

HALF YEAR RESULTS

Half Year Ended 30 September 2018



AGENDA

- △ Highlights
- △ Financial Review
- △ Property Review
- △ Investment Backdrop & Outlook
- △ Q&A



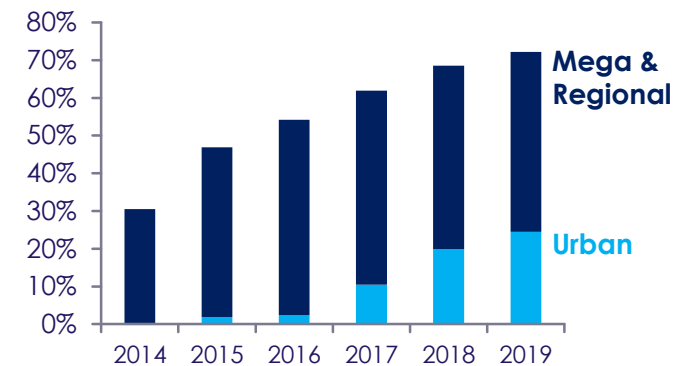
Key Highlights

Sector calls and income focus continue to deliver portfolio outperformance

- Portfolio aligned to technology & social change
 - Distribution up to 72%¹
 - Convenience, long income & leisure at 21%¹
 - Retail parks down to 5%²
- Disciplined portfolio management, refining portfolio
 - £295m of investment activity YTD
- Focus on sustainable and growing income
 - WAULT of 12 years, maintained since 2013
- Financing enhancing income
 - Finance costs at 2.9%
 - LTV at 37%³

Distribution

£1,385m¹



Total Property Return

+5.4%

210bps

Outperformance v IPD All Property

1. Including developments
2. Including PPE transactions
3. Including deferred consideration payable / receivable



Financial Highlights

Half Year to 30 September 2018

	Sept 2018	Sept 2017	Change
EPRA Earnings	£30.9m	£28.8m	+7%
EPRA Earnings (pps)	4.4p	4.2p	+7%
Dividend (pps)	3.8p	3.7p	+3%
Reported Profit	£79.3m	£79.6m	-
EPRA NAV (pps) ²	172.1p	165.2p	+4%

Net Rental Income

+6%

To £47m

Dividend cover

117%

Up from 114%

Revaluation surplus

+£51.0m

Yield compression 9 bps¹

Total Accounting Return

+6.7%

+20bps

1. Equivalent yield movement on portfolio (LFL)
2. Comparative number for FY 2018



Operational Overview

Prioritising asset selection, longer leases and certainty of income growth

- £163m acquisitions YTD
 - £107m of urban distribution
 - £36m of convenience
- £132m disposals YTD
 - £70m of mature retail and leisure
 - £54m of older, short let distribution
- £29m capital expenditure
 - Recently completed distribution developments¹ – c70% let
 - Current developments² – c80% pre-let / under offer
- 31 asset management initiatives
 - Leases signed with WAULT of 12 years (11 years to break)
 - Rent reviews 12% ahead³
 - £2.3m pa uplift offsets majority of Poundworld logistics income

