

FULL YEAR RESULTS

Year Ended 31 March 2018



AGENDA

- △ Highlights & Strategy
- △ Financial performance
- △ Property & Investment
- △ Outlook
- △ Q&A



Key Highlights

Our sector calls and income focus delivered income growth and strong portfolio performance

- Technology and social change are driving our sector calls
 - Distribution up to 69%¹
 - Retail parks down to 7%¹
- Focus on sustainable and growing income
 - Contracted rent roll up 8% to £94m pa
- Disciplined approach delivered strong portfolio performance
 - Portfolio TPR +13.7%, 360 bps outperformance of IPD All Property
- Financing activities enhancing income
 - Finance costs reduced to 2.8%
 - Gross to Net Income leakage fallen to 1.3%



Financial Highlights

Full Year to 31 March 2018

	Mar 2018	Mar 2017	Change
EPRA Earnings	£59m	£51m	+16%
EPRA Earnings (pps)	8.5p	8.2p	+4%
Dividend (pps)	7.9p	7.5p	+5%
Reported Profit	£186m	£63m	+£123m
EPRA NAV (pps)	165p <i>after 3p of swap break costs</i>	150p	+10%

EPRA cost ratio

15%

FY17:16%

Dividend cover

108%

FY17:109%

Revaluation surplus

+£122m

Yield compression 28 bps¹

Total Accounting Return

+16%

FY17: +6%

1. Equivalent yield movement on portfolio (LFL)



Operational Highlights

Enhancing the portfolio, generating secure and growing income

- £385m of investments¹
 - £216m urban & regional distribution
 - £90m development capex spent or committed on 0.8m sq ft
 - £79m long income and convenience retail
- £252m of disposals¹
 - £86m retail and leisure
 - £78m across last office asset and residential
 - £88m of older, shorter let distribution
- Strong occupier activity
 - LFL income growth 4.3% and ERV growth 3.1%
 - Detailed terms on 350,000 sq ft at Bedford development

Acquisitions

6.0% yield

80% distribution

Disposals

5.4% yield

Retail, distribution & leisure

Occupier activity

58 transactions

31 lettings & 27 rent reviews



Investment Strategy

Income compounding strategies are likely to outperform hyper active development ones

Distribution

- ▷ Distribution real estate reflects modern shopping habits
- ▷ Strong occupier and investment demand
- ▷ Urban and regional logistics rents trending ahead of inflation

Online sales¹

+13%

Store sales¹

-1%

Long income

- ▷ Global search for yield - repetitive & reliable income highly valued
- ▷ Demographics intensifying search for income
- ▷ Compounding income strategies will outperform

Income as % of total returns²

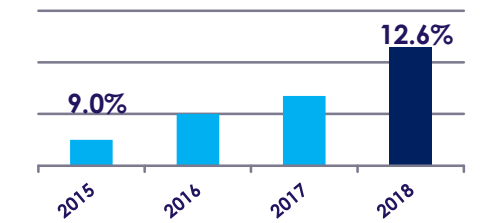
104%

Average for UK property (next 5 years)

Convenience

- ▷ Convenience retail continues to take market share
- ▷ Real return driven by high exposure to indexation
- ▷ Delivering fit for purpose, modern long let real estate

LIDL & Aldi market share³ **+ 40%**

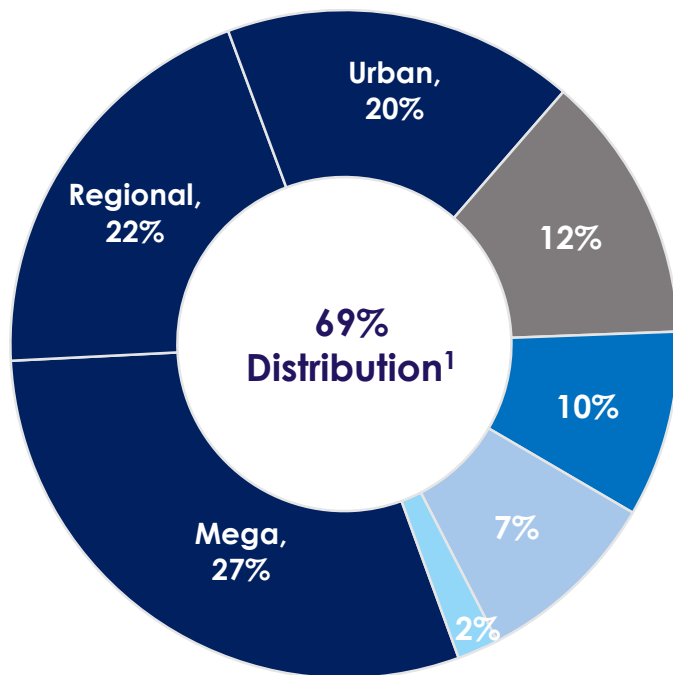


1. Barclaycard, May 2018. Y-o-y change (3 month average)
 2. Capital Economics
 3. Kantar



Our Portfolio

Aligned to structurally supported sectors



As at 31 March 18	NIY ²	Rent ¹	WAULT	TPR (1yr)
Distribution (£1,262m ¹)	4.6%	£61.5m	12.1 yrs	+12.8%
Long Income (£229m ¹)	5.9%	£14.4m	11.0 yrs	+15.9%
Convenience & Leisure (£181m ¹)	4.9%	£9.7m	17.2 yrs	+15.4%
Retail Parks (£140m ¹)	5.6%	£8.4m	11.1 yrs	+10.5%
Residential (£30m ¹)	n/a	£0.4m	n/a	-4.4%
	4.9%	£94.4m	12.4yrs	+13.7%

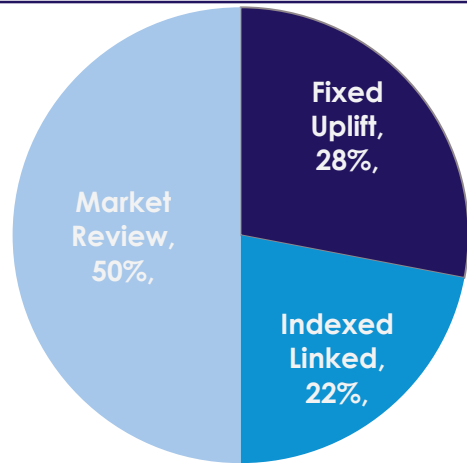
1. Including developments
2. Topped up NIY on investment portfolio



