LONDONMETRIC PROPERTY PLC
(“LondonMetric” or the “Group” or the “Company”)
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017
Income focused strategy and sector calls delivering sector outperformance

LondonMetric today announces its half yearly results for the six months ended 30 September 2017.

Income Statement	**Six months to 30 Sept 2017**	**Six months to 30 Sept 2016**
Net rental income (£m)[1]	44.5	39.7
EPRA Earnings (£m)	28.8	25.3
EPRA EPS (p)	4.2	4.0
Dividend per share (p)	3.7	3.6
Reported Profit/(Loss) (£m)	79.6	(13.1)
Balance Sheet	**30 Sept 2017**	**31 March 2017**
EPRA NAV per share (p)	155.7	149.8
IFRS net assets (£m)	1,063.9	1,006.9
LTV (%)[1,2]	34	30

1 Including share of Joint Ventures. Further details on Alternative Performance Measures and the presentation of financial information can be found in the Finance Review and definitions can be found in the Glossary.
2 Including cash from deferred sales

EPRA earnings up 14% to £28.8m, (up 5% on a per share basis)
- Net rental income up 12% to £44.5m[1] reflecting deployment of equity raise and portfolio activity
- Reported profit of £79.6m driven by £52.8m[1] revaluation surplus reflecting a 3.2% uplift

Dividend increased 3% to 3.7p, 114% dividend cover
- Second quarterly interim dividend declared of 1.85p

EPRA NAV up 4% to 155.7p (FY 17: 149.8p)
- Portfolio valued at £1,705m[1], topped up NIY of 5.2%
- Total Property Return of 6.1% compared to IPD All Property of 5.0%
- Total Accounting Return of 6.6%

Distribution weighting increased to 67.4%; targeting 75%+
- Distribution acquisitions of £171m at 6.0% yield, further investment announced separately today
- Regional distribution sale of £49m at 5.0% yield, further regional disposal PPE
- Urban logistics grown to 40 assets, representing over 25% of our end to end logistics portfolio
- Non distribution disposals of £131m, including sale of our last office
- Long income and convenience acquisitions of £65m at 6.4% yield

Continued income growth from asset management activity
- £2.3m pa income uplift from rent reviews and lettings. New leases signed with WAULT of 14.3 years
- £1.8m pa of income from letting activity PPE, including £1.0m of terms agreed at our Crawley and Frimley developments
- In H1, achieved 2.7% like for like income growth and 1.8% ERV growth, 4.9% on urban logistics

Short cycle developments creating future long income at attractive yields
- 0.8m sq ft under construction in H2 at a yield of 6.2%, 84% pre-let
- 0.7m sq ft development pipeline at a 7.0% yield, including our Bedford development

Portfolio metrics reflect our focus on long income, contractual uplifts and low operational requirements
- Occupancy of 99.4%, WAULT of 12.4 years and only 3.5% of income expiring within three years
- 48.4% of income is subject to contractual uplifts and 98.7% gross to net income ratio

Finances strengthened and improved
- Debt maturity increased to 5.3 years and LTV at 34% (FY 17: 30%)
- Average cost of debt fallen to 3.0% from 3.5% with marginal cost at 1.8%
- EPRA cost ratio reduced to 15% from 17%

Andrew Jones, Chief Executive of LondonMetric, commented:

"Our primary goal is to allocate capital into those sectors of real estate that will generate high quality, sustainable income growth from structural changes and management actions.

"Today, almost 70% of our portfolio is allocated to the distribution sector with the balance mainly invested in long income and convenience retail; both areas that are benefiting from the changes taking place in consumer shopping habits. Our decision a number of years ago to pivot into these winning sectors was driven by the impact of technology on shopper behaviour.

"We were early movers into both these sectors and this is reflected in our strong financial numbers. We have performed across every key financial measure, increasing our income, earnings, profits, dividend and NAV whilst maintaining our strong portfolio metrics.

"The desperate search for yield globally is continuing to drive investor demand for income backed real estate. Our approach of patiently collecting and compounding our income remains front and centre of our strategy, and this is exactly what a REIT was designed to do."

For further information, please contact:

LONDONMETRIC PROPERTY PLC: +44 (0)20 7484 9000
Andrew Jones (Chief Executive)
Martin McGann (Finance Director)
Gareth Price (Investor Relations)

FTI CONSULTING: +44 (0)20 3727 1000
Dido Laurimore /Tom Gough /Richard Gotla

Meeting and audio webcast

A meeting for investors and analysts will be held at 11.00 am today at FTI Consulting. A conference call dial-in is available for the meeting: +44 (0)330 336 9411 (Participant Passcode: 9115416).

For the live webcast see: http://webcasting.brrmedia.co.uk/broadcast/59fa055494ea4f7c5e31b384

An on demand recording will be available shortly after the meeting from the same link and also from: http://www.londonmetric.com/investors/reports-and-presentations

Notes to editors

LondonMetric is a FTSE 250 REIT (ticker: LMP) that specialises in distribution, convenience and long income property. It focuses on strong and growing income and adding value through asset management initiatives and short cycle developments. LondonMetric has 13 million sq ft under management. Further information is available at www.londonmetric.com

Neither the content of LondonMetric's website nor any other website accessible by hyperlinks from LondonMetric's website are incorporated in, or form part of this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of shares in LondonMetric.

Forward looking statements: This announcement may contain certain forward-looking statements with respect to LondonMetric's expectations and plans, strategy, management objectives, future developments and performance, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Certain statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Any forward-looking statements made by or on behalf of LondonMetric speak only as of the date they are made. LondonMetric does not undertake to update forward-looking statements to reflect any changes in LondonMetric's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Nothing in this announcement should be construed as a profit forecast. Past share price performance cannot be relied on as a guide to future performance.

CEO's overview

The last six months have seen a continuation of the political and economic uncertainty and structural changes that are expected to shape the investment environment over the next few years. Against this backdrop, we have continued our focus as a REIT to compound our long, strong and growing income and enhance its repetitive, reliable and secure characteristics. Our primary objective is to own good real estate with strong fundamentals that generate a growing income that is in excess of our dividend and where the intrinsic value of our assets is likely to be higher in the future.

Delivering strong returns and maintaining our leading portfolio metrics

The search for sustainable income led returns will continue to be a defining characteristic of this decade's investment environment. Our investment in logistics, long income and convenience real estate is delivering sustainable and growing income and creating long term value.

EPRA earnings for the period increased by 13.8% as completed developments, asset management initiatives and the rapid deployment of the equity that we raised in March increased our rental income. Reported profit of £79.6 million benefited from a £52.8 million revaluation surplus, which reflects the strength of our chosen asset classes and the occupier appeal of our assets.

Our sector leading portfolio metrics were maintained with 12.4 years average lease lengths, 99.4% occupancy, 98.7% gross to net income ratio and only 3.5% of our income expiring over the next three years. Approximately half of the portfolio is subject to contractual rental increases, and further progress on lettings and open market rent reviews allowed the portfolio to deliver like for like income growth of 2.7% in the six month period. Total Property Return for the half year was 6.1%.

Our financing remains aligned to our property strategy. Loan to value of 34% provides us with flexibility to make further acquisitions and build our 1.5 million sq ft of developments. Debt maturity increased to 5.3 years, dividend cover was 114% and our EPRA cost ratio fell to 15% from 17% last year.

Global search for yield continues unabated, benefiting income backed real estate

We continue to live in an environment of both political and economic uncertainty and in a world where technology increasingly affects our everyday lives.

The extended period of low economic growth and near historically low interest rates is creating an almost desperate search for yield, which we believe is set to continue as the world adapts to a demographic tsunami. In the UK, having remained static for a long period, the percentage of the population defined as old age dependent is forecast to increase from 29% in 2016 to 41% in 2036. This demographic shift will only accentuate the need for income.

We see this trend as an unstoppable force as more of the investing fraternity, including dedicated income funds, private investors, corporate and local authority/government pension funds, focus on alternative investment sources for an acceptable income return.

Those sectors of real estate that can deliver a reliable, predictable, long and growing income stream are benefiting significantly in an increasingly competitive market. Reflecting this growing need, CBRE estimates that £25 billion is invested in UK 'long income' real estate and that, since 2010, they have seen a 42% compound annual growth rate in the value of long income funds that they advise.

Structurally supported real estate is seeing significant demand

The real estate market continues to pivot towards those sectors that are underpinned by structural support. In common with many other sectors, technology continues to disrupt real estate, particularly physical retail. Industrial and logistics have been a significant beneficiary of this disruption and have been the strongest performing sectors in 2017 with investment yields pushed to record lows. Buoyant occupier

demand, much of it driven by e-commerce, combined with rational levels of new supply have supported high occupancy rates and strong levels of rental growth. This has been an area of significant investment for us, particularly urban logistics, where we are building critical mass off attractive yields and which are supported by compelling income growth metrics.

With reports suggesting that nearly 40% of online deliveries are next day or specified day services, supply chains are having to rapidly evolve to satisfy increasingly demanding consumers. As operators seek closer proximity to population centres where supply of suitable logistics space is severely restricted, we expect strong rental outperformance of urban logistics ('spoke') against a more muted rental outlook for national distribution ('hub'). This is clearly reflected in our ERV growth rates for the period where urban logistics achieved ERV growth of 4.9% against 1.8% for mega distribution.

Convenience retail is also benefiting from changing shopping patterns as consumers look to 'top up' shop on the go and seek value propositions. This sector has performed strongly as investors have sought to take advantage of the impact that the likes of Aldi and Lidl are having in disrupting the established grocery market; these two retailers alone are reported to account for half of the growth in all UK food sales. We have increased our investment in convenience retail over recent years and these assets continue to deliver attractive returns with long leases.

For assets with strong income characteristics and structural support, we expect the deep pockets of liquidity to continue and the investment market to remain very much open for business.

Real estate continues to see further polarisation

We continue to advocate that capitalisation yields should reflect future occupational trends, the expected trajectory in future rental income and security of future cash flows.

Those real estate sectors that lack structural support, face political uncertainty and/or are being disrupted by new technology continue to find the going tough and are suffering from poor liquidity. Pricing of these sectors is beginning to factor in the value destructive forces and the impact of obsolescence, shorter leases, risks of income disruption, operating expenses and defensive capex.

These forces are particularly pronounced in physical retail, where retailer failures are rising and the 'right sizing' of store estates continues to play out. Operators are having to adjust to the impact that online and convenience shopping is having on their business model and prioritise investment in distribution over stores.

Shopping centres have seen a record low in investment transactions and, along with department stores and large food, are particularly exposed. We believe it is only a matter of time before valuers start to properly reflect the future outlook for challenged real estate sectors and the cost that comes with avoiding income disruption and keeping real estate fit for purpose.

Further aligning our portfolio to structurally supported sectors

Recognising the ongoing macro and structural changes, we remain focused on our objective of further aligning the portfolio to our preferred sectors of distribution, long income and convenience retail. During the period, we invested £236.2 million at an average yield of 6.2% and post period end we have invested a further £41.7 million. The majority of this was invested in distribution where we continue to target investment in all three segments of urban, regional and mega and which we expect will represent more than 75% of the portfolio.

In August, we acquired the £116.6 million Cabot portfolio of 11 urban and three regional distribution assets. This helped to increase our urban logistics platform to nearly £300 million across 40 assets, which is up from 11 assets a year ago and represents 17.2% of the total portfolio. Our end to end logistics portfolio represents 67.4% of our assets (as at 30 September 2017, adjusted for deferred disposals).

We remain highly disciplined in our investment approach and continue to seek out new opportunities and capitalise on our strong occupier and developer relationships, particularly in urban logistics where we are attracted by the strong intrinsic value from alternative uses. However, we won't overpay for assets or

jeopardise the quality of our portfolio to simply grow the size of our distribution exposure or boost short term income. Having made the correct structural calls, we can continue to take a disciplined and patient approach to investing.

Indeed, since the summer and in response to the strong market, we sold two distribution warehouses let to Royal Mail and Tesco where the market valued these assets more highly than we did. The sale proceeds will be recycled into our 1.5 million sq ft of developments and other investment opportunities, where we expect to generate stronger returns going forward.

