPPLEMENTARY INFORMATION

i. EPRA performance measures summary

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
EPRA EPS (diluted)	**3.92p**	3.13p	7.01p
EPRA NAV per share (diluted)	**145.20p**	129.21p	137.96p
EPRA triple NAV per share (diluted)	**143.71p**	129.30p	137.18p
EPRA net initial yield	**6.2%**	6.1%	5.9%
EPRA "topped up" net initial yield	**6.2%**	6.5%	6.1%
EPRA vacancy rate	**0.0%**	1.1%	0.0%
EPRA cost ratio (including vacant property costs)	**18.6%**	26.2%	23.5%
EPRA cost ratio (excluding vacant property costs)	**18.5%**	17.9%	17.5%

ii. Income statement

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Gross rental income	**5,853**	4,853	10,771
Property operating costs	**(46)**	(431)	(694)
Net rental income	**5,807**	4,422	10,077
Administrative expenses	**(1,045)**	(840)	(1,833)
Long-term incentive plan charge	**(60)**	(59)	(119)
Operating profit before interest and tax	**4,702**	3,523	8,125
Net finance costs	**(1,265)**	(898)	(2,181)
Profit before tax	**3,437**	2,625	5,944
Tax on EPRA earnings	**–**	–	–
EPRA earnings	**3,437**	2,625	5,944

iii. Balance sheet

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Investment property	**196,900**	173,840	186,420
Other net assets/(liabilities)	**5,034**	1,371	6,166
Net borrowings	**(74,522)**	(63,321)	(71,420)
EPRA net assets	**127,412**	111,890	121,166

SUPPLEMENTARY INFORMATION

CONTINUED

iv. EPRA net initial yield and "topped up" net initial yield

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Investment property - wholly owned	**196,900**	173,840	186,420
Completed property portfolio	**196,900**	173,840	186,420
Less:			
Development Properties	**(4,300)**	–	–
Right of Use Asset	**(1,865)**	–	–
Add:			
Allowance for estimated purchasers' costs	**12,919**	11,482	12,332
EPRA property portfolio valuation (A)	**203,654**	185,322	198,752
Annualised passing rent	**12,737**	11,520	11,883
Less irrecoverable property costs	**(63)**	(247)	(247)
Annualised net rents (B)	**12,674**	11,273	11,636
Contractual rental increased for rent free period	**–**	708	503
"Topped up" annualised net rent (C)	**12,674**	11,981	12,139
EPRA net initial yield (B/A)	**6.2%**	6.1%	5.9%
EPRA "topped up" net initial yield (C/A)	**6.2%**	6.5%	6.1%

v. EPRA cost ratio

	Six months to 30 Sep 19 (unaudited) £'000	Six months to 30 Sep 18 (unaudited) £'000	Year ended 31 Mar 19 (audited) £'000
Costs			
Property operating expenses[1]	**46**	431	694
Administrative expenses	**1,045**	840	1,833
Less:			
Ground rents	**(1)**	(1)	(1)
Total costs including vacant property costs (A)	**1,090**	1,270	2,526
Group vacant property costs	**(9)**	(403)	(638)
Total costs excluding vacant property costs (B)	**1,081**	867	1,888
Gross rental income	**5,853**	4,853	10,771
Less:			
Ground rents	**(1)**	(1)	(1)
Total gross rental income (C)	**5,852**	4,852	10,770
Total EPRA cost ratio (including vacant property costs) (A/C)	**18.6%**	26.2%	23.5%
Total EPRA cost ratio (excluding vacant property costs) (B/C)	**18.5%**	17.9%	17.5%

(1) Property operating expenses are cost of sales. These typically include Utilities, Business rates, Letting fees, and other direct costs.

GLOSSARY OF TERMS

EPRA cost ratio
Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.

EPRA earnings per share
Earnings from continuing operational activities divided by weighted average number of shares in issue during the year.

EPRA NAV per share
Net asset value, adjusted to exclude interest rate derivatives, divided by number of shares in issue at the balance sheet date.

EPRA NNNAV per share
EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

EPRA net initial yield
Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

EPRA topped-up net initial yield
EPRA net initial yield adjusted for expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents.

Estimated rental value ("ERV")
The estimated annual market rental value of lettable space as assessed by the external valuer.

European Public Real Estate Association
The European Public Real Estate Association ("EPRA") is the industry body for European Real Estate Investment Trusts ("REITs").

Loan to value
The Group's net debt expressed as a percentage of the investment property portfolio.

Occupancy rate
The ERV of the let units as a percentage of the total ERV of the investment property portfolio.

Net initial yield
Annual rents on investment properties as a percentage of the investment property portfolio valuation having added notional purchaser's costs.

Property income distribution ("PID")
Dividends from the Group's tax-exempt property business.

REIT
UK Real Estate Investment Trust.

Total accounting return ("TAR")
Represents the movement in EPRA NAV per share plus dividends paid during the period expressed as a percentage of EPRA NAV per share at the beginning of the period.

Total property return ("TPR")
Capital growth plus net rental income plus sale profit expressed as a percentage of the purchase price.

Weighted average unexpired lease term
The average lease term remaining to expiry across the portfolio weighted by contracted rental income.

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Richard Moffitt	Director
Bruce Anderson, ACMA	Director
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