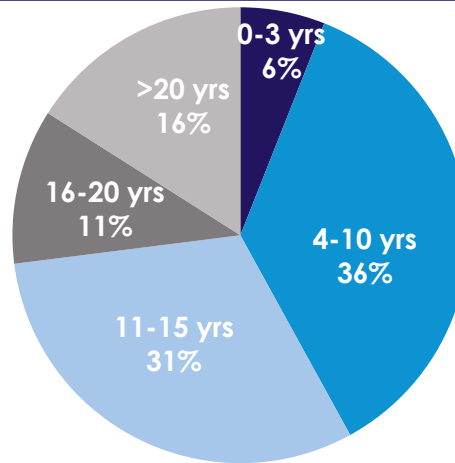
Rental Income Profile¹

Delivering long term repetitive & dependable income

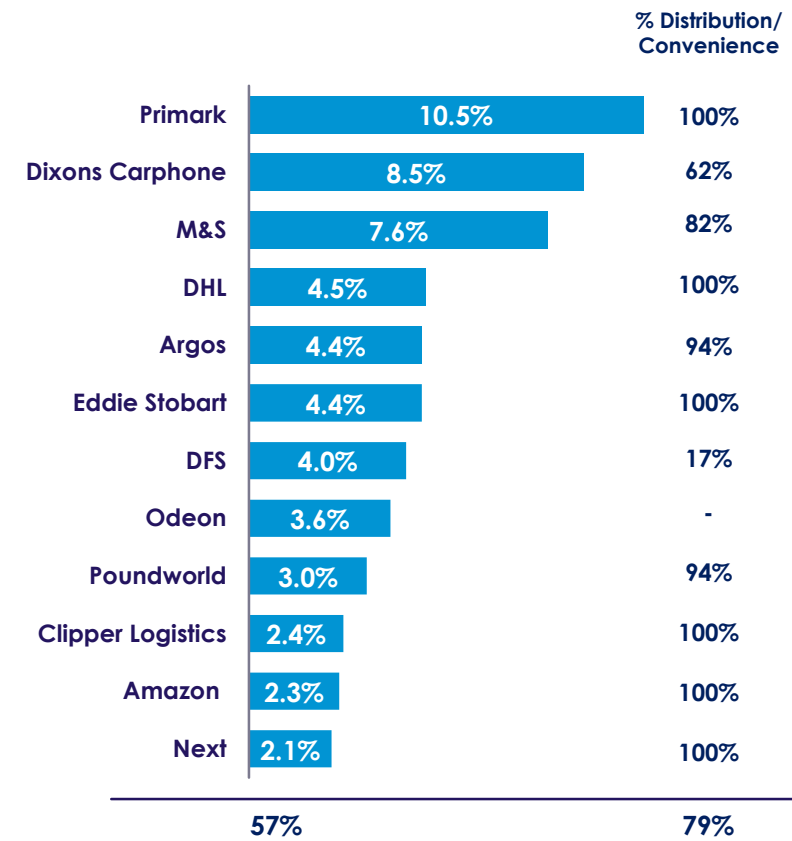
Contractual Rent Reviews²
(on 50.3% of income)



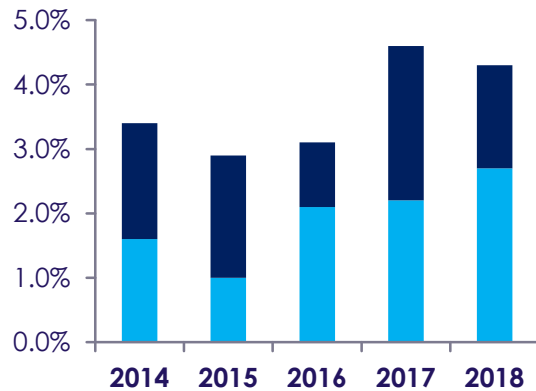
Unexpired Lease Terms
(Av. 12.4 years)



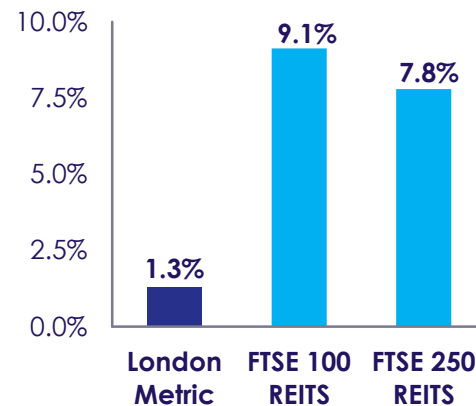
Key occupiers
(>2% of contracted income⁴)



LFL Income Growth (%)
(H1 : H2 split)



Income leakage v sector³
(% of gross income)



1. As at 31 March 2018

2. Market review includes lease renewals <5 years

3. Source: Peel Hunt. Simple average. Excludes operators

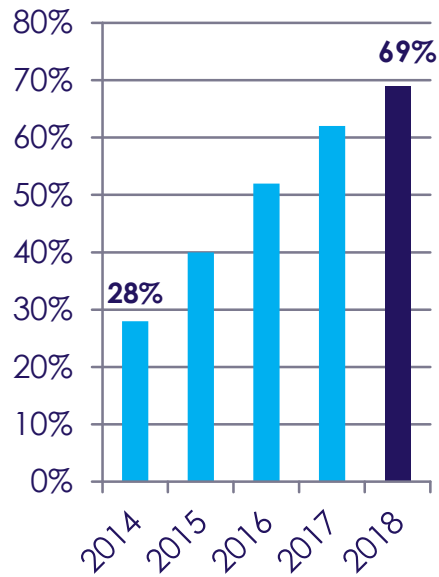
4. Excluding income relating to sales exchanged prior to year end but not completed