Outside of distribution, we completed our patient and disciplined exit from the office sector through the sale of our Marlow asset for £68.5 million. We continue to sell our multi-let, operational retail and, in the period, exchanged on retail and leisure disposals totalling £62.4 million (Group share: £58.2 million), including the sale of our retail park in Milford Haven and a large Morrisons food store in Loughborough. As asset management initiatives complete, we expect to monetise further operational retail parks, which represent only 8.3% of the portfolio at the half year.

We continue to view retail as highly polarised and generally opportunistic. We continue to see good value in convenience retail but few opportunities in multi-let operational retail where organic rental growth remains anaemic. With the benefit of our occupier relationships, we acquired £65.1 million of long income and convenience retail in the period.

Outlook

We continue to believe that structural calls will define the real estate winners and losers. Our decisions to date have positioned us strongly and we expect they will protect us against market movements and timing of cycles. Our rational approach and shareholder alignment will ensure that we continue to provide highly repetitive, reliable and growing income that will compound and deliver above sector returns. This is exactly what a REIT is designed to do.

This patient approach to collecting and compounding has been rewarded and we will continue our focus on this and owning good assets, let to strong covenants that provide secure and growing income.

We will selectively look to enhance the value and quality of our portfolio by selling assets with less potential for future outperformance. Whilst the strong liquidity for our preferred sectors and high frictional costs is proving a challenging re-investment environment, our strong customer and developer relationships are allowing us to seek out 'smart' new opportunities, particularly within our short cycle developments.

Investment review

Over the period we disposed of £179.8 million of assets as we continued to further sell down our retail and leisure assets, and the sale of our last remaining office in Marlow. Since the half year end, we have disposed of a further £46.5 million of non core retail, leisure and distribution assets.

Acquisitions in the period totalled £236.2 million, of which urban logistics accounted for £125.1 million. Since the half year, we have acquired a further £41.7 million of assets.

	Acquisitions		Disposals	
	Cost at share £m	NIY %	Proceeds at share £m	NIY %
Distribution[1]	171.1	6.0%	48.8	5.0%
Retail, Convenience & Leisure[1,2]	65.1	6.4%	58.2	6.0%
Office	-	-	68.5	6.7%
Residential	-	-	4.3	2.5%
Total	236.2	6.2%	179.8	6.1%

[1] Includes the investment value resulting from an increase in our share of the DFS joint venture from 30.0% to 45.0% in the period, the majority of which was retail related

[2] Disposals include two assets in Loughborough and Birkenhead that exchanged in the period with deferred completions. These disposals will be accounted for as sales in the second half of the year.

Distribution

The value of our end to end distribution portfolio, including developments, totalled £1,123.1 million at 30 September 2017 compared to £867.0 million a year ago, representing a 29.5% increase in assets.

These are high quality single let assets with a WAULT of 11.9 years. They offer an attractive mix of guaranteed rental uplifts on larger mega and regional assets whilst providing strong open market rental growth potential on smaller urban logistics assets where there is significant demand/supply tension and a higher terminal value from alternative uses of location.

As at 30 September 2017	Mega	Regional	Urban Logistics
Value[1]	£495.1m	£335.5m	£292.5m
Number[1]	7	15	40
Yield[2]	4.7%	4.8%	5.4%
WAULT	13.7yrs	13.3yrs	7.4yrs
Contractual uplifts[3]	74.2%	50.1%	15.7%

[1] Including developments except for the Bedford land development which was acquired post period end

[2] Topped up NIY

[3] Percentage of portfolio that benefits from contractual rental uplifts

Mega and regional distribution

The investment market for mega and regional distribution continues to be highly competitive as investors price these assets on the basis of optimistic assumptions for rental growth and occupier lease intentions. Therefore, we have remained disciplined and only invested £46.0 million in regional warehousing, the majority of which was part of the large Cabot portfolio acquisition in August. We have supplemented these acquisitions by investing into our development pipeline where we are able to access attractive product at yields on cost significantly in excess of investment value whilst extending the lifecycle of our assets.

Moreover, the strength of the investment market has prompted us to sell two of our regional assets at strong prices since the summer. In the period, we sold a Royal Mail warehouse let for a further six years for £48.8 million, reflecting a 5.0% NIY. Post period end, we also sold a 274,000 sq ft warehouse for £24.4 million let to

Tesco for 4.2 years. This asset had been acquired as part of the Cabot portfolio and the disposal price reflected a NIY of 5.35%, representing a significant tightening in price over the portfolio acquisition yield of 6.1%.

The sale proceeds will be recycled into other investment opportunities and our 1.5 million sq ft of developments, which we added to post period end through the acquisition of a large distribution development site in Bedford.

Urban logistics

Despite the competitive market, we have been able to leverage our relationships to buy a number of urban logistics assets in the period. This has helped us to grow our urban logistics platform from just £82.1 million a year ago to £292.5 million at the period end. These assets have been acquired at attractive yields and are let to strong occupiers, in good locations with strong terminal values.

As supply chain networks continue to rapidly evolve in response to increasingly demanding consumers, so logistics investors must ensure that their investments are aligned to the hub and spoke operational model and that they continue to own real estate that is fit for purpose. With urban logistics now representing over 25% of our overall distribution portfolio, this has helped to improve the balance of our end to end logistics platform and our visibility on the overall logistics operational model.

We remain excited by the outlook for urban logistics. Demand continues to grow as occupiers seek closer proximity to population centres to reduce the operational cost impact of delivery times. This sensitivity of profitability to transportation costs in supply starved locations is critical. For example, the costs of running a network of 200 vans delivering individual products versus 20 HGVs delivering pallets has a bigger potential impact on operational costs than the rent payable in the right location.

These dynamics of tight supply and significant occupier demand are therefore driving material rental outperformance of the spoke against the hub, and is behind our targeted investment strategy in specific locations.

Our urban logistics investments in the period totalled £125.1 million and we acquired 17 warehouses at a blended yield of 5.9% and with a WAULT of 8.3 years:

- 775,000 sq ft of warehouses across 11 assets as part of the Cabot portfolio acquisition. The assumed investment value was £73.4 million at a blended NIY of 6.0% with a WAULT of 5.6 years;
- 132,000 sq ft newly developed warehouse in Speke let to Gefco for 15.0 years;
- 120,000 sq ft forward funding development in Huyton for £11.8 million let to Antolin Interiors for 15.0 years at a yield on cost of 6.1%;
- 90,000 sq ft warehouse in Coventry for £5.7 million at a NIY of 7.0% let to DHL for 10.0 years;
- 62,000 sq ft forward funding development in Frimley for £13.1 million at an anticipated yield on cost of 5.3%. Over half of the space has been pre-let to BAE Systems for 15.0 years;
- 51,000 sq ft warehouse in Crawley for £6.4 million at a NIY of 4.8% and a reversionary yield of 6.2% let to TNT for 6.4 years; and
- 42,000 sq ft warehouse in Warrington for £4.4 million at a NIY of 5.6% let to Hovis for 9.7 years.

Post period end, we acquired a 364,000 sq ft warehouse in Ollerton for £37.4 million at a NIY of 4.6% and a running yield of 5.5% after five years based on inflationary expectations. The warehouse is let to Clipper Logistics for 19.8 years with annual RPI rental uplifts.

Retail

As at 30 September 2017, retail parks represented 8.3% (£142.4 million) of the overall portfolio, long income retail represented 12.9% (£219.5 million) and convenience retail accounted for 6.9% (£118.2 million).

In the period, we continued to dispose of retail assets and exchanged to sell £56.6 million (Group Share: £52.4 million) of assets that were in poorer geographies and/or where we had been able to achieve a very strong sale price:

- £32.5 million disposal of a 55,000 sq ft Morrisons store at a NIY of 4.3%. The asset had been recently extended and was let on a new 25 year lease. The disposal will complete and be accounted for in the second half of the financial year;
- £15.3 million disposal of an 84,000 sq ft retail park in Milford Haven at a NIY of 6.9% and with a WAULT of 8.5 years; and
- £8.8 million of disposals (Group Share: £4.6 million) in Swansea, on behalf of our DFS joint venture, and Newcastle-upon-Tyne.

The strength of the investment market and the demand for income producing assets continues to generate regular approaches for our assets. As asset management initiatives complete on our remaining retail parks, we expect to further monetise these assets.

We are also seeing particularly strong interest in our long income and convenience portfolio which have long lease lengths, low operational requirements and certainty of income growth through built in contractual rental uplifts.

As a result, post period end, we disposed of two further retail assets:

- £7.9 million disposal (Group Share: £3.5 million) in Swindon by our DFS joint venture at a NIY of 6.9%. The joint venture has now sold 17 of the 27 stores acquired in 2014 for a total receipt of £114.6 million and delivered an IRR to the joint venture partners of 23% per annum and a profit of over £50 million; and
- £6.0 million disposal of a 26,000 sq ft convenience scheme in Guisborough at a NIY of 5.0%. The asset is let to Aldi and Iceland for a further 11.9 years and was acquired at a NIY of 5.8%.

Whilst we view retail as highly opportunistic, we do see good value in certain pockets of the retail market. With the benefit of our occupier relationships, we invested £65.1 million into long income and convenience retail in the period at a 6.4% yield, consisting of:

- A Currys PC World in New Malden for £28.3 million at a yield on cost of 6.1% let for a further 14.4 years;
- Two strongly performing M&S stores on the Isle of Wight and in Kendal for £24.6 million at a NIY of 5.5%, let for a further ten years; and
- An increase in our equity share of the DFS joint venture from 30.5% to 45.0%, which represented £12.2 million of investment. At the same time, Atlantic Leaf Properties Limited acquired a 45.0% interest in the joint venture from LVS II Lux X S.A.R.L.

Leisure

During the period, we exchanged to sell a Vue Cinema in Birkenhead for £5.8 million at a NIY of 7.2%. This disposal will complete and be accounted for in the second half of the financial year.

Post period end:

- We sold an Odeon cinema in Derby for £12.6 million at a NIY of 4.7%, reducing our cinema ownership to five assets accounting for £3.0 million of rent per annum, 100% of which is RPI linked, and have a WAULT of 20.6 years. We continue to see strong buying appetite for our cinema portfolio; and
- Our MIPP joint venture bought its first hotel asset, agreeing to fund an 84 bed Premier Inn hotel development in Ringwood for £8.5 million (Group Share: £4.3 million) at a yield of 5.0% and let for 25.0 years with CPI uplifts.

Office and Residential

At Marlow, we sold our last remaining 231,000 sq ft office for £68.5 million at a yield of 6.7%. Although completion was planned for January 2018 to allow time for re-investment, we brought forward the timing of completion to September given the speed with which we had been able to deploy the disposal proceeds.

At Moore House in Chelsea, our last remaining residential asset in which we have a 40% share, we continue to patiently sell down individual units. Purchaser interest has remained steady over the year and we sold 11 units in the period. A further 8 units have been sold or are currently under offer post period end and there are 51 units remaining of the original 149 units owned.

Property review

Strong portfolio metrics provide security of income

We have maintained our sector leading portfolio metrics through our investment, asset management and development activities. Our average lease lengths of 12.4 years (11.5 years to first break) continue to provide security of income with only 3.5% of our income expiring over the next three years. Occupancy remains very high at 99.4% and our gross to net income ratio improved further to 98.7%.

There is a wide range of lease lengths across the portfolio's sectors. The convenience and leisure sectors have lease lengths that average 15 to 20 years, mega and regional distribution average 13 to 14 years, retail averages 12 years and urban logistics averages seven years. We are very comfortable with shorter lease lengths on urban logistics given this sector's strong demand/supply dynamics, positive rental growth, and supportive terminal value that they offer.

Valuation uplift reflects our portfolio alignment to structurally supported sectors

The portfolio increased in value by £52.8 million over the period, representing a 3.2% uplift. This gain reflected the positioning of our portfolio and its alignment to the structurally winning real estate sectors. Our actions accounted for approximately half of the valuation uplift with our strong exposure to superior ERV growth and with successfully executed asset management initiatives. The topped up net initial yield on the portfolio is 5.2% and the equivalent yield is 5.5%, reflecting an equivalent yield compression of 12bps over the period.