Acquisitions

14 years

WAULT

Disposals

9 years

WAULT

Contractual uplifts

54% of portfolio

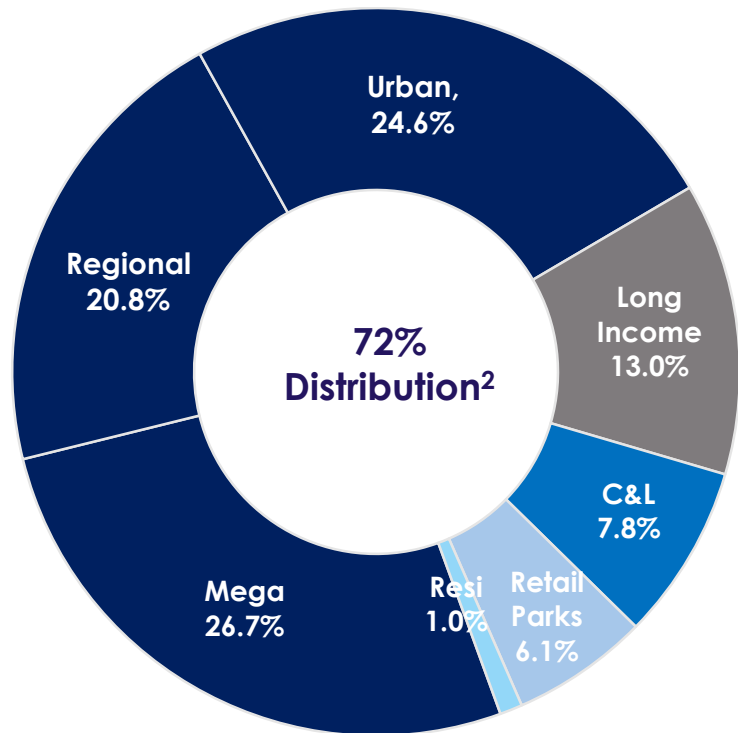
63% on acquisitions YTD

1. Huyton, Stoke, Crawley, Dagenham & Frimley
2. Bedford (urban), Weymouth, Durham, Telford & Ringwood
3. Ahead of passing on 5 yearly equivalent basis



Our Portfolio

Aligned to structurally supported sectors



As at 30 Sept 18	NIY ¹	Rent ²	WAULT	TPR ^{2,3} (6m)	Capital ^{2,3} (6m)
Distribution (£1,385m ¹)	4.6%	£61.4m	12.0yrs	+6.6%	+4.3%
Long Income (£249m ¹)	5.9%	£15.8m	10.9yrs	+3.2%	-
Convenience & Leisure (£151m ¹)	5.0%	£8.9m	15.6yrs	+5.4%	+2.8%
Retail Parks (£117m)	5.7%	£7.1m	11.0yrs	+0.2%	-2.8%
Investment portfolio	4.9%	£93.2m	12.0yrs		

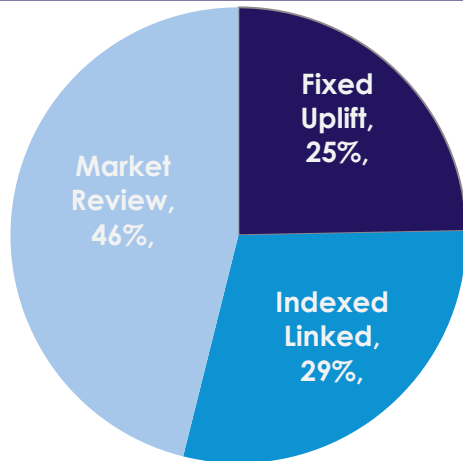
1. Topped up NIY, excluding vacant properties
 2. Including developments
 3. Source: IPD