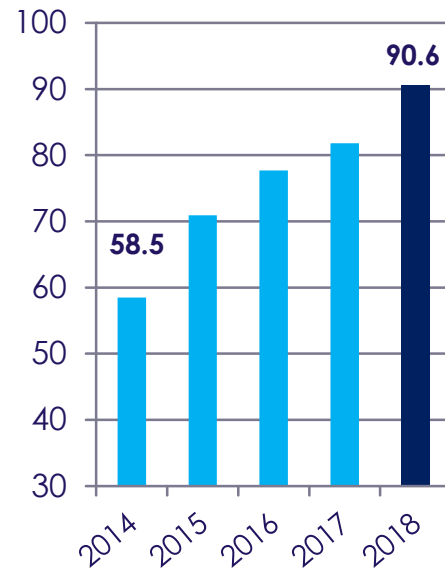
Delivering Long Term Shareholder Returns

Our key focus is to drive earnings and distribute

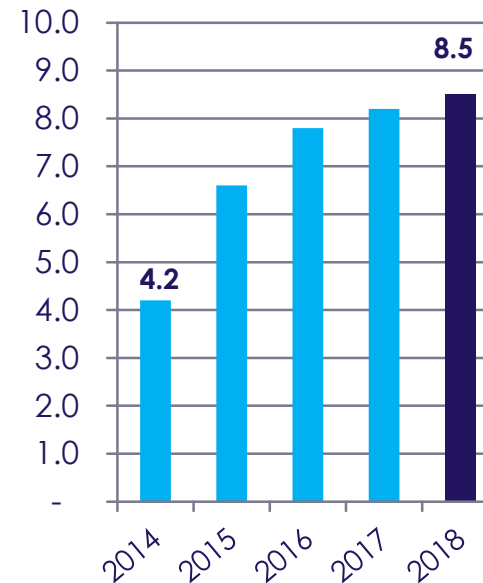
Distribution Exposure (%)



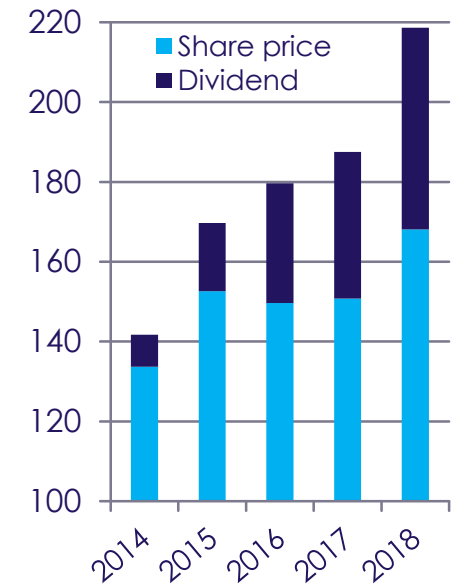
Net Rental Income (£m)



Earnings Growth (pps)



Total Shareholder Return¹ (rebased to 100)



1. Source: Bloomberg as at 31 March 2018 (share price of 178.2p)

FINANCIAL REVIEW



Income Statement¹

	31 March 2018	31 March 2017
Net rental income	£90.6m	£81.8m
Administrative costs	£(13.9)m	£(13.4)m
Finance costs	£(18.5)m	£(18.4)m
EPRA Earnings	£59.1m	£51.0m
EPRA Earnings (pps)	8.5p	8.2p
Reported Profit ²	£186m	£63m
DPS	7.9p	7.5p
<i>EPRA cost ratio</i>	15%	16%
<i>Dividend cover</i>	108%	109%