Distribution has been the strongest performing real estate subsector and our distribution assets generated a capital return of 3.4%, helped by a 4.7% capital increase in urban logistics. Our retail and leisure portfolio saw a 3.2% valuation increase, with retail parks delivering a 2.3% valuation uplift, which is materially higher than the wider retail park sector.

The valuation uplift, combined with the portfolio's sustainable and growing income, helped us to deliver a total property return of 6.1%, outperforming IPD All Property which returned 5.0%.

Further Income growth through lettings and rent reviews

We undertook 32 occupier transactions in the period and generated £2.3 million of additional income. Like-for-like income growth on the investment portfolio was 2.7% for the six month period.

	Area sq ft '000	No. of transactions	Net uplift in income £m	WAULT to expiry years
New lettings	126	13	1.6	14.3
Rent reviews	1,924	19	0.7	-
Total	2,050	32	2.3	-

Lettings in the period were undertaken on average at 21.5% above ERV and with an average lease length of 14.3 years. These delivered £1.6 million of additional contracted income and 72% of this rent has contracted rental uplifts:

- £0.5 million related to lettings at developments in Crawley and Ipswich at 18% above ERV and with a WAULT of 14.1 years;
- £0.8 million arose from the full letting of our M&S anchored property in Matlock and a re-gear at our recent long income purchase in New Malden at 21% above ERV and with a WAULT of 15.0 years; and

- £0.3 million related to nine smaller lettings at 23.4% above ERV and with a WAULT of 13.0 years.

Post period end, we have exchanged or have agreed terms on eight lettings which will add £1.8 million of additional contracted income.

Rent reviews were agreed across 1.9 million sq ft adding £0.7 million of contracted income at 12.9% above passing on a five yearly equivalent basis and 8.2% above ERV. In the period, we settled:

- Five distribution reviews at 2.7% above passing (10.3% on a five yearly equivalent basis), two of which were open market reviews on urban logistics where the average uplift was 9.4%; and
- 14 retail and leisure reviews at 6.3% above passing (16.2% on a five yearly equivalent basis), the majority of which were inflation linked reviews on our cinema and convenience assets.

Fixed rental uplifts and asset management provides certainty of future income growth

Over the period, our contracted income increased from £87.3 million to £93.8 million. The portfolio generated ERV growth of 1.8% in the period and we expect to see future income growth arising from:

- Fixed or inflation linked rental uplifts on our existing portfolio, which applies to 48.4% of our rental income;
- Full letting of our developments; and
- Capturing of further rental growth, particularly in urban logistics which is achieving good uplifts on rent review and saw strong ERV growth of 4.9% in the six month period, following a 9.5% increase in the last full year.

Adding value and income through our short cycle developments

Following completion of 1.1 million sq ft of developments in the previous financial year, we completed one development in the period in Tonbridge, which is fully let. Developments under construction over the second half of this year total 0.8 million sq ft. These are expected to generate a yield on cost of 6.2% and 84% have been pre-let including terms agreed post period end:

- Stoke – 137,000 sq ft of the 277,000 sq ft scheme has been let to Michelin for 15 years and construction of that unit has completed. We have commenced formal marketing of the remaining space and construction of this unit is expected to complete in February 2018;
- Dagenham – the new 180,000 sq ft warehouse development completes in Q2 2018 and was pre-let as part of a 26 year lease re-gear with Eddie Stobart across an enlarged 436,000 sq ft of warehousing;
- Huyton – the funding development has now completed and is let to Antolin Interiors for 15 years;
- Crawley – 32,000 sq ft of the 114,000 sq ft development has been pre-let to Boeing for 15 years. Terms are agreed on the larger of the two remaining units totalling 47,000 sq ft;
- Frimley – 38,000 sq ft of the 62,000 sq ft development has been pre-let to BAE Systems for 15 years. Terms are agreed on the remaining unit;
- Launceston – the redevelopment completed in the second half of the year and is fully let; and
- Ipswich – construction is complete and the retail park is now fully let to Wickes, Evans Cycles and Topps Tiles. A planning application has been submitted for a new Costa pod.

Our pipeline of developments totals 0.7 million sq ft, which we anticipate will generate a yield on cost of 7.0%.

At Bedford, we have completed on the 40 acre land acquisition from the local authority and enabling works have commenced. The site is adjacent to an established distribution location where we own an Argos distribution centre and other occupiers include Sainsbury's and Asda. Planning consent has been received for up to 670,000 sq ft and we expect to commence phased construction once works have completed in summer 2018. Occupier interest is strong and we are in ongoing discussion with several parties.

At a new development site in Derby, we have pre-let a 16,000 sq ft development to M&S, Starbucks and Nandos and expect to develop at a cost of £6.2 million and a yield of 6.7% with an anticipated WAULT of approximately 16 years. We have conditionally exchanged on the site acquisition subject to receiving planning consent.

At Weymouth, we have agreed terms with Aldi on a 19,000 sq ft store and received offers on the letting of three small pods. The 26,000 sq ft development is expected to cost £8.9 million and generate a yield of 6.1% with an anticipated WAULT of approximately 18 years. The site has been purchased and a planning application will be submitted shortly.

Development Summary

Scheme	Sector	Area sq ft '000	Additional Rent £m	Yield on cost %	Practical completion date[4]
Completed in H1					
Tonbridge	Retail	53	0.3	6.1	Q3 17
		53	**0.3**	**6.1**	
Under construction[3]					
Stoke[2]	Distribution	277	1.5	6.3	Q1 18
Dagenham	Distribution	180	0.9	5.7	Q2 18
Huyton[1]	Distribution	120	0.7	6.1	Q4 17
Crawley[2]	Distribution	114	1.4	6.7	Q1 18
Frimley[2]	Distribution	62	0.7	5.3	Q2 18
Ipswich[1]	Retail	31	0.7	6.9	Q4 17
Launceston[1]	Retail	30	0.3	6.2	Q4 17
		814	**6.2**	**6.2**	
Pipeline					
Bedford[2]	Distribution	670	4.4	7.3	2018/19
Ringwood	Leisure	35	0.2	5.0	H2 18
Weymouth[2]	Retail	26	0.5	6.1	2018/19
Derby	Retail	16	0.4	6.7	2018/19
		747	**5.5**	**7.0**	

[1] *Completed post period end*
[2] *Rental income shown is anticipated*
[3] *£4.1 million of the £6.2 million total income from developments under construction is contracted and terms are agreed on a further £1.1 million*
[4] *Based on calendar quarters and years*
[5] *LondonMetric share shown for rent*

Financial review

Our focus on owning assets with long and secure income streams, particularly in the distribution, long income and convenience retail sectors, has delivered both earnings and NAV growth in the period. We have successfully deployed the proceeds of the equity placing in March into our preferred sectors, increasing our distribution exposure to 67.4% and reducing our undrawn debt facilities to £85.8 million. We have sold our last remaining non-core office asset in Marlow and have transacted on £416.0 million of property in the period.

EPRA earnings have increased by 13.8% to £28.8 million compared with £25.3 million last half year. On a per share basis, EPRA earnings have increased by 5.0% to 4.2p per share, reflecting the impact of the equity placing of 62.8 million ordinary shares in March. The earnings growth has enabled us to increase our dividend for the period to 3.7p per share, an increase of 2.8% over last year. The dividend continues to be fully covered by EPRA earnings at 114%.

IFRS reported profit has increased by £92.7 million to £79.6 million, predicated on a revaluation gain of £52.8 million this half year compared with a loss of £23.0 million for the same period last year. EPRA NAV is £1,076.9 million or 155.7p per share, an increase of 3.9% on a per share basis in the period since March.

We refinanced our secured loan facility with Helaba in July, strengthening our financing metrics by increasing average debt maturity to 5.3 years and decreasing average debt cost to 3.0%.

Presentation of financial information

The Group financial statements are prepared in accordance with IFRS.

We account for our interests in joint ventures using the equity method as required by IFRS 11 which means the results and investment in joint venture entities are presented as a single line item in the consolidated income statement and balance sheet.

Management monitors the performance of the business on a proportionally consolidated basis which includes the Group's share of income, expenses, assets and liabilities of joint ventures on a line by line basis in the income statement and balance sheet.

The figures and commentary in this review are consistent with our management approach as we believe this provides a more meaningful analysis of overall performance. Measures presented on a proportionate basis are alternative performance measures as they are not defined under IFRS.

Alternative performance measures

The Group consistently uses EPRA earnings and EPRA net assets as alternative performance measures as they highlight the underlying recurring performance of the Group's property rental business.

The EPRA alternative measures are widely recognised and used by public real estate companies and seek to improve transparency, comparability and relevance of published results.

The Group's key EPRA measures are summarised in note 7 to the financial statements and Supplementary notes i to vii. Definitions of EPRA alternative performance measures are provided 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	**Group £m**	**JV £m**	**2017 £m**	Group £m	JV £m	2016 £m
Gross rental income	**40.6**	**4.5**	**45.1**	36.0	4.5	40.5
Property costs	**(0.4)**	**(0.2)**	**(0.6)**	(0.6)	(0.2)	(0.8)
Net rental income	**40.2**	**4.3**	**44.5**	35.4	4.3	39.7
Management fees	**0.8**	**(0.4)**	**0.4**	0.9	(0.4)	0.5
Administrative costs	**(6.7)**	–	**(6.7)**	(6.7)	–	(6.7)
Net finance costs	**(8.5)**	**(0.9)**	**(9.4)**	(7.1)	(1.1)	(8.2)
EPRA earnings	**25.8**	**3.0**	**28.8**	22.5	2.8	25.3

The table below reconciles the movement in EPRA earnings in the year from September 2016:

	£m	**p**
EPRA earnings 2016	25.3	4.0
Net rental income	4.8	0.7
Administrative costs net of management fees	(0.1)	–
Net finance costs	(1.2)	(0.2)
Other[1]	–	(0.3)
EPRA earnings 2017	**28.8**	**4.2**

[1] Opening earnings per share has been adjusted for the increased weighted average number of shares following the equity placing in March 2017

Net rental income

Net rental income increased 12.1% to £44.5 million, driving the growth in EPRA earnings. Movements in net rental income are reflected in the table below.

	£m
Net rental income 2016	39.7
Existing properties[1]	3.1
Developments	2.7
Acquisitions	4.6
Disposals	(5.8)
Property costs	0.2
Net rental income 2017	**44.5**

[1] Based on properties held throughout the half year in 2016 and 2017 on a proportionately consolidated basis to exclude the distortive impact of acquisitions, disposals and development completions in either period

The £4.8 million increase in net rental income was due to additional rent generated from the existing portfolio of assets and from completed developments over the last 18 months totalling £5.8 million, more than offsetting the impact of net sales which reduced net rental income by £1.2 million.

Property costs have decreased marginally by £0.2 million due to decreased vacant unit costs associated with completed asset management and development projects. Our cost leakage is minimal and net income as a percentage of gross rents remains strong at 98.7%.

Administrative costs

Administrative costs of £6.7 million are in line with the previous period and are stated after capitalising staff costs of £0.9 million (2016: £0.9 million) in respect of time spent on development activity.

EPRA cost ratio

The Group's cost base continues to be closely monitored and the EPRA cost ratio is used as a key measure of effective cost management. The full calculation is shown in Supplementary note iv.

For the six months to 30 September	**2017** **%**	2016 %
EPRA cost ratio including direct vacancy costs	**15**	17
EPRA cost ratio excluding direct vacancy costs	**15**	16

The EPRA cost ratio for the period, including direct vacancy costs, has fallen to 15% compared with 17% last year. The ratio reflects total operating costs, including the cost of vacancy, as a percentage of gross rental income.

Net finance costs

Net finance costs, excluding the costs associated with repaying debt and terminating hedging arrangements on sales and refinancing in the period were £9.4 million, an increase of £1.2 million over the previous period.

This was due to decreases in interest receivable from forward funded developments that have completed and interest capitalised on developments of £1.2 million and £0.6 million respectively.

This was offset by decreased Group bank interest costs associated with lower average levels of debt of £0.4 million and lower joint venture interest costs of £0.2 million as a result of repaying debt facilities following sales. The movements are shown in notes 4 and 9 to the financial statements.