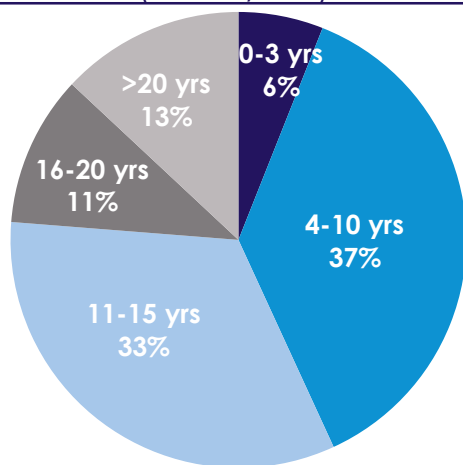
Rental Income Profile

Delivering long term repetitive, dependable and growing income

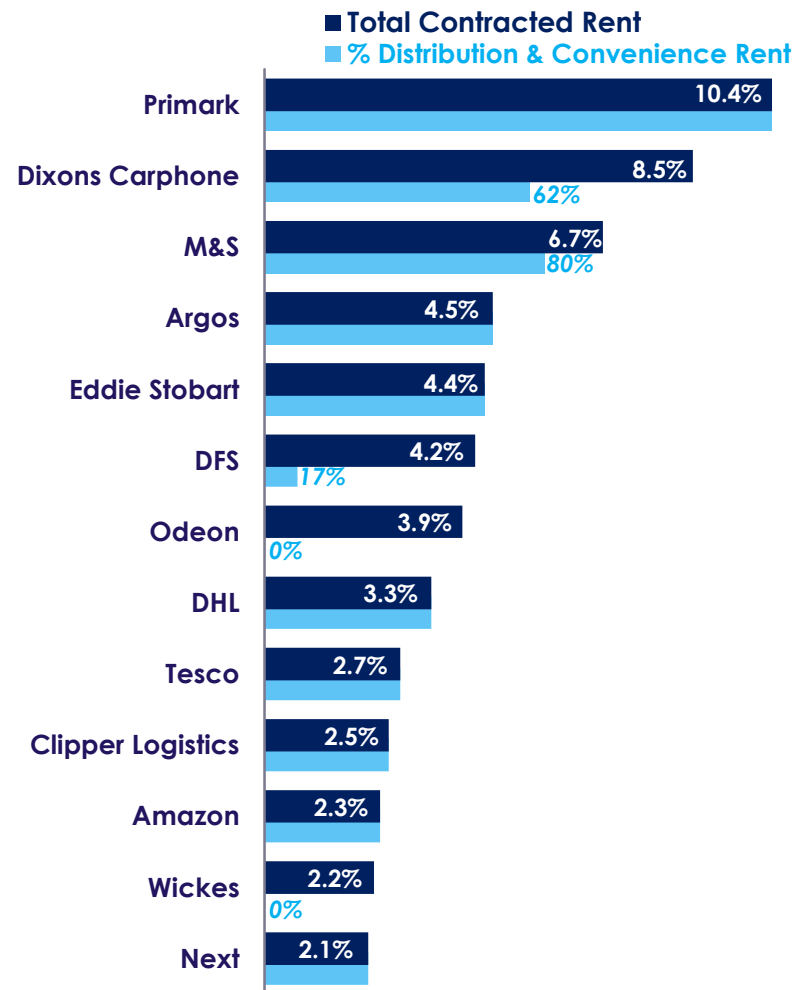
Contractual Rent Reviews
(on 54% of income)



Unexpired Lease Terms
(Av. 12 years)



Key occupiers
(>2% of income)

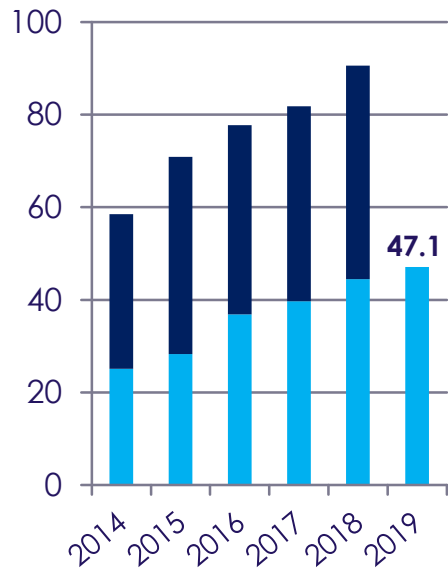




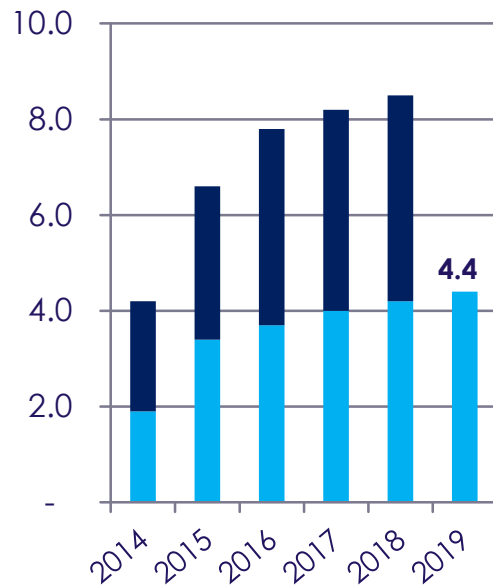
Delivering Long Term Shareholder Returns

Our key focus is to drive earnings and distribute

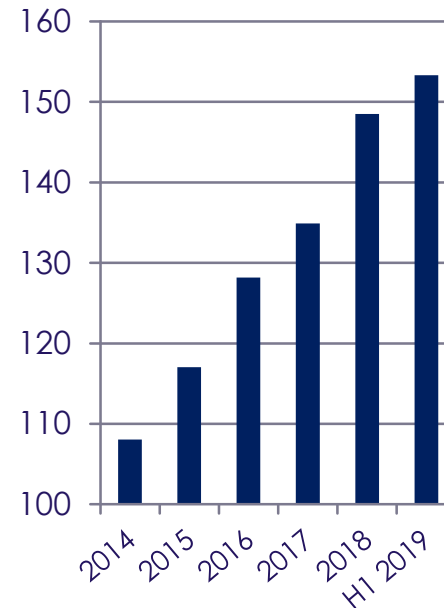
Net Rental Income (£m)