1. Proportionally consolidated basis, unless otherwise stated
2. IFRS basis

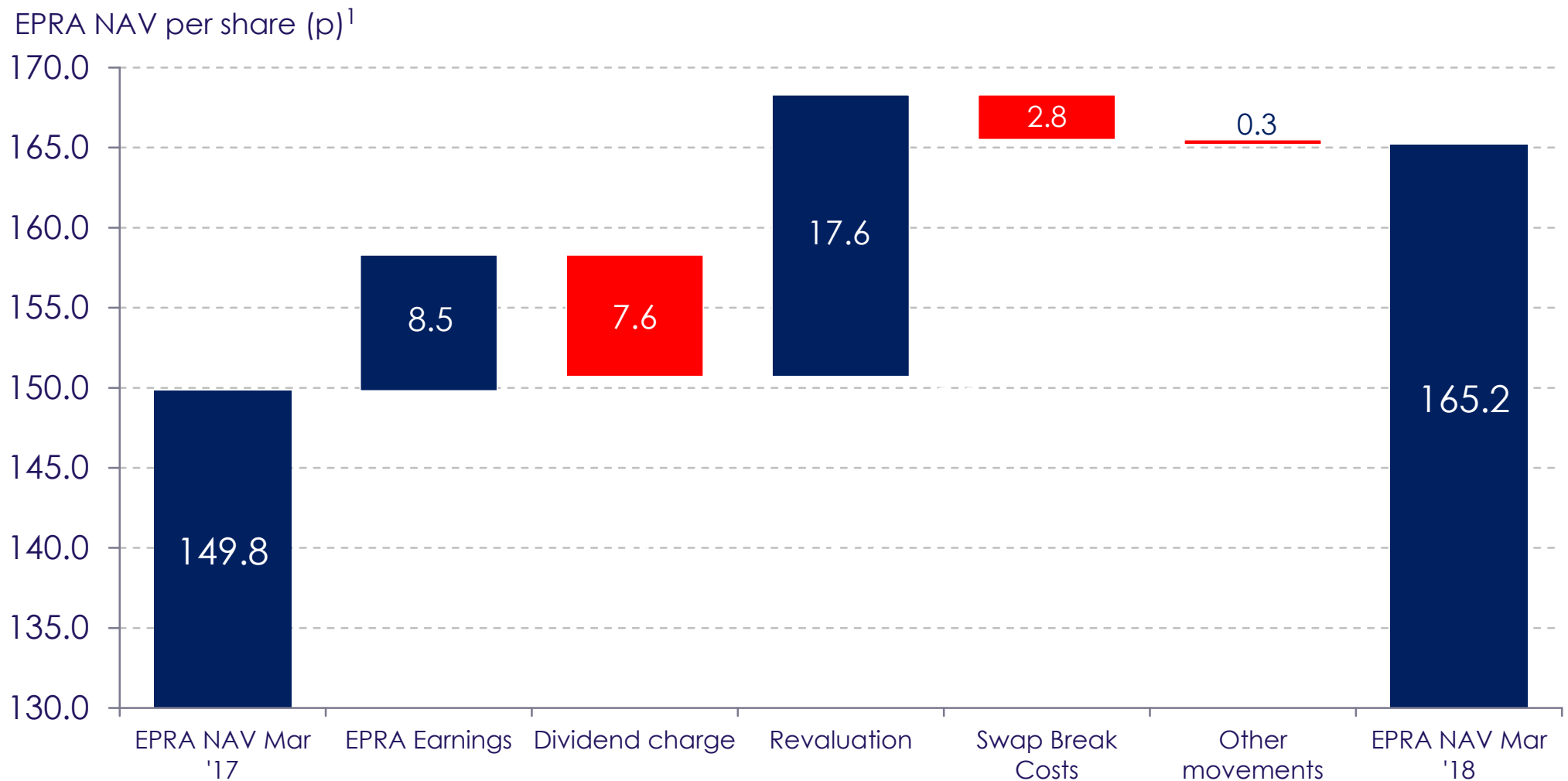


Balance Sheet¹

	31 March 2018	31 March 2017
Property portfolio	£1,842.0m	£1,533.8m
Cash	£39.3m	£46.1m
Debt	£(708.9)m	£(527.7)m
Fair value of derivatives	£2.9m	£(23.6)m
Other net liabilities	£(25.8)m	£(21.7)m
Net Assets	£1,149.5m	£1,006.9m
EPRA Adjustments	£(2.9)m	£23.6m
EPRA Net assets	£1,146.6m	£1,030.5m
EPRA NAV per share	165.2p	149.8p



Movements in EPRA NAV



1. Other movements include loss on sales, cost of share based awards and impact of scrip issue



Financing

Debt Metrics ¹	31 March 2018	31 March 2017
Gross Debt	£708.9m	£527.7m
Average cost of finance	2.8%	3.5%
Marginal cost of debt	1.8%	1.5%
Average maturity	4.8 years	5.2 years
Hedging ²	73%	87%
	80% on drawn debt	
Loan to Value ³	35%	30%

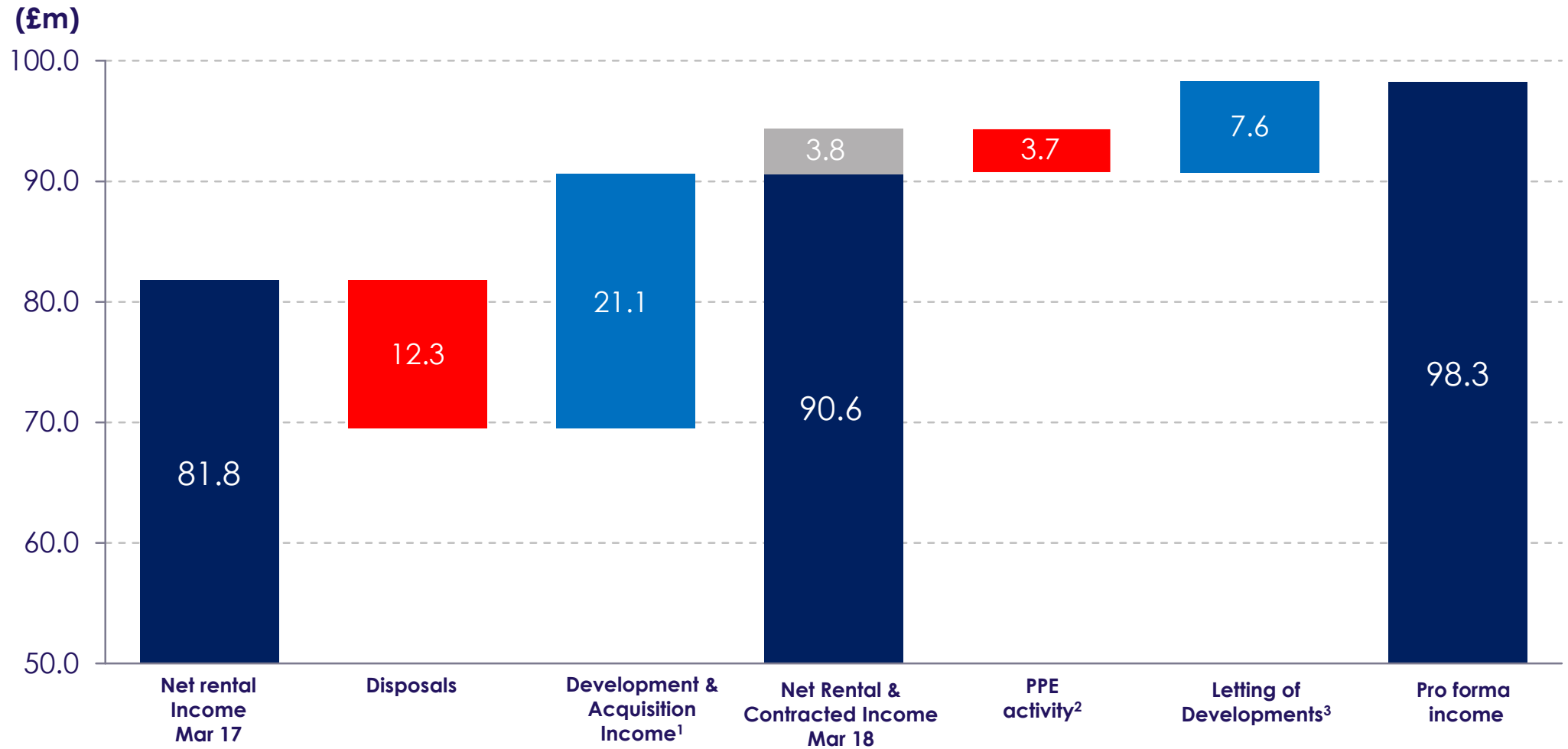
1. Proportionally consolidated basis

2. Based on total debt facilities as at 31 March 2018

3. LTV includes consideration of £47.5m on disposals with delayed completion at year end



Income Progression



1. Includes I-f-I income uplift and reduction in property costs
2. Includes investment & asset management activity post year end
3. Includes the letting of recently completed and current developments where income is not yet contracted