Our interest rate exposure is hedged by a combination of fixed and forward starting interest rate swaps and caps as discussed further in the Financing section of this review.

Share of joint ventures

EPRA earnings from joint venture investments were £3.0 million, an increase of £0.2 million over the comparative period as reflected in the table below.

For the six months to 30 September	**2017** **£m**	2016 £m
MIPP	**1.9**	1.6
Retail Warehouse (DFS)	**1.0**	1.1
Residential (Moore House)	**0.1**	0.1
	3.0	2.8

In addition, the Group received net management fees of £0.4 million for acting as property advisor to each of its joint ventures (2016: £0.5 million).

The Group increased its investment in the DFS joint venture in September 2017 by 14.5% to 45.0% at a cost of £7.9 million. This joint venture disposed of one asset in Swansea in the period and our residential joint venture sold a further 11 flats at Moore House, London.

Dividend

The Company has continued to declare quarterly dividends and has offered shareholders a scrip alternative to cash payments.

The Company paid the third and fourth quarterly dividends for the year to March 2017 of £25.7 million or 3.9p per share in the period.

The first quarterly payment for the current year of 1.85p per share was paid as a Property Income Distribution (PID) in October 2017. The second quarterly dividend will comprise a PID of 1.85p per share and has been approved by the Board for payment in January 2018.

IFRS reported profit

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

For the six months to 30 September	**Group £m**	**JV £m**	**2017 £m**	Group £m	JV £m	2016 £m
EPRA earnings	**25.8**	**3.0**	**28.8**	22.5	2.8	25.3
Revaluation of investment property	**50.0**	**2.8**	**52.8**	(17.9)	(5.1)	(23.0)
Fair value of derivatives	**10.5**	**0.1**	**10.6**	(9.4)	(0.1)	(9.5)
Debt/hedging early close out costs	**(6.3)**	**(0.1)**	**(6.4)**	(3.5)	(0.1)	(3.6)
Loss on disposal	**(5.8)**	**(0.4)**	**(6.2)**	(1.6)	(0.5)	(2.1)
Other items[1]	**–**	**–**	**–**	(0.2)	–	(0.2)
IFRS reported profit/(loss)	**74.2**	**5.4**	**79.6**	(10.1)	(3.0)	(13.1)

[1] Other items in 2016 include amortisation of intangible assets

The Group's reported profit of £79.6 million compares with a loss of £13.1 million in the previous comparative period. This was predicated on the property revaluation gain of £52.8 million compared with a deficit of £23.0 million in the previous period and the favourable derivative rate movement of £10.6 million compared with an adverse movement of £9.5 million in the previous comparative period.

Other movements in reported profit include loss on sales of properties and debt and hedging break costs, which reduced profit by £12.6 million this year compared to £5.7 million in the previous period.

The disposal of our non-core office at Marlow generated a loss over book value of £3.6 million. This loss was partly mitigated by the retention of rent for the deferred completion period. We called for completion three months earlier than we had originally intended in order to finance further investments and consequently the net loss was £1.6 million after the rent receipts of £1.2 million and before sales costs of £0.8 million. The corresponding profit over original cost was £4.5 million. The total profit over original cost of sales in the period was £9.7 million.

In July, as part of the Helaba loan refinancing, we cancelled £128.4 million of out of the money interest rate swaps at a cost of £6.3 million. For further details see the Financing section of this review.

Balance sheet

EPRA net assets for the Group and its share of joint ventures are as follows:

As at	Group £m	JV £m	30 September 2017 £m	Group £m	JV £m	31 March 2017 £m
Investment property	**1,532.9**	**172.1**	**1,705.0**	1,373.4	160.4	1,533.8
Gross debt	**(630.0)**	**(60.9)**	**(690.9)**	(473.2)	(54.5)	(527.7)
Cash	**31.6**	**4.2**	**35.8**	42.9	3.2	46.1
Other net assets/(liabilities)	**28.5**	**(1.5)**	**27.0**	(20.4)	(1.3)	(21.7)
EPRA net assets	**963.0**	**113.9**	**1,076.9**	922.7	107.8	1,030.5

EPRA net assets have increased £46.4 million or 4.5% since March to £1,076.9 million. On a per share basis net assets increased by 5.9p, or 3.9% to 155.7p. The movement in the period is summarised below.

	EPRA Net Assets £m	**EPRA NAV per share p**
At 1 April 2017	1,030.5	149.8
EPRA earnings	28.8	4.2
Property revaluation	52.8	7.6
Ordinary dividend	(25.7)	(3.9)
Other movements[1]	(9.5)	(2.0)
At 30 September 2017	**1,076.9**	**155.7**

[1] Other movements include loss on sales (£6.2m), debt/hedging break costs (£6.4m), share based awards (£0.5m), offset by scrip share issues (£3.6m)

The movement in EPRA net assets, together with the dividend paid in the period net of the scrip issue of shares of £22.1 million, results in a total accounting return of 6.6%. The full calculation can be found in supplementary note viii. IFRS reported net assets increased by £57.0 million to £1,063.9 million. A reconciliation between IFRS and EPRA net assets is detailed in note 7(c) to the financial statements.

Portfolio valuation

Our property portfolio, including the share of joint venture assets, grew by £171.2 million or 11.2% over the six month period to £1,705.0 million. This was a result of significant net property investment and a strong valuation increase for our chosen asset classes in the period. Investment in our preferred distribution sector at the period end increased to 65.9% of the total portfolio, up from 61.9% in March as reflected in the table below and also in Supplementary note ix. Including deferred completions on sales at Loughborough and Birkenhead, this increases to 67.4% of the portfolio.

As at	**30 September 2017 £m**	**30 September 2017 %**	31 March 2017 £m	31 March 2017 %
Distribution	**1,074.1**	**63.0**	927.4	60.4
Convenience & leisure	**184.9**	**10.8**	156.2	10.2
Long income	**219.5**	**12.9**	166.6	10.8
Retail Parks	**136.1**	**8.0**	145.2	9.5
Offices	**–**	**–**	70.0	4.6
Investment portfolio	**1,614.6**	**94.7**	1,465.4	95.5
Residential	**35.1**	**2.1**	41.1	2.7
Development[1]	**55.3**	**3.2**	27.3	1.8
Property value	**1,705.0**	**100.0**	1,533.8	100.0

[1] Split in September 2017 was Distribution £49.0 million (2.9%), Retail Parks £6.3 million (0.3%). Split in March 2017 was Distribution £22.8 million (1.5%), Retail Parks £4.5 million (0.3%).

Investment in development assets at the half year has increased as work at Crawley and Stoke has progressed and new forward funded developments at Huyton and Frimley have commenced. Total development expenditure was £26.1 million, of which £10.5 million was in respect of forward funded developments.

The movement in the investment portfolio is explained in the table below.

	Portfolio value £m
Valuation as at 1 April 2017	1,533.8
Acquisitions	216.0
Developments	26.1
Capital expenditure on completed properties	11.1
Disposals	(134.6)
Revaluation	52.8
Lease incentives	(0.2)
Valuation as at 30 September 2017	**1,705.0**

Further detail on the split between Group and joint venture movements and the EPRA capital expenditure analysis can be found in Supplementary note vii.

Property values have increased by £52.8 million in the half year, most significantly in our preferred distribution and long income sectors and the portfolio has delivered a total property return of 6.1% compared to the IPD index of 5.0%.

It has been a busy half year with significant investment activity. The Group acquired 20 distribution assets and three retail assets in the period as discussed in detail in the Investment Review.

Our last remaining non-core office in Marlow was disposed in September 2017 generating gross proceeds of £68.5 million, which has been recycled into end to end distribution and development opportunities. A further four commercial and 11 residential sales in the period reduced the total carrying value of property by £134.6 million.

Included within the trade and other receivables balance of £55.2 million on the Group balance sheet is £48.8 million due on completion of the sale of Danes Way, Daventry, which has been accounted for as a disposal in the period and has completed in October.

We exchanged to sell two further assets in the period, a Vue cinema in Birkenhead for £5.8 million and a Morrisons store in Loughborough for £32.5 million. Both have deferred completions and in accordance with our accounting policy will be reflected as disposals in the financial statements in the second half of the year.

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.

We continue to monitor and comfortably comply with the REIT balance of business tests and distribute as a Property Income Distribution 90% of REIT relevant earnings to ensure our REIT status is maintained.

Financing

The key performance indicators used to monitor the Group's debt and liquidity position are shown in the table below.

As at	**30 September 2017 £m**	31 March 2017 £m
Gross debt	**690.9**	527.7
Cash	**35.8**	46.1
Net debt	**655.1**	481.6
Loan to value[1]	**34%**	30%
Cost of debt[2]	**3.0%**	3.5%
Undrawn facilities	**85.8**	299.7
Average debt maturity	**5.3 years**	5.2 years
Hedging[3]	**76%**	87%

1 At 30 September 2017, LTV includes £87.1 million of deferred consideration receivable on sales at Daventry (£48.8 million), Birkenhead (£5.8 million) and Loughborough (£32.5 million) and excludes the value of Birkenhead and Loughborough

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

3 Based on the notional amount of existing hedges and total debt facilities

The Group and joint venture split is shown in Supplementary note iii.

In July 2017 we refinanced our secured debt facility with Helaba and repaid £66.2 million by drawing additional unsecured debt, extending the term by 2.7 years and reducing the average cost of debt. In addition, we cancelled £128.4 million of interest rate swaps at a cost of £6.3 million, which we expect to be paid back in interest cost savings in less than 2.5 years.

Our MIPP joint venture increased and extended its debt facility with Deutsche Pfandbriefbank in September by £18.2 million and for a further three years.

The Group's share of joint venture gross debt has increased by £6.3 million since March due to the Group's additional investment in the DFS Retail Warehouse joint venture, which increased our share of debt by £7.4 million, offset by debt repaid following the sale of Swansea of £1.1 million.

These financing transactions have strengthened our key financial ratios with average debt cost falling to 3.0% (March 17: 3.5%) and average maturity increasing to 5.3 years despite the passing of time (March 17: 5.2 years).

We have successfully utilised and deployed our available undrawn facilities in the period to invest further into our preferred sectors, reducing undrawn facilities at the half year to £85.8 million.

Loan to value, net of cash resources and deferred consideration on sales which complete and will be recognised post period end, was 34% (March 17: 30%). We remain committed to keeping LTV below 40% to provide flexibility as opportunities arise whilst maintaining sufficient headroom under our gearing covenants.

The Group has comfortably complied throughout the year with the financial covenants contained in its debt funding arrangements and has substantial levels of headroom.

The Group's unsecured facility and private placement loan notes contain gearing and interest cover financial covenants. At 30 September 2017, the Group's gearing ratio as defined within these funding arrangements

was 57% compared with the maximum limit of 125% and interest cover ratio was 4.8 times compared with the minimum level of 1.5 times.

The Group's policy is to substantially de-risk the impact of movements in interest rates by entering into hedging arrangements. Independent advice is given by J C Rathbone Associates.

At 30 September 2017, 76% of our exposure to interest rate fluctuations was hedged by way of swaps and caps assuming existing debt facilities are fully drawn (March 17: 87%). This has fallen as a result of the cancellation of swaps in the period. We continue to monitor our hedging profile in light of forecast interest rate movements.

Cash flow

During the year, the Group's cash balances decreased by £11.4 million as reflected in the table below.

For the six months to 30 September	**2017** **£m**	2016 £m
Cash flows from operations	**37.3**	31.2
Changes in working capital	**(8.3)**	2.4
Finance costs and taxation	**(16.2)**	(13.2)
Cash flows from operating activities	**12.8**	20.4
Cash flows from investing activities	**(157.4)**	(4.8)
Cash flows from financing activities	**133.2**	(9.3)
Net (decrease)/increase in cash and cash equivalents	**(11.4)**	6.3

Cash flows from operating activities have decreased by £7.6 million compared to the previous comparative period due to changes in net working capital requirements.

Cash inflows from operations net of finance costs were £21.1 million in the period compared with £18.0 million for the same period last year.

Cash flows from investing activities reflect property acquisitions, including those classified as forward funded developments, of £209.5 million and capital expenditure of £33.7 million offset by net proceeds from disposals of £88.3 million.