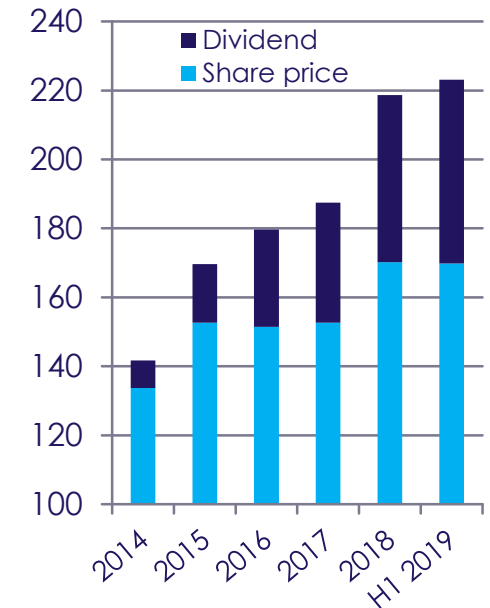
Earnings Growth (pps)



Dividend Return (rebased to 100)^{1,2}



Total Shareholder Return (rebased to 100)^{1,2}



1. Source: Bloomberg as at 30 September 2018, dividend return assumes reinvestment
2. Based on financial year end. First year shown is for FY 13/14

FINANCIAL REVIEW



Income Statement¹

	30 September 2018	30 September 2017	Change
Net rental income	£47.1m	£44.5m	+5.8%
Administrative costs	£(6.9)m	£(6.7)m	+3.0%
Net Finance costs	£(9.8)m	£(9.4)m	+4.3%
EPRA Earnings	£30.9m	£28.8m	+7.3%
EPRA Earnings (pps)	4.4p	4.2p	+6.6%
Dividend (pps)	3.8p	3.7p	+2.7%
Reported Profit ²	£79.3m	£79.6m	-0.4%

<i>EPRA cost ratio</i>	14.9%
<i>Gross / net income leakage</i>	1.7%
<i>Dividend cover</i>	117%