PROPERTY REVIEW



Distribution Portfolio¹

69% of portfolio providing end to end logistics

Mega Distribution



- 7 assets, 4.7m sq ft
- £24.9m rent (£5.30 psf)
- NIY² 4.7%
- WAULT 13.2 years
- Occupancy 100%

- **ERV growth +1.9%**
- **Contractual uplifts 74%**
- **3 rent reviews³, 7.7% ahead of passing**



Regional Distribution



- 15 assets, 3.6m sq ft
- £18.3m rent (£5.60 psf)
- NIY² 4.5%
- WAULT 14.2 years
- Occupancy 93.3%

- **ERV growth +2.2%**
- **Contractual uplifts 59%**
- **3 rent reviews³, 13.2% ahead of passing**



Urban Logistics



- 45 assets, 3.0m sq ft
- £17.9m rent (£6.10 psf)
- NIY² 4.7%
- WAULT 8.5 years
- Occupancy 94.3%

- **ERV growth +6.6%**
- **Contractual uplifts 28%**
- **5 rent reviews³, 17.5% ahead of passing**



1. As at 31 March 2018, including developments. Rent, NIY & WAULT on investment portfolio
 2. Topped up NIY
 3. 5 yearly uplift, ahead of previous passing. Regional and urban include reviews in legals post year end



Retail Portfolio¹

Portfolio biased to management light and long income

Long Income



- 28 assets, 1.2m sq ft
- £13.9m rent (av £19.70 psf)
- NIY² 5.9%
- WAULT 11.0 years
- Occupancy 100%

- **5 rent reviews, 12.7%³ ahead**

Convenience & Leisure



- 18 assets, 0.6m sq ft
- £9.4m rent (av £16.70 psf)
- NIY² 4.9%
- WAULT 17.2 years
- Occupancy 100%

- **12 rent reviews, 18.2%³ ahead**

Retail Parks



- 5 assets, 0.4m sq ft
- £8.4m rent (av £18.90 psf)
- NIY² 5.6%
- WAULT 11.1 years
- Occupancy 100%

- **7 lettings, 20%⁴ ahead**

1. As at 31 March 2018 including developments. Rent psf, NIY & WAULT for Investment portfolio
 2. Topped up NIY
 3. 5 yearly uplift, ahead of previous passing
 4. Compared to management expectations



Investment Activity

	£m ¹	NIY
Acquisitions	385	6.0%
Distribution	306	5.9%
Retail	79	6.2%
Disposals	174	5.4%
Distribution	88	5.3%
Retail & Leisure	86	5.5%
Distribution & Retail	559	+60bps
Non-core Disposals	78	6.3%
Total Activity	637	

Net Investment

+£211m

into preferred sectors

Yield Arbitrage

+60 bps

in distribution

Yield Arbitrage

+90 bps

in convenience & leisure

Retail Park Sales

7.1% NIY




across two assets



Recent developments

0.7 million sq ft of distribution completed at 6.1% yield^{1,2}



Stoke	Crawley	Frimley
		
<ul style="list-style-type: none">• 277,000 sq ft – 2 warehouses• 137,000 sq ft let to Michelin for 15 yrs• 140,000 sq ft advanced discussions	<ul style="list-style-type: none">• 109,000 sq ft – 3 warehouses• 32,000 sq ft let to Boeing for 15 yrs• 77,000 sq ft advanced discussions	<ul style="list-style-type: none">• 62,000 sq ft – 2 warehouses• 38,000 sq ft let to BAE for 15 yrs• 24,000 sq ft agreed terms
<ul style="list-style-type: none">• 6.3% yield on cost¹	<ul style="list-style-type: none">• 6.7% yield on cost¹	<ul style="list-style-type: none">• 5.3% yield on cost

1. Based on anticipated rents
2. Includes developments completed in year and PPE. See appendix.



Bedford Development

Recycling disposal proceeds at attractive yields

Bedford – 680,000 sq ft



Attractive location



Yield on cost¹

7.0%

Total cost²

£66 million

Phase 1

- 180,000 sq ft (3 units)
- 6.4% yield on cost
- Strong occupier interest
- PC in summer 2019

Phase 2

- 500,000 sq ft (2 units)
- 7.3% yield on cost
- Detailed terms on 350,000 sf
- PC in 2019



1. Based on anticipated rents
 2. Includes allowance for tenant incentives and void period



Asset Management Activity

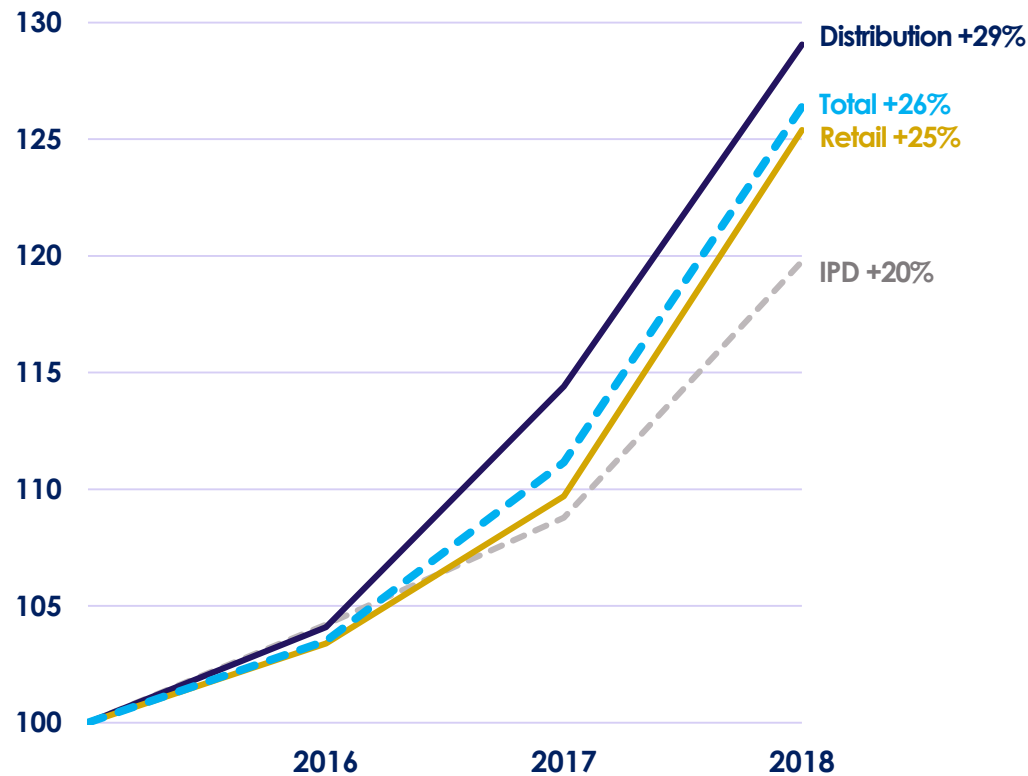
	Deals	Rental Uplift (£m)	LFL Rental Growth (%)	WAULT (Years)
Lettings	31	2.2	3.3%	15.2
Rent Reviews	27	0.9	1.0%	-
FY 18	58	3.1	4.3%	-