Net drawing of bank facilities of £156.8 million supported the net property investment, offset by cash dividends paid of £22.1 million.

Further detail is provided in the Group Cash Flow Statement.

Key risks and uncertainties

Risk management

As an income focused REIT the strategic priorities for the business continue to be the delivery of sustainable, progressive earnings and long term capital growth. Issues which might prevent the attainment of these goals are identified and action is taken to reduce or remove the likelihood of such issues having a material adverse impact. The Company's appetite for risk is low where it prejudices the achievement of its strategic priorities.

The process for identifying, assessing and mitigating the principal risks of the business are set out in the Managing Risk section on pages 40 to 47 of the 2017 Annual Report. The Board is satisfied that the systems for identifying, managing and mitigating risk are sound. The Board considers the Group's risk management at each meeting. There have been no significant changes to the risks being faced by the business since publication of the 2017 Annual Report, however the outcome of the General Election on 8 June and the subsequent formation of a minority Government and the uncertainty surrounding Brexit discussions has increased the level of UK political risk.

The principal uncertainties and risks facing the Group are summarised as follows:

Corporate risks

Corporate strategy

The Company's strategy may be inappropriate for the current stage of the property cycle and the economic climate and as a result it may not be able to take advantage of opportunities and effectively manage threats or ensure that it has the right people, resources and systems in place.

Economic and political outlook

Risks from external factors may lead to a downturn in the economy or specific industry sector turbulence resulting in poorer than expected performance.

Human resources

There may be an inability to attract, motivate and retain high calibre skilled staff which could jeopardise the delivery of the Company's strategy.

Systems, processes and financial management

Controls for safeguarding assets and supporting strategy may not be robust.

Regulatory and tax framework

Non-compliance with legal or regulatory obligations including planning, environmental, health and safety and tax could result in increased costs, impact the letting prospects of an asset, damage corporate reputation and investor demand in the Company.

Property risks

Investment risk

The Company may be unable to source investment opportunities at attractive prices and recycle capital into value enhancing and earnings accretive investments.

Development 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.

Valuation risk

Property values may not be realised which would impact the Group's NAV and put pressure on loan covenants. This risk is inherent to the property industry.

Transaction and tenant risk

Property purchases may be inconsistent with strategy. Inadequate due diligence may be undertaken. Tenant default and failure to let vacant units could reduce earnings and dividend cover and if material put pressure on loan covenants.

Financing risks

Capital and finance risk

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

Group income statement

	Note	**Unaudited Six months to 30 September 2017 £000**	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Gross rental income		**40,634**	36,033	73,905
Property operating expenses		**(401)**	(617)	(814)
Net rental income	3	**40,233**	35,416	73,091
Property advisory fee income		**809**	900	1,713
Net income		**41,042**	36,316	74,804
Administrative costs		**(6,735)**	(6,735)	(13,268)
Amortisation of intangible asset		**–**	(147)	(182)
Total administrative costs		**(6,735)**	(6,882)	(13,450)
Profit/(loss) on revaluation of investment properties	8	**50,044**	(17,896)	22,200
Loss on sale of investment properties		**(5,796)**	(1,558)	(4,503)
Share of profit/(loss) of joint ventures	9	**5,419**	(3,004)	3,560
Operating profit		**83,974**	6,976	82,611
Finance income		**178**	1,386	1,740
Finance costs	4	**(4,541)**	(21,441)	(21,340)
Profit/(loss) before tax		**79,611**	(13,079)	63,011
Taxation	5	**(18)**	(15)	(13)
Profit/(loss) for the period and total comprehensive income		**79,593**	(13,094)	62,998
Earnings per share				
Basic and diluted	7	**11.5p**	(2.1)p	10.1p
EPRA	7	**4.2p**	4.0p	8.2p

All amounts relate to continuing activities

Group balance sheet

	Note	**Unaudited 30 September 2017 £000**	Unaudited 30 September 2016 £000	Audited 31 March 2017 £000
Non current assets				
Investment properties	8	**1,532,905**	1,324,755	1,373,400
Investment in equity accounted joint ventures	9	**113,856**	110,418	107,567
Intangible asset		**–**	36	–
Other tangible assets		**287**	340	310
		1,647,048	1,435,549	1,481,277
Current assets				
Trade and other receivables	10	**55,208**	27,532	18,758
Cash and cash equivalents	11	**31,554**	48,914	42,944
		86,762	76,446	61,702
Total assets		**1,733,810**	1,511,995	1,542,979
Current liabilities				
Trade and other payables	12	**34,012**	33,530	46,395
Non current liabilities				
Borrowings	13	**622,985**	584,627	466,319
Derivative financial instruments	13	**12,885**	32,989	23,350
		635,870	617,616	489,669
Total liabilities		**669,882**	651,146	536,064
Net assets		**1,063,928**	860,849	1,006,915
Equity				
Called up share capital	14	**69,461**	62,804	69,238
Share premium	15	**91,946**	–	88,548
Capital redemption reserve	15	**9,636**	9,636	9,636
Other reserve	15	**223,462**	224,445	221,374
Retained earnings	15	**669,423**	563,964	618,119
Equity shareholders' funds		**1,063,928**	860,849	1,006,915
Net asset value per share	7	**153.8**	137.6p	146.4p
EPRA net asset value per share	7	**155.7**	143.0p	149.8p

Group statement of changes in equity

Six months ended 30 September 2017 (Unaudited)

	Note	**Share capital £000**	**Share premium £000**	**Capital redemption reserve £000**	**Other reserve £000**	**Retained earnings £000**	**Total £000**
At 1 April 2017		69,238	88,548	9,636	221,374	618,119	1,006,915
Profit for the period and total comprehensive income		–	–	–	–	79,593	79,593
Purchase of shares held in trust		–	–	–	(1,823)	–	(1,823)
Vesting of shares held in trust		–	–	–	3,911	(3,635)	276
Share-based awards		–	–	–	–	1,072	1,072
Dividends paid	6	223	3,398	–	–	(25,726)	(22,105)
At 30 September 2017		**69,461**	**91,946**	**9,636**	**223,462**	**669,423**	**1,063,928**

Year ended 31 March 2017 (Audited)

	Note	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Total £000
At 1 April 2016		62,804	–	9,636	222,936	602,821	898,197
Profit for the year and total comprehensive income		–	–	–	–	62,998	62,998
Equity placing		6,280	86,492	–	–	–	92,772
Purchase of shares held in trust		–	–	–	(5,195)	–	(5,195)
Vesting of shares held in trust		–	–	–	3,633	(3,629)	4
Share-based awards		–	–	–	–	1,833	1,833
Dividends paid	6	154	2,056	–	–	(45,904)	(43,694)
At 31 March 2017		69,238	88,548	9,636	221,374	618,119	1,006,915

Six months ended 30 September 2016 (Unaudited)

	Note	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Total £000
At 1 April 2016		62,804	–	9,636	222,936	602,821	898,197
Loss for the period and total comprehensive income		–	–	–	–	(13,094)	(13,094)
Purchase of shares held in trust		–	–	–	(2,124)	–	(2,124)
Vesting of shares held in trust		–	–	–	3,633	(3,590)	43
Share-based awards		–	–	–	–	1,231	1,231
Dividends paid	6	–	–	–	–	(23,404)	(23,404)
At 30 September 2016		62,804	–	9,636	224,445	563,964	860,849

Group cash flow statement

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Cash flows from operating activities			
Profit/(loss) before tax	**79,611**	(13,079)	63,011
Adjustments for non-cash items:			
(Profit)/loss on revaluation of investment properties	**(50,044)**	17,896	(22,200)
Loss on sale of investment properties	**5,796**	1,558	4,503
Share of post-tax (profit)/loss of joint ventures	**(5,419)**	3,004	(3,560)
Movement in lease incentives	**1,886**	417	293
Share-based payment amortisation	**1,072**	1,231	1,833
Amortisation of intangible asset	**–**	147	182
Net finance costs	**4,363**	20,055	19,600
Cash flows from operations before changes in working capital	**37,265**	31,229	63,662
Change in trade and other receivables	**(2,497)**	1,365	902
Change in trade and other payables	**(5,848)**	1,013	9,686
Cash flows from operations	**28,920**	33,607	74,250
Interest received	**20**	40	64
Interest paid	**(8,254)**	(8,783)	(17,149)
Tax received /(paid)	**266**	(3)	(34)
Financial arrangement fees and break costs	**(8,085)**	(4,476)	(6,340)
Cash flows from operating activities	**12,867**	20,385	50,791
Investing activities			
Purchase of investment properties	**(209,541)**	(50,891)	(147,348)
Capital expenditure on investment properties	**(33,699)**	(14,358)	(19,387)
Lease incentives paid	**(1,631)**	(1,506)	(6,495)
Sale of investment properties	**88,306**	55,723	165,035
Investments in joint ventures	**(8,321)**	(200)	(450)
Distributions from joint ventures	**7,451**	6,444	16,109
Cash flow from investing activities	**(157,435)**	(4,788)	7,464
Financing activities			
Dividends paid	**(22,105)**	(23,404)	(43,694)
Proceeds from issue of ordinary shares	**–**	–	92,772
Purchase of shares held in trust	**(1,823)**	(2,124)	(5,195)
Vesting of shares held in trust	**276**	43	4
New borrowings	**285,000**	146,181	226,181
Repayment of loan facilities	**(128,170)**	(130,000)	(328,000)
Cash flows from financing activities	**133,178**	(9,304)	(57,932)
Net (decrease)/increase in cash and cash equivalents	**(11,390)**	6,293	323
Opening cash and cash equivalents	**42,944**	42,621	42,621
Closing cash and cash equivalents	**31,554**	48,914	42,944

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 and Transparency Rules of the Financial Services Authority and with IAS 34 "Interim Financial Reporting", as adopted by the European Union. 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 2017 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 same accounting policies, estimates, presentation and methods of computation are followed in the Half Year Report as those applied in the Group's annual financial statements for the year to 31 March 2017 and which the Group expects to be applicable at 31 March 2018.

Amendments to existing standards including IFRS 2, IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 15, IAS 1, IAS 7, IAS 16, IAS 27, IAS 28, IAS 38, IAS 40 and Annual Improvements to IFRSs: 2012 – 2014, which came into effect during 2017, have not had a significant impact on the accounting policies, method of computation or presentation of the condensed financial statements.

In addition, IFRS 9, IFRS 15 and IFRS 16 were in issue as at the date of approval of these condensed financial statements but were not yet effective for the current accounting period and have not been adopted early. The potential impact on the Group's financial statements of these new standards is set out below:

- IFRS 9 Financial Instruments (effective from 1 January 2018) – this standard applies to the classification and measurement of financial assets and liabilities, impairment provisioning and hedge accounting. The Group is in the process of assessing the impact of this standard which may have a limited impact on the measurement and presentation of the Group's financial assets and liabilities;
- IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018) – this standard is applicable to management fees receivable and other property income but excludes rental income, which is within the scope of IFRS 16. The Group is in the process of assessing the impact of this standard; and
- IFRS 16 Leases (effective 1 January 2019) – the adoption of this standard is not expected to have a significant impact on the current accounting for rental income earned by the Group as lessor. As the Group does not hold any material operating leases as lessee, which are affected by this standard, its impact is not expected to be significant.

These condensed financial statements were approved by the Board of Directors on 28 November 2017.

Going concern

The Group's business activities, together with the factors affecting its performance, position and future development are set out in the CEO's overview, Investment and Property reviews. The finances of the Group, its liquidity position and borrowing facilities are set out in the Financial review.

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 Directors have considered the Group's cash balances, debt requirements and the maturity profile of its undrawn facilities. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that 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.