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



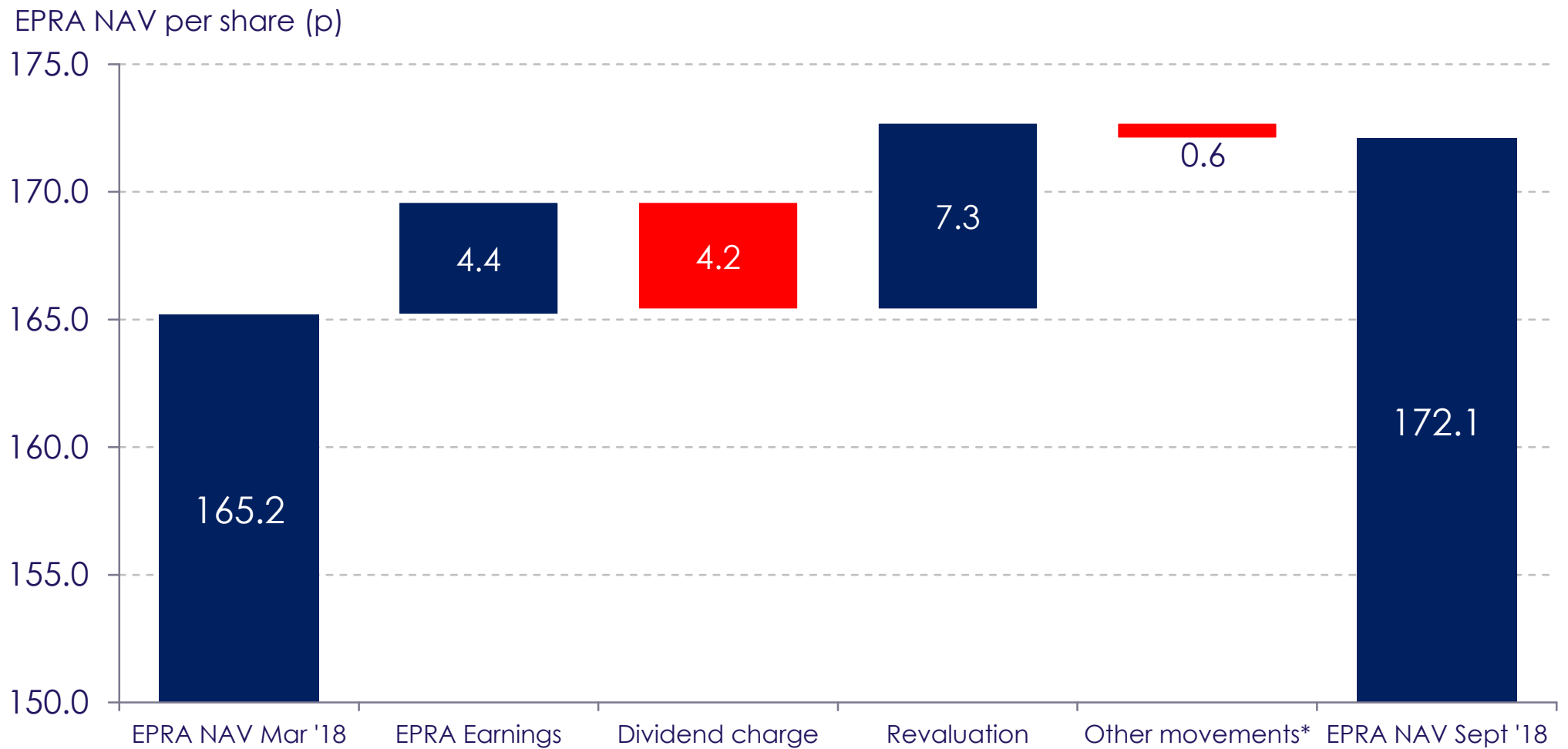
Balance Sheet¹

	30 September 2018	31 March 2018
Property portfolio	£1,922.0m	£1,842.0m
Cash	£38.1m	£39.3m
Debt	£(746.2)m	£(708.9)m
Fair value of derivatives	£2.5m	£2.9m
Other net liabilities	£(17.8)m	£(25.8)m
Net Assets	£1,198.6m	£1,149.5m
EPRA Adjustments	£(2.5)m	£(2.9)m
EPRA Net assets	£1,196.1m	£1,146.6m
EPRA NAV per share	172.1p	165.2p