- Lettings with average incentive of 8 months, 74% subject to contractual uplifts
- Rent reviews at 12%² above passing, 6% above ERV
- Return on asset management capex +14%¹
- PPE, £1.3m of additional income signed or agreed
 - includes 4 distribution rent reviews and lettings at 28% ahead of passing

1. Return on new lettings (excluding developments/new investments)
2. On 5 yearly equivalent basis



Total Property Return Performance



Over 3 Years¹

+26%

v 20% IPD All Property

FY 2018 (%)	Total Return	Income	Capital
Distribution	12.8	4.5	8.3
Retail	14.3	5.9	8.5
Total All Property	13.7	5.5	7.9
IPD All Property	10.1	4.6	5.3

1. From March 2015 to March 2018. Cumulative reported returns

OUTLOOK



Occupier market outlook

We are no longer a nation of shopkeepers

- Consumer shopping habits continue to change
 - All retailers continue to invest in logistics platforms
 - Regional and urban logistics demand is very strong as consumers demand faster delivery
 - Reverse logistics continues to support demand even in some weaker geographies
- Highly challenging for traditional retail
 - Permanent and profound structural changes in the retail market
 - Retailers must adapt to survive or they will fail – further CVAs are inevitable
 - Rents will continue to “mark to market”
 - There is a clear and present danger to capital values across many retail sub-sectors



Investment market outlook

The most powerful force in the universe is compound interest

- Structurally supported sectors in demand
 - Polarisation of performances across the sectors
 - Rise of the alternatives
 - Tectonic plates in retail are shifting
- Income taking centre stage
 - Income compounding is likely to outperform hyperactive strategies
 - Low growth environment creating a desperate search for income
 - Demographic surge will prolong this trend
- Liquidity polarising
 - Strong demand for low “energy” assets
 - Focus on smaller, non operational assets
 - Liquidity scarce for large, operational assets



Outlook

Pivot to the right side of structural change

Digital disruption

- Structural calls will continue to define the winners and losers
- Those that cling onto the more traditional forms of business will be disrupted

Demographics

- Demographic surge accentuating need for repetitive & dependable income
- Income will be the defining characteristic of the next decade's investing environment

Distribution

- Pivot to distribution and convenience retail puts us on the right side of structural changes
- Our sector focus reflects modern day shopping behaviour

Dividend

- Our sustainable and growing earnings are delivering dividend progression that is well covered
- We continue to believe that income compounding strategies will outperform

APPENDICES



Portfolio Metrics

As at 31-Mar-18	Area (m sq ft)	Valuation (Share) (£m)	Revaluation Surplus/(Deficit) (£m)	(%)	Occupancy (%)	NIY ¹ (%)	WAULT (years)		Contracted Rent (£m)	Fixed uplifts (%)	Average Rent (£ psf)
							Expiry	Break			
Mega distribution	4.7	500.8	19.1	4.0	100.0	4.7	13.2	13.0	24.9	74.3	5.3
Regional distribution	3.6	379.0	20.7	5.8	93.3	4.5	14.2	13.0	18.3	59.3	5.6
Urban logistics	3.0	353.3	34.6	10.9	94.3	4.7	8.5	6.9	17.9	28.4	6.1
Total Distribution	11.3	1,233.1	74.4	6.4	96.2	4.6	12.1	11.2	61.1	56.2	5.6
Retail Parks	0.4	139.8	5.4	4.0	100.0	5.6	11.1	9.3	8.4	12.5	18.9
Long Income Retail ³	1.2	220.8	20.9	10.4	100.0	5.9	11.0	9.3	13.9	32.2	19.7
Convenience	0.4	115.0	1.7	1.5	100.0	4.9	15.6	15.3	6.1	58.7	16.4
Leisure	0.2	59.7	12.0	25.1	100.0	4.9	20.0	20.0	3.3	100.0	17.4
Total Retail and Leisure	2.2	535.3	40.0	8.1	100.0	5.5	12.9	11.6	31.7	39.1	18.5
Total Investment	13.5	1,768.4	114.4	6.9	97.5	4.9	12.4	11.3	92.8	50.3	7.4
Residential	–	30.1	(1.8)	(5.8)					0.4		
Development ²	0.1	43.5	9.0	26.1					1.2		
Total Portfolio	13.6	1,842.0	121.6	7.1					94.4		

1. Topped up NIY
2. Developments consist of Bedford, Frimley, Ringwood, Ipswich & Weymouth.
3. Long Income comprises long let retail with low operational requirements, primarily DFS and MIPP JVs



Acquisitions

FY 2018

	Sector	Value (LM share)	Yield		WAULT (years)	
		£m	NIY	Reversion ²	Expiry	1B
Coventry	Distribution	5.7	7.0%	7.3%	10	5
Huyton	Distribution	11.8	6.1%	6.7%	15	15
Crawley	Distribution	6.4	4.8%	6.2%	6	1
Newport and Kendal	Convenience	24.6	5.5%	5.9%	10	10
Warrington	Distribution	4.4	5.6%	6.3%	10	10
Frimley ¹	Distribution	13.1	5.3%	5.3%	15	15
New Malden	Long Income	28.3	6.1%	6.6%	14	10
Uplift in DFS JV	Retail & Distribution	15.0	8.1%	8.1%	12	12
Cabot portfolio	Distribution	116.6	6.1%	6.6%	6	4
Speke	Distribution	10.2	c6%	c7%	15	15
Ringwood	Leisure	4.3	5.0%	5.4%	25	20
Ollerton	Distribution	37.4	4.6%	5.5%	20	20
Bedford ¹	Distribution	65.5	7.0%	7.0%	-	-
Crawley	Distribution	6.9	4.1%	6.1%	3	3
5 separate assets ³	Distribution	25.6	5.0%	5.6%	16	12
Weymouth ¹	Convenience	9.1	6.3%	6.3%	-	-
FY18		384.9	6.0%	6.4%	11	9