2. Segmental information

Property value

	100% owned £000	Share of JV £000	**Unaudited 30 September 2017 £000**	Unaudited 30 September 2016 £000	Audited 31 March 2017 £000
Distribution	1,064,675	9,375	**1,074,050**	832,014	927,337
Convenience & leisure	184,895	–	**184,895**	140,695	156,270
Long income	90,225	129,295	**219,520**	153,872	166,625
Retail parks	136,095		**136,095**	195,400	145,170
Office	–	–	**–**	72,300	70,000
Residential	1,655	33,468	**35,123**	48,845	41,111
Development	55,360	–	**55,360**	39,280	27,315
	1,532,905	172,138	**1,705,043**	1,482,406	1,533,828

Gross rental income

	100% owned £000	Share of JV £000	**Unaudited Six months to 30 September 2017 £000**	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Distribution	27,862	210	**28,072**	21,704	46,555
Convenience & leisure	5,270	–	**5,270**	4,132	8,634
Long income	1,969	3,967	**5,936**	5,581	11,228
Retail parks	3,495	–	**3,495**	6,506	11,557
Office	2,007	–	**2,007**	2,018	3,941
Residential	31	323	**354**	566	1,021
Development	–	–	–	32	80
	40,634	4,500	**45,134**	40,539	83,016

Net rental income

	100% owned £000	Share of JV £000	**Unaudited Six months to 30 September 2017 £000**	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Distribution	27,913	211	**28,124**	21,647	46,612
Convenience & leisure	5,156	–	**5,156**	4,088	8,500
Long income	1,943	3,931	**5,874**	5,505	11,070
Retail parks	3,272	–	**3,272**	6,149	11,211
Office	1,920	–	**1,920**	1,910	3,678
Residential	31	160	**191**	370	635
Development	(2)	–	**(2)**	32	83
	40,233	4,302	**44,535**	39,701	81,789

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 and for which discrete financial information is available. Gross rental income represents the Group's revenues from its tenants and the 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 on-going basis. The Group operates entirely in the United Kingdom and no geographical split is provided in information reported to the Board.

We have reclassified the operating segments this year to reflect the current portfolio mix and investment strategy. The retail segment has been split into three categories of convenience and leisure, long income and retail parks and the comparatives have been updated accordingly.

3. Net income

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Gross rental income	**40,634**	36,033	73,905
Property operating expenses	**(401)**	(617)	(814)
	40,233	35,416	73,091

For the six months to 30 September 2017 13% of the Group's gross rental income was receivable from one tenant. For the comparative periods to 30 September 2016 and 31 March 2017, 14% of the Group's gross rental income was receivable from one tenant.

4. Finance costs

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Interest payable on bank loans and related derivatives	**7,730**	8,245	16,916
Debt and hedging early close out costs	**6,367**	3,514	3,516
Amortisation of loan issue costs	**685**	681	1,409
Commitment fees and other finance costs	**869**	817	1,643
Total borrowing costs	**15,651**	13,257	23,484
Less amounts capitalised on developments	**(645)**	(1,235)	(1,924)
Net borrowing costs	**15,006**	12,022	21,560
Fair value(profit)/ loss on derivatives	**(10,465)**	9,419	(220)
	4,541	21,441	21,340

5. Taxation

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Current tax charge on profit	**18**	15	13

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 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Ordinary dividends paid			
2016 Second Interim dividend: 3.75p per share	–	23,404	23,404
2017 First quarterly Interim dividend: 1.8p per share	–	–	11,257
2017 Second quarterly Interim dividend: 1.8p per share	–	–	11,243
2017 Third quarterly Interim dividend: 1.8p per share	**11,269**	–	–
2017 Fourth quarterly Interim dividend: 2.1p per share	**14,457**	–	–
	25,726	23,404	45,904
Quarterly dividend paid and proposed			
2018 First quarterly Interim dividend: 1.85p per share	**12,817**		
2018 Second quarterly Interim dividend: 1.85p per share	**12,880**		

The Company paid a first quarterly interim dividend in respect of the current financial year of 1.85p per share, wholly as a Property Income Distribution (PID), on 6 October 2017.

The second quarterly interim dividend for 2018 of 1.85p per share was approved by the Board on 28 November 2017 and will be paid on 10 January 2018, wholly as a PID, to ordinary shareholders on the register at the close of business on 8 December 2017.

A scrip dividend alternative was available to shareholders for the first quarterly dividend and is intended for the second quarterly 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 2018.

7. Earnings and net assets per share

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

The 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 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.

a) EPRA Earnings

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

	Group £000	JV £000	**Unaudited Six months to 30 September 2017 £000**	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Gross rental income	40,634	4,500	**45,134**	40,539	83,016
Property costs	(401)	(198)	**(599)**	(838)	(1,227)
Net income	40,233	4,302	**44,535**	39,701	81,789
Management fees	809	(368)	**441**	532	981
Administrative costs	(6,735)	(65)	**(6,800)**	(6,767)	(13,353)
Net finance costs[1]	(8,461)	(914)	**(9,375)**	(8,198)	(18,398)
Other	(18)	–	**(18)**	(15)	(13)
EPRA earnings	25,828	2,955	**28,783**	25,253	51,006

[1] Group net finance costs reflect net borrowing costs of £15,006,000 (note 4) less early close out costs of £6,367,000 (note 4) and finance income of £178,000.

The reconciliation of EPRA earnings to IFRS reported profit/ (loss) can be summarised as follows:

	Group £000	JV £000	**Unaudited Six months to 30 September 2017 £000**	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
EPRA earnings	25,828	2,955	**28,783**	25,253	51,006
Revaluation of investment property	50,044	2,792	**52,836**	(23,036)	20,973
Fair value of derivatives	10,465	139	**10,604**	(9,486)	328
Debt/hedging early close out costs	(6,367)	(53)	**(6,420)**	(3,625)	(3,642)
Loss on disposal	(5,796)	(414)	**(6,210)**	(2,053)	(5,485)
Amortisation of intangible assets	–	–	**–**	(147)	(182)
IFRS reported profit/(loss)	74,174	5,419	**79,593**	(13,094)	62,998

b) Earnings per ordinary share

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Basic and diluted earnings/(losses)	**79,593**	(13,094)	62,998
EPRA adjustments[1]	**(50,810)**	38,347	(11,992)
EPRA earnings	**28,783**	25,253	51,006

[1] Adjustments shown in table reconciling EPRA earnings with IFRS reported profit/ (loss)

Number of shares (in thousands)	**Unaudited Six months to 30 September 2017**	Unaudited Six months to 30 September 2016	Audited Year to 31 March 2017
Weighted average number of ordinary shares[1]	**690,630**	624,000	625,457

[1] Excludes shares held in the LondonMetric Property Plc Employee Benefit Trust

Basic and diluted earnings per share	**11.5p**	(2.1)p	10.1p
EPRA earnings per share	**4.2p**	4.0p	8.2p

c) Net assets per share

	Unaudited 30 September 2017 £000	Unaudited 30 September 2016 £000	Audited 31 March 2017 £000
Equity shareholders' funds	**1,063,928**	860,849	1,006,915
Fair value of derivatives	**12,885**	32,989	23,350
Fair value of joint ventures' derivatives	**90**	404	229
EPRA net asset value	**1,076,903**	894,242	1,030,494

Number of shares (in thousands)	**Unaudited Six months to 30 September 2017**	Unaudited Six months to 30 September 2016	Audited Year to 31 March 2017
Ordinary share capital	**694,613**	628,044	692,383
Number of shares held in employee benefit trust	**(2,777)**	(2,628)	(4,502)
Number of ordinary shares	**691,836**	625,416	687,881

Basic net asset value per share	**153.8p**	137.6p	146.4p
EPRA net asset value per share	**155.7p**	143.0p	149.8p

8. Investment properties

	Completed £000	Under development £000	**Unaudited 30 September 2017 £000**	Completed £000	Under development £000	Audited 31 March 2017 £000
Opening balance	1,346,085	27,315	**1,373,400**	1,289,560	56,550	1,346,110
Acquisitions	200,850	10,154	**211,004**	81,043	60,840	141,883
Capital expenditure	11,058	15,885	**26,943**	18,055	7,901	25,956
Disposals	(128,231)	–	**(128,231)**	(174,965)	(650)	(175,615)
Property transfers	–	–	**–**	103,976	(103,976)	–
Revaluation movement	48,165	1,879	**50,044**	15,615	6,585	22,200
Tenant incentives	(382)	127	**(255)**	12,801	65	12,866
	1,477,545	55,360	**1,532,905**	1,346,085	27,315	1,373,400

Investment properties are held at fair value as at 30 September 2017 based on external valuations performed by professionally qualified valuers CBRE Limited ("CBRE") and Savills Advisory Services Limited ("Savills").

The valuation of property held for sale at 30 September 2017 was £79.6 million (30 September 2016: £59.5 million, 31 March 2017: £40.9 million).

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.

Long-term leasehold values included within investment properties amount to £90.7 million (30 September 2016: £93.5 million, 31 March 2017: £102.0 million). All other properties are freehold.

Included within the investment property valuation is £65.1 million (30 September 2016: £53.6 million, 31 March 2017: £65.3 million) in respect of lease incentives and rent free periods.

The historical cost of all of the Group's investment properties at 30 September 2017 was £1,251.8 million (30 September 2016: £1,119.4 million, 31 March 2017: £1,135.5 million).

Capital commitments have been entered into amounting to £51.3 million (30 September 2016: £46.2 million, 31 March 2017: £57.8 million) which have not been provided for in the financial statements.

Internal staff costs of the development team of £0.9 million (30 September 2016: £0.9 million, 31 March 2017: £1.8 million) have been capitalised in the period, being directly attributable to the development projects in progress.

Forward funded development costs of £2.4 million (30 September 2016: £25.2 million, 31 March 2017 £52.7 million) have been classified within investment property under development as acquisitions.

9. Investment in joint ventures

At 30 September 2017 the following principal property interests, being jointly-controlled entities, have been equity accounted for in these financial statements:

	Country of Incorporation or Registration	**Property Sector**	**Group Share**
Metric Income Plus Partnership	England and Wales	Retail	50.0%
LMP Retail Warehouse JV PUT	Guernsey	Retail	45.0%
LSP London Residential Investments	Guernsey	Residential	40.0%

The principal activity of all 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, increased and extended its debt facility with Deutsche Pfandbriefbank by £18.2 million and for a further three years to April 2023. The partnership agreement was also extended by two and a half years to June 2023.

The Group increased its investment in the LMP Retail Warehouse joint venture in September 2017 by 14.5% to 45.0% at a cost of £7.9 million. The joint venture, which holds a portfolio of DFS assets, disposed of one property in Swansea for £6.0 million (Group share: £1.8 million) in the period.

The Group also disposed of 11 residential flats at Moore House for £10.7 million (Group share: £4.3 million) through its 40% interest in LSP London Residential Investments in the period.

At 30 September 2017, the freehold and leasehold investment properties were externally valued by CBRE and Savills.