1. Proportionally consolidated basis



Movements in EPRA NAV



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



Financing¹

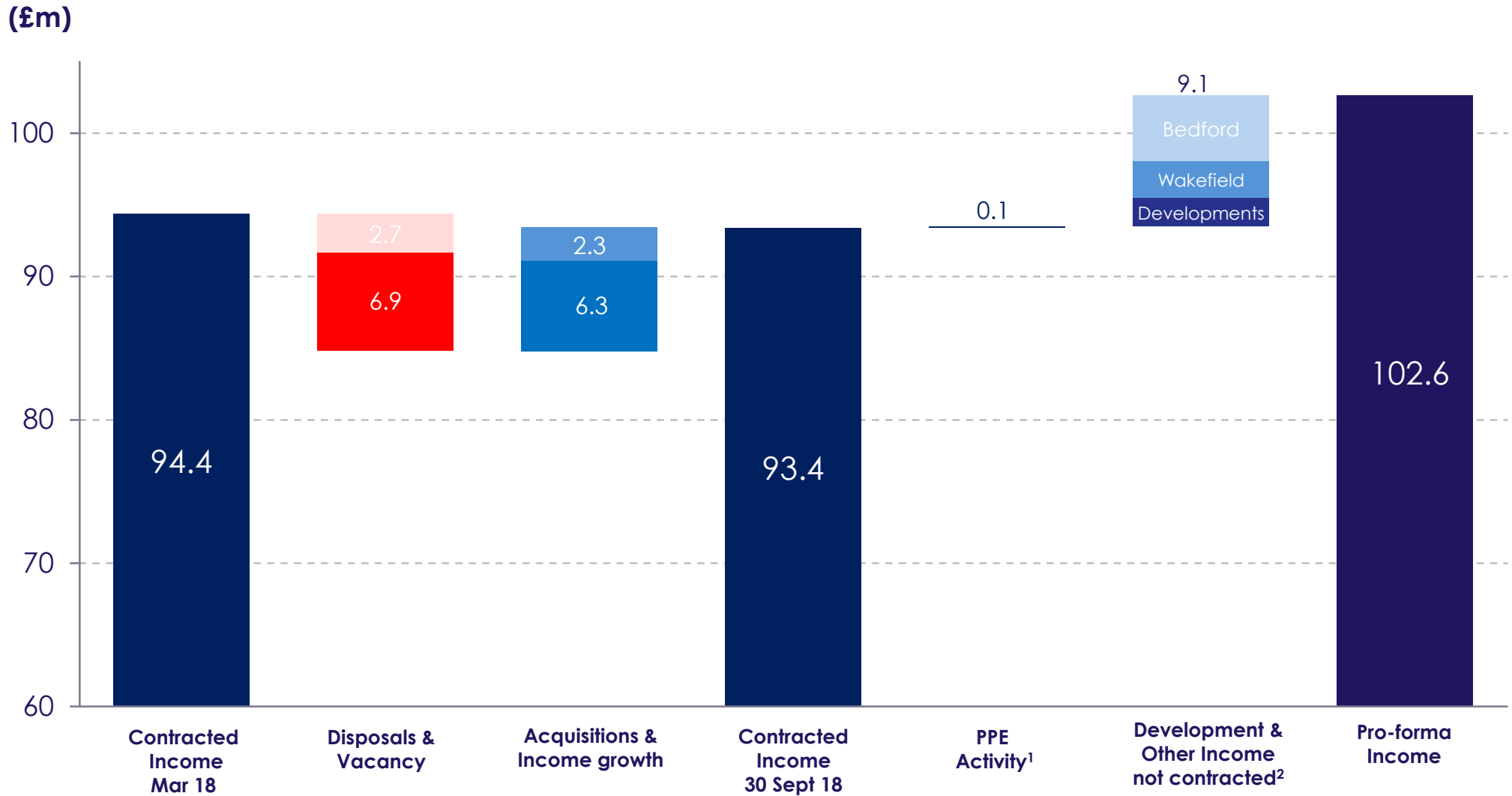
Debt Metrics	30 September 2018	31 March 2018
Gross Debt	£746.2m <i>74% unsecured</i>	£708.9m <i>73% unsecured</i>
Average cost of finance	2.9%	2.8%
Marginal cost of debt	2.0%	1.8%
Average maturity	4.5 years	4.8 years
Hedging on drawn debt	77%	80%
Loan to Value ²	37%	35%

1. Proportionally consolidated basis

2. LTV includes consideration receivable/payable on transactions exchanged with delayed completion at period end



Income Progression



1. Net divestment of £1.1m offset by £1.2m of asset management activity post period end

2. Comprises recently completed developments at Stoke & Crawley, Weymouth, re-letting of Wakefield distribution & Bedford. Excludes Derby.

PROPERTY REVIEW



Distribution¹

72% of portfolio providing end to end logistics

Mega Distribution



- 7 assets, 4.7m sq ft
- £22.7m rent (£5.40 psf)
- NIY² 4.5%
- WAULT 13 years
- Occupancy 89%

- Contractual uplifts 71%
- ERV (H1) +1.4%
- Rent reviews +7% ahead³

Regional Distribution



- 13 assets, 3.0m sq ft
- £17.1m rent (£6.15 psf)
- NIY² 4.5%
- WAULT 14 years
- Occupancy 96%⁴

- Contractual uplifts 74%
- ERV (H1) +0.3%
- Rent reviews +11% ahead³

Urban Logistics



- 54 assets, 3.4m sq ft
- £21.6m rent (£6.60 psf)
- NIY² 4.7%
- WAULT 10 years
- Occupancy 95%

- Contractual uplifts 37%
- ERV (H1) +3.1%
- Rent reviews +52% ahead³
- Lease extension – rent +34%



1. As at 30 September 2018. Rent, NIY & WAULT on Investment Portfolio
 2. Topped up NIY, adjusted for vacancy
 3. Ahead of passing on 5 yearly equivalent basis
 4. Adjusted for asset sold PPE