1. Anticipated Yields

2. Reversionary yield based on current ERV or, in case of contractual uplifts, running yield in 5 years based on inflation expectations

3. Located in Weybridge, Leyton, Haverhill, Cheltenham and Peterborough



Disposals

FY 2018

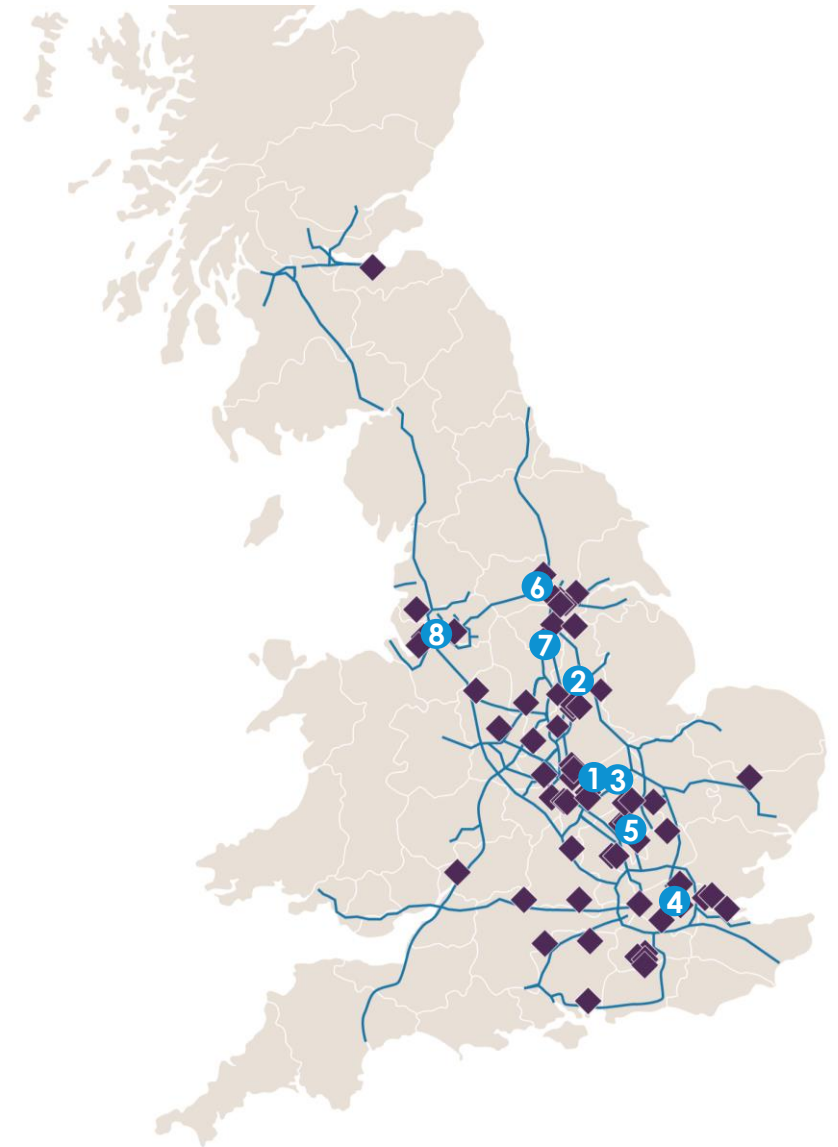
	Sector	Value (LM share)	Yield	WAULT (years)	
		£m	%	Expiry	1B
Loughborough	Retail	32.5	4.3%	25	25
Birkenhead	Leisure	5.8	7.2%	12	12
Newcastle	Retail	2.8	8.0%	9	9
Marlow	Office	68.5	6.7%	7	7
Swansea	Retail (DFS)	1.8	8.8%	13	13
Milford Haven	Retail	15.3	6.9%	9	9
Daventry	Distribution	48.8	5.0%	6	6
Moore House	Residential	8.7	2.4%	-	-
Derby	Leisure (Odeon)	12.6	4.7%	21	21
Swindon	Retail (DFS)	3.5	6.9%	12	12
Guisborough	Retail	6.0	5.0%	12	12
Bolton	Distribution	24.4	5.4%	4	4
Hull	Retail (MIPP)	5.8	6.0%	11	11
South Elmsall	Distribution	15.0	6.2%	8	3
Commercial only		242.9			
Total incl. Residential		251.6	5.7%	9	9



Distribution Assets

Representing greater than £2.0m rental income pa

Location		Occupier	Annualised rent (£m)
Islip	1	Primark	5.5
Newark	2	Dixons Carphone	4.4
Thrapston	3	Primark	4.2
Dagenham	4	Eddie Stobart	4.1
Bedford	5	Argos	3.8
Wakefield	6	Poundworld	2.6
Sheffield	7	M&S	2.6
Warrington	8	Amazon	2.1