The valuation of property held for sale by joint ventures at 30 September 2017 was £14.7 million (Group share: £6.2 million) (30 September 2016: £7.7 million (Group share: £3.1 million), 31 March 2017: £1.6 million (Group share: £0.7 million)). The movement in the carrying value of joint venture interests in the period is summarised as follows:

	Unaudited Six months to 30 September 2017 £000	Unaudited Six months to 30 September 2016 £000	Audited Year to 31 March 2017 £000
Opening balance	**107,567**	119,666	119,666
Additions at cost	**8,321**	200	450
Share of profit/(loss) in the period	**5,419**	(3,004)	3,560
Disposals	**(2,907)**	(3,583)	(5,384)
Profit distributions received	**(4,544)**	(2,861)	(10,725)
Closing balance	**113,856**	110,418	107,567

All Group interests are equity accounted for in these financial statements. The Group's share of the profit after tax and net assets of its associates and joint ventures is as follows:

	Metric Income Plus Partnership £000	LMP Retail Warehouse JV PUT £000	LSP London Residential Investments £000	**Unaudited 30 September 2017 £000**	**Unaudited 30 September 2017 £000**
Summarised income statement	100%	100%	100%	**100%**	**Group share**
Gross rental income	5,604	4,426	809	**10,839**	**4,500**
Property costs	(66)	(5)	(410)	**(481)**	**(198)**
Net rental income	5,538	4,421	399	**10,358**	**4,302**
Administrative costs	(75)	(33)	(40)	**(148)**	**(65)**
Management fees	(425)	(172)	(255)	**(852)**	**(368)**
Revaluation	7,757	1,099	(3,952)	**4,904**	**2,792**
Finance income	–	–	2	**2**	**1**
Finance cost	(1,285)	(1,017)	(11)	**(2,313)**	**(968)**
Movement in derivatives	282	(4)	–	**278**	**139**
Loss on disposal	(15)	(385)	(622)	**(1,022)**	**(414)**
Profit/(loss) after tax	11,777	3,909	(4,479)	**11,207**	**5,419**
EPRA adjustments					
Revaluation	(7,757)	(1,099)	3,952	**(4,904)**	**(2,792)**
Movement in derivatives	(282)	4	–	**(278)**	**(139)**
Loss on disposal	15	385	622	**1,022**	**414**
Debt and hedging early close out costs	–	144	11	**155**	**53**
EPRA earnings	3,753	3,343	106	**7,202**	**2,955**
Group share of EPRA earnings	1,877	1,036	42	**2,955**	
Summarised balance sheet					
Investment properties	182,235	105,625	83,670	**371,530**	**172,138**
Other current assets	354	1	182	**537**	**248**
Cash	4,787	1,554	2,778	**9,119**	**4,204**
Current liabilities	(3,147)	(1,169)	(433)	**(4,749)**	**(2,274)**
Bank debt	(75,900)	(50,944)	–	**(126,844)**	**(60,885)**
Unamortised finance costs	594	484	–	**1,078**	**515**
Derivative financial instruments	(181)	2	–	**(179)**	**(90)**
Net assets	108,742	55,553	86,197	**250,492**	**113,856**
Group share of net assets	54,371	25,006	34,479	**113,856**	

	Metric Income Plus Partnership £000	LMP Retail Warehouse JV PUT £000	LSP London Residential Investments £000	Unaudited 30 September 2016 £000	Unaudited 30 September 2016 £000
Summarised income statement	100%	100%	100%	100%	Group share
Gross rental income	4,936	4,950	1,320	11,206	4,506
Property costs	(61)	(13)	(465)	(539)	(221)
Net rental income	4,875	4,937	855	10,667	4,285
Administrative costs	(17)	(24)	(42)	(83)	(32)
Management fees	(385)	(192)	(292)	(869)	(368)
Revaluation	(2,198)	(3,305)	(7,582)	(13,085)	(5,140)
Finance income	24	2	1	27	13
Finance cost	(1,487)	(1,157)	(262)	(2,906)	(1,200)
Movement in derivatives	(97)	(85)	19	(163)	(67)
Loss on disposal	(115)	–	(1,094)	(1,209)	(495)
Profit/(loss) after tax	600	176	(8,397)	(7,621)	(3,004)
EPRA adjustments					
Revaluation	2,198	3,305	7,582	13,085	5,140
Movement in derivatives	97	85	(19)	163	67
Loss on disposal	115	–	1,094	1,209	495
Debt and hedging early close out costs	203	–	25	228	111
EPRA earnings	3,213	3,566	285	7,064	2,809
Group share of EPRA earnings	1,607	1,088	114	2,809	

	Metric Income Plus Partnership £000	LMP Retail Warehouse JV PUT £000	LSP London Residential Investments £000	Audited 31 March 2017 £000	Audited 31 March 2017 £000
Summarised balance sheet	100%	100%	100%	100%	Group share
Investment properties	174,370	110,775	98,641	383,786	160,428
Other current assets	268	–	289	557	240
Cash	4,029	779	2,371	7,179	3,200
Current liabilities	(3,089)	(1,021)	(526)	(4,636)	(2,068)
Bank debt	(75,900)	(54,470)	–	(130,370)	(54,563)
Unamortised finance costs	716	658	–	1,374	559
Derivative financial instruments	(462)	6	–	(456)	(229)
Net assets	99,932	56,727	100,775	257,434	107,567
Group share of net assets	49,967	17,290	40,310	107,567	

10. Trade and other receivables

	Unaudited 30 September 2017 £000	Unaudited 30 September 2016 £000	Audited 31 March 2017 £000
Trade receivables	**2,102**	246	280
Amounts receivable from property sales	**48,861**	24,199	14,931
Prepayments and accrued income	**4,021**	3,023	3,455
Other receivables	**224**	64	92
	55,208	27,532	18,758

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 2017 there were trade receivables of £8,300 which were overdue and considered at risk (30 September 2016: £16,000, 31 March 2017: £nil). A full provision has been made against these receivables.

11. Cash and cash equivalents

Cash and cash equivalents include £4.7 million (30 September 2016: £6.2 million, 31 March 2017: £5.3 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 2017 £000	Unaudited 30 September 2016 £000	Audited 31 March 2017 £000
Trade payables	**6,472**	3,763	9,118
Amounts payable on property acquisitions and disposals	**3,096**	6,677	1,832
Rent received in advance	**13,857**	14,285	13,724
Accrued interest	**1,140**	1,359	1,664
Other payables	**1,939**	1,976	3,102
Other accruals	**7,508**	5,470	16,955
	34,012	33,530	46,395

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

13. Borrowings

	Unaudited 30 September 2017 £000	Unaudited 30 September 2016 £000	Audited 31 March 2017 £000
Secured Bank loans	**130,000**	196,170	196,170
Unsecured Bank loans	**500,000**	395,000	277,000
Unamortised finance costs	**(7,015)**	(6,543)	(6,851)
	622,985	584,627	466,319

Certain bank loans at 30 September 2017 are secured by fixed charges over Group investment properties with a carrying value of £310.3 million.

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

As at 30 September 2017	**Less than one year £000**	**One to two years £000**	**Two to five years £000**	**More than five years £000**	**Total £000**
Bank loans	**14,171**	**14,171**	**406,678**	**273,053**	**708,073**
Derivative financial instruments	**3,631**	**5,881**	**14,445**	**–**	**23,957**
	17,802	**20,052**	**421,123**	**273,053**	**732,030**

As at 31 March 2017	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000	Total £000
Bank loans	12,245	12,245	265,620	251,672	541,782
Derivative financial instruments	5,712	6,500	21,529	16	33,757
	17,957	18,745	287,149	251,688	575,539

The Group is exposed to interest rate risk from the use of debt financing at a variable rate. It is Group policy that a reasonable portion of external borrowings are at a fixed interest rate in order to manage this risk.

The Group uses interest rate swaps and caps to manage its interest rate exposure and hedge future interest rate risk for the term of the bank loan.

Details of the fair value of the Group's derivative financial instruments that were in place at 30 September 2017 are provided below:

	Average rate		Notional amount		Fair value	
Interest rate caps – expiry	**Unaudited 30 September 2017 %**	Audited 31 March 2017 %	**Unaudited 30 September 2017 £000**	Audited 31 March 2017 £000	**Unaudited 30 September 2017 £000**	Audited 31 March 2017 £000
Less than one year	**2.0**	2.0	**116,313**	16,313	**–**	–
One to two years	**3.0**	2.0	**10,000**	100,000	**–**	1
Two to five years	**2.0**	2.3	**19,620**	29,620	**95**	121
More than five years	**–**	–	**–**	–	**–**	–
	2.1	2.1	**145,933**	145,933	**95**	122

	Average rate		Notional amount		Fair value	
Interest rate swaps - expiry	**Unaudited 30 September 2017 %**	Audited 31 March 2017 %	**Unaudited 30 September 2017 £000**	Audited 31 March 2017 £000	**Unaudited 30 September 2017 £000**	Audited 31 March 2017 £000
Less than one year	**0.6**	–	**50,000**	–	**(35)**	–
One to two years	**2.0**	0.6	**10,000**	50,000	**(214)**	(134)
Two to five years	**2.1**	2.0	**425,000**	166,960	**(12,731)**	(6,187)
More than five years	**–**	2.1	**–**	425,000	**–**	(17,151)
	1.9	1.9	**485,000**	641,960	**(12,980)**	(23,472)
Total fair value					**(12,885)**	(23,350)

All derivative financial instruments are non-current interest rate derivatives and are carried at fair value following a valuation as at 30 September 2017 by J C Rathbone Associates Limited.

The market values of hedging products change with interest rate fluctuations, but the exposure of the Group to movements in interest rates is protected by way of the hedging products listed above. 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.

The Group has complied throughout the year comfortably with the financial covenants contained in its debt funding arrangements.

14. Share capital

	Unaudited 30 September 2017 Number	**Unaudited 30 September 2017 £000**	Audited 31 March 2017 Number	Audited 31 March 2017 £000
Issued, called up and fully paid				
Ordinary shares of 10p each	**694,612,714**	**69,461**	692,382,431	69,238

In June 2017, the Company granted options over 2,771,554 ordinary shares under its Long Term Incentive Plan and Deferred Bonus Plan. In addition, 2,212,076 ordinary shares in the Company that were granted to certain Directors and employees under the Company's Long Term Incentive Plan in 2014 vested along with 606,160 ordinary shares in the Director's Deferred Bonus Plan.

The Company issued 2,230,283 ordinary shares in the period under the terms of its Scrip Dividend Scheme.

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 and Metric Property Investments Plc by the Company, the cost of the Company's shares held in treasury and the cost of shares held in trust to provide for the Company's future obligations under share award schemes.
Retained earnings	The cumulative profits and losses after the payment of dividends.

16. Related party transactions and balances

Management fees and dividends receivable from the Group's joint venture arrangements in which it has an equity interest were as follows:

		Management fees		Dividends	
	Group interest	**Unaudited Six months to 30 September 2017 £000**	Unaudited Six months to 30 September 2016 £000	**Unaudited Six months to 30 September 2017 £000**	Unaudited Six months to 30 September 2016 £000
LSP Green Park Distribution Holdings	50.0%	**–**	–	**–**	10
LSP London Residential Investments	40.0%	**212**	243	**1,800**	–
Metric Income Plus Partnership	50.0%	**425**	465	**1,863**	1,768
LMP Retail Warehouse JV PUT	45.0%	**172**	192	**881**	1,083
		809	900	**4,544**	2,861

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

17. Post balance sheet events

On 5 October 2017 the Group's Metric Income Plus partnership conditionally exchanged to forward fund an 84 bed Premier Inn hotel in Ringwood for £8.5 million (Group share £4.3 million).

On 6 October 2017 the Group conditionally exchanged to acquire a retail development site in Derby that has been pre-let to M&S, Starbucks and Nandos.

On 13 October 2017 the Group exchanged to sell a 274,000 sq ft distribution unit in Bolton let to Tesco for £24.4 million.

On 18 October 2017 the Group's Retail Warehouse joint venture exchanged to sell a DFS unit in Swindon for £7.9 million (Group share: £3.5 million).

On 6 November 2017 the Group completed the acquisition of a 40 acre development site in Bedford from the local authority with planning consent for up to 670,000 sq ft of logistics space.

On 10 November 2017 the Group exchanged to sell the Odeon cinema in Derby for £12.6 million.

On 21 November 2017 the Group exchanged to sell Cleveland Gate Retail Park, Guisborough for £6.0 million.

On 22 November the Group acquired a development site in Weymouth for £3.3 million.

On 27 November the Group acquired a 364,000 sq ft distribution warehouse in Ollerton for £37.4 million let to Clipper Logistics.

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 European Union; 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 and Transparency Rules of the United Kingdom's Financial Conduct Authority.

By order of the Board

Andrew Jones

Chief Executive

Martin McGann

Finance Director

28 November 2017

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 2017 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 17. 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.

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 Auditing Practices Board. 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.

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 and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

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 Auditing Practices Board 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 Ireland) 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 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

DELOITTE LLP
Statutory Auditor
28 November 2017
London, United Kingdom

Supplementary information

i EPRA Summary table

	30 September 2017	30 September 2016	31 March 2017
EPRA earnings per share	**4.2p**	4.0p	8.2p
EPRA net asset value per share	**155.7p**	143.0p	149.8p
EPRA triple net asset value per share	**153.8p**	137.6p	146.4p
EPRA vacancy rate	**0.6%**	1.5%	0.4%
EPRA cost ratio (including vacant property costs)	**15%**	17%	16%
EPRA cost ratio (excluding vacant property costs)	**15%**	16%	15%
EPRA net initial yield	**4.4%**	4.8%	4.5%
EPRA "topped up" net initial yield	**5.2%**	5.4%	5.4%

The definition of these measures can be found in the Glossary.

ii EPRA proportionally consolidated income statement

For the six months to 30 September	Group £000	JV £000	**2017 £000**	Group £000	JV £000	2016 £000
Gross rental income	40,634	4,500	**45,134**	36,033	4,506	40,539
Property costs	(401)	(198)	**(599)**	(617)	(221)	(838)
Net income	40,233	4,302	**44,535**	35,416	4,285	39,701
Management fees	809	(368)	**441**	900	(368)	532
Administrative costs	(6,735)	(65)	**(6,800)**	(6,735)	(32)	(6,767)
Net finance costs	(8,461)	(914)	**(9,375)**	(7,122)	(1,076)	(8,198)
Other	(18)	–	**(18)**	(15)	–	(15)
EPRA earnings	25,828	2,955	**28,783**	22,444	2,809	25,253

iii EPRA proportionally consolidated balance sheet

			30 September			31 March
As at	Group £000	JV £000	**2017 £000**	Group £000	JV £000	2017 £000
Investment property	1,532,905	172,138	**1,705,043**	1,373,400	160,428	1,533,828
Gross debt	(630,000)	(60,885)	**(690,885)**	(473,170)	(54,563)	(527,733)
Cash	31,554	4,204	**35,758**	42,944	3,200	46,144
Other	28,498	(1,511)	**26,987**	(20,476)	(1,269)	(21,745)
EPRA net assets	962,957	113,946	**1,076,903**	922,698	107,796	1,030,494
Loan to value	34%	33%	**34%**	30%	32%	30%
Cost of debt	3.0%	3.3%	**3.0%**	3.6%	3.4%	3.5%
Undrawn facilities	73,750	12,050	**85,800**	296,750	2,938	299,688

iv EPRA cost ratio

For the six months to 30 September	**2017 £000**	2016 £000
Property operating expenses	**401**	617
Administration expenses	**6,735**	6,735
Share of joint venture property operating, administration expenses and management fees	**632**	621
Less:		
Joint venture property management fee income	**(809)**	(900)
Ground rents	**(68)**	(64)
Total costs including vacant property costs (A)	**6,891**	7,009
Group vacant property costs	**(226)**	(395)
Share of joint venture vacant property costs	**(116)**	(114)
Total costs excluding vacant property costs (B)	**6,549**	6,500
Gross rental income	**40,634**	36,033
Share of joint venture gross rental income	**4,500**	4,506
	45,134	40,539
Less: Ground rents	**(68)**	(64)
Total gross rental income (C)	**45,066**	40,475
Total EPRA cost ratio (including vacant property costs) (A)/(C)	**15%**	17%
Total EPRA cost ratio (excluding vacant property costs) (B)/(C)	**15%**	16%

v EPRA net initial yield and "topped up" net initial yield

As at	**30 September 2017 £000**	31 March 2017 £000
Investment property – wholly-owned	**1,532,905**	1,373,400
Investment property – share of joint ventures	**172,138**	160,428
Less development properties	**(55,360)**	(27,315)
Less residential properties	**(35,123)**	(41,111)
Completed property portfolio	**1,614,560**	1,465,402
Allowance for:		
Estimated purchasers' costs	**109,790**	99,647
Estimated costs to complete	**27,390**	39,309
EPRA property portfolio valuation (A)	**1,751,740**	1,604,358
Annualised passing rental income	**70,773**	65,169
Share of joint ventures	**9,854**	8,814
Less development properties	**(2,928)**	(1,243)
Less residential properties	**(489)**	(526)
Annualised net rents (B)	**77,210**	72,214
Contractual rental increased for rent free periods	**10,499**	10,558
Contractual rental increases for fixed uplifts	**3,057**	3,151
"Topped up" net annualised rent (C)	**90,766**	85,923
EPRA net initial yield (B/A)	**4.4%**	4.5%
EPRA "topped up" net initial yield (C/A)	**5.2%**	5.4%

vi EPRA vacancy rate

As at	**30 September 2017 £000**	31 March 2017 £000
Annualised estimated rental value of vacant premises	**588**	384
Portfolio estimated rental value[1]	**91,268**	86,228
EPRA vacancy rate	**0.6%**	0.4%

[1] Excludes residential and development properties

vii EPRA capital expenditure analysis

As at	Group £000	JV £000	**30 September 2017 £000**	Group £000	JV £000	31 March 2017 £000
Opening valuation	1,373,400	160,428	**1,533,828**	1,346,110	174,741	1,520,851
Acquisitions	200,850	15,180	**216,030**	81,043	9,146	90,189
Developments[1]	26,039	–	**26,039**	68,741	–	68,741
Capital expenditure[2]	11,058	51	**11,109**	18,055	561	18,616
Disposals	(128,231)	(6,360)	**(134,591)**	(175,615)	(22,631)	(198,246)
Revaluation	50,044	2,792	**52,836**	22,200	(1,227)	20,973
Lease incentives	(255)	47	**(208)**	12,866	(162)	12,704
Closing valuation	1,532,905	172,138	**1,705,043**	1,373,400	160,428	1,533,828

[1] Includes capitalised interest of £0.6 million (March 2017: £1.9 million) and capitalised staff costs of £0.9 million (March 2017: £1.8 million)

[2] Capital expenditure on completed properties

viii Total accounting return

As at	**30 September 2017 £000**	30 September 2016 £000	31 March 2017 £000
EPRA net asset value			
– at end of year	**1,076,903**	894,242	1,030,494
– at start of year	**1,030,494**	922,105	922,105
Increase/(decrease)	**46,409**	(27,863)	108,389
Dividend paid	**22,105**	23,404	43,694
Equity placing	**–**	–	(92,772)
Net increase/(decrease)	**68,514**	(4,459)	59,311
Total accounting return	**6.6%**	(0.5)%	6.4%

ix Portfolio split and valuation

As at	£m	30 September 2017 %	£m	31 March 2017 %
Mega distribution	**495.1**	**29.0**	477.8	31.1
Regional distribution	**318.1**	**18.7**	303.4	19.8
Urban logistics	**260.9**	**15.3**	146.2	9.5
Distribution	**1,074.1**	**63.0**	927.4	60.4
Convenience & leisure	**184.9**	**10.8**	156.2	10.2
Long income	**219.5**	**12.9**	166.6	10.8
Retail parks	**136.1**	**8.0**	145.2	9.5
Office	–	–	70.0	4.6
Investment Portfolio	**1,614.6**	**94.7**	1,465.4	95.5
Development – distribution[1]	**49.0**	**2.9**	22.8	1.5
Development – retail	**6.3**	**0.3**	4.5	0.3
Residential	**35.1**	**2.1**	41.1	2.7
Total portfolio	**1,705.0**	**100.0**	1,533.8	100.0

[1] Represents regional distribution of £17.4 million and urban logistics of £31.6 million at 30 September 2017

x Investment portfolio yields

As at	EPRA NIY %	EPRA topped up NIY %	30 September 2017 Equivalent yield %	EPRA NIY %	EPRA topped up NIY %	31 March 2017 Equivalent yield %
Distribution	**4.1**	**4.9**	**5.4**	4.1	5.0	5.5
Convenience & leisure	**5.2**	**5.2**	**5.8**	5.1	5.2	6.0
Long income	**5.9**	**6.2**	**5.7**	6.2	6.5	6.0
Retail parks	**3.6**	**5.6**	**5.6**	3.8	5.7	5.9
Office	**–**	**–**	**–**	5.8	6.5	7.4
Investment portfolio	**4.4**	**5.2**	**5.5**	4.5	5.4	5.8

xi Investment portfolio – Key statistics

As at 30 September 2017	**Area ’000 sq ft**	**WAULT to expiry years**	**WAULT to first break years**	**Occupancy %**	**Average rent £ per sq ft**
Distribution	10,366	11.9	11.0	99.0	5.60
Convenience & leisure	658	17.4	17.2	100.0	15.80
Long income	1,276	11.4	10.1	100.0	19.50
Retail parks	437	11.5	10.0	99.6	19.20
Investment portfolio	**12,737**	**12.4**	**11.5**	**99.4**	**7.50**
Distribution development	574				
Retail development	31				
Commercial portfolio	**13,342**				

xii Total property returns

	All property 30 September 2017 %	All property 30 September 2016 %	All property 31 March 2017 %
Capital return	**3.3**	(1.3)	1.7
Income return	**2.8**	2.8	5.6
Total return	**6.1**	1.5	7.4

xiii Contracted rental income

As at	30 September 2017 £m	30 September 2016 £m	31 March 2017 £m
Distribution	**57.1**	46.6	50.9
Convenience & leisure	**10.4**	8.8	8.8
Long income	**14.5**	10.8	11.5
Retail parks	**8.4**	12.3	9.4
Office	**–**	4.4	4.9
Investment portfolio	**90.4**	82.9	85.5
Development – distribution	**2.4**	0.1	0.8
Development – retail	**0.5**	0.4	0.5
Commercial portfolio	**93.3**	83.4	86.8
Residential	**0.5**	0.7	0.5
Total portfolio	**93.8**	84.1	87.3

xiv Rent subject to expiry

As at 30 September 2017	**Within 5 years %**	**Within 10 years %**	**Within 15 years %**	**Within 20 years %**	**Over 20 years %**
Distribution	11.4	45.1	66.4	83.9	100.0
Convenience & leisure	3.4	20.1	32.2	47.6	100.0
Long income	10.9	31.0	90.0	97.2	100.0
Retail parks	5.2	44.5	89.3	100.0	–
Commercial portfolio	**9.9**	**40.0**	**68.4**	**83.5**	**100.0**

xv Contracted rent subject to RPI or fixed uplifts for commercial portfolio

		30 September 2017		31 March 2017
	£m	%	£m	%
Distribution	**30.0**	**50.4**	29.9	57.8
Convenience & leisure	**9.3**	**89.4**	7.7	87.5
Long income	**4.5**	**31.0**	3.4	29.6
Retail parks	**1.4**	**15.7**	1.4	14.1
Office	**–**	**–**	3.0	60.9
Commercial portfolio	**45.2**	**48.4**	45.4	52.4

xvi Top ten assets (by value)

As at 30 September 2017	Area '000 sq ft	Contracted Rent £m	Occupancy %	WAULT to expiry years	WAULT to first break years
Primark, Islip	1,062	5.5	100.0	23.0	23.0
Primark, Thrapston	783	4.1	100.0	15.0	15.0
Dixons Carphone, Newark	726	4.4	100.0	15.8	15.8
Eddie Stobart, Dagenham	436	4.1	100.0	26.0	26.0
Argos, Bedford	658	3.8	100.0	5.2	5.2
Poundworld, Wakefield	527	2.6	100.0	14.0	14.0
M&S, Sheffield	626	2.6	100.0	6.2	3.8
Amazon, Omega South, Warrington	357	2.1	100.0	14.2	14.2
Kirkstall Bridge, Leeds	120	2.5	98.6	10.9	8.4
Dixons Carphone, New Malden	51	1.9	100.0	14.2	9.6

xvii Top ten occupiers

As at 30 September 2017	Contracted rental income £m	Market capitalisation £bn	Contracted rental income %
Primark[1]	9.6	26.0	10.3
Dixons Carphone	8.1	2.2	8.7
M&S	6.9	5.3	7.4
DHL[1]	4.1	50.2	4.4
Argos[1]	4.1	5.2	4.4
Eddie Stobart	4.1	0.6	4.4
DFS	4.0	1.0	4.3
Odeon	3.6	1.8	3.8
Tesco	2.8	14.6	3.0
Poundworld	2.7	n/a	2.9
Top ten	**50.0**		53.6
Other commercial income	43.3		46.4
Total commercial	**93.3**		100.0
Residential	0.5		
Total Group	**93.8**		

[1] Market capitalisation of Parent Company

Glossary

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

Commercial portfolio
The Group's property portfolio excluding residential properties

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 drawn debt

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

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)
Recurring earnings from core operational activities 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 NNNAV per Share
EPRA NAV per share adjusted to include the fair value of financial instruments, debt and deferred taxes at the balance sheet date

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)
The European Public Real Estate Association (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 taking into account the net effects of straight lining for lease incentives, including 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

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)
Investment Property Databank (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

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

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 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 NAV plus the dividend paid during the period expressed as a percentage of the EPRA NAV 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