Developments Summary

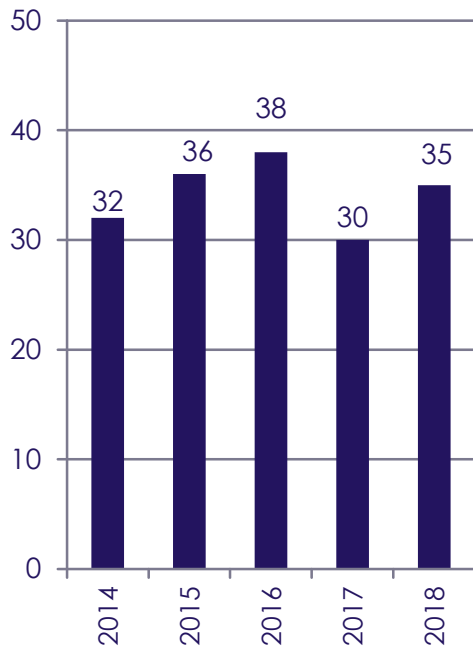
Location	Sq ft 000	PC ²	Rent / uplift £m	YOC (%)	Total cost £m	Cost up to Mar 18	FY 19	FY 20	Comment
Tonbridge	42	Q3 17	0.3	6.1%	5	5	0		Fully let
Huyton	120	Q4 17	0.7	6.1%	12	12			Fully let to Antolin
Stoke ³	277	Q1 18	1.5	6.3%	25	21	4		137k sq ft let to Michelin
Crawley ³	109	Q1 18	1.4	6.7%	20	18	2		32k sq ft let to Boeing
Launceston	30	Q4 17	0.3	6.2%	4	3	1		Fully let
Completed in year	578		4.2	6.4%	66	59	7		
Dagenham ¹	180	Q2 18	0.9	5.7%	17	14	3		Fully let to Eddie Stobart
Ipswich ¹	31	Q2 18	0.7	6.9%	9	6	3		Fully let
Frimley ^{1,3}	62	Q2 18	0.7	5.3%	13	5	8		38k let to BAE. Terms agreed on 24k sq ft
Bedford ^{3,4}	680	2019	4.6	7.0%	66	15	26	25	Terms drawn up on 350,000 sq ft
Ringwood	35	Q4 18	0.2	5.0%	4	1	3		Fully let to Premier Inn
Weymouth ³	27	2019	0.6	6.3%	9	4	5		Land acquired. 19k sq ft pre-let to Aldi
Derby ³	16	2019	0.4	6.7%	6	0	6		Pre-let. Site acquisition conditional on planning
In construction & pipeline	1,031		8.1	6.5%	124	45	54	25	

1. Completed post year end
2. Based on calendar quarters and years
3. Anticipated yield on cost and rents
4. Spend profile subject to change

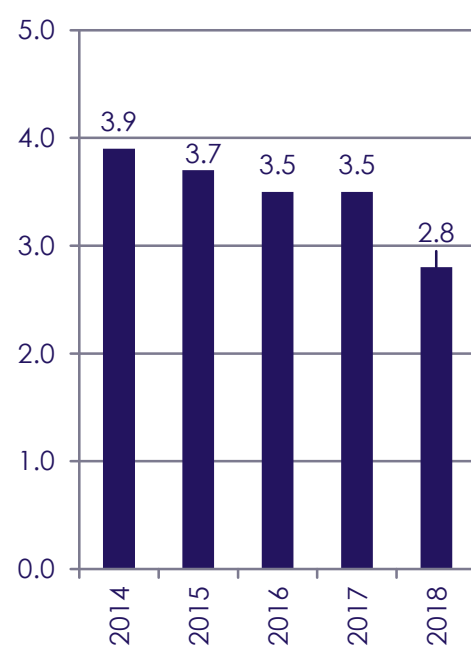


Delivering Financial Management

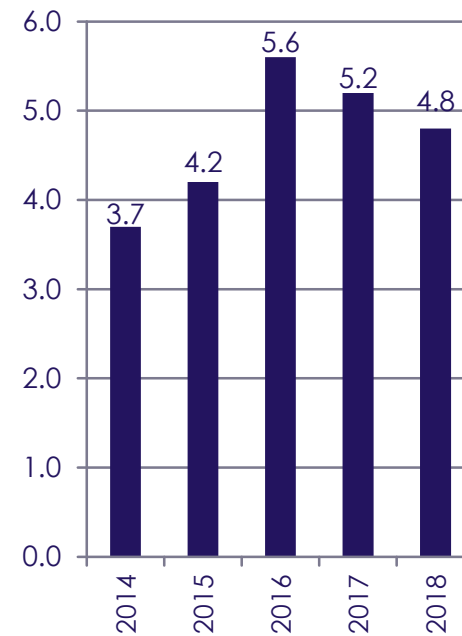
Loan to Value Ratio (%)



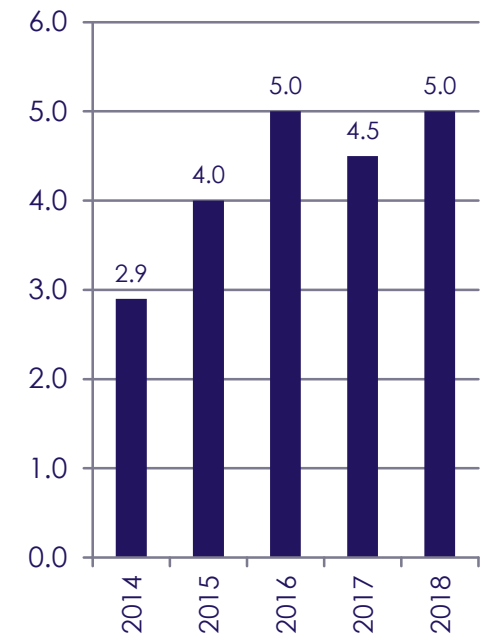
Cost of Debt (%)



Debt Maturity (years)



Interest Cover Ratio (x)





Debt Facilities

As at 31 March 2018

	Sector	Lender	Facility (£m)	Drawn (£m)	Maturity (years)	Expiry
Wholly-owned portfolio						
Distribution term loan	Distribution	Helaba	130.0	130.0	6.3	24-Jul-24
Unsecured RCF	All	Syndicate	337.5	296.6	4.0	01-Apr-22
Unsecured RCF	All	Syndicate	106.3	93.4	3.0	01-Apr-21
Private Placement	All	Syndicate	65.0	65.0	5.5	21-Sept-23
Private Placement	All	Syndicate	40.0	40.0	6.5	21-Sept-24
Private Placement	All	Syndicate	25.0	25.0	10.5	21-Sept-28
Total wholly-owned			703.8	650.0	4.9	
JV portfolio (LondonMetric at share)						
MIPP JV (50%)	Long income	Deutsche Pfandbriefbank	50.0	38.0	5.1	21-Apr-23
DFS JV (45.0%)	Long income	M&G	21.0	21.0	1.3	23-Jul-19
Total JV portfolio			71.0	59.0	3.7	
Total Group and JV			774.8	709.0	4.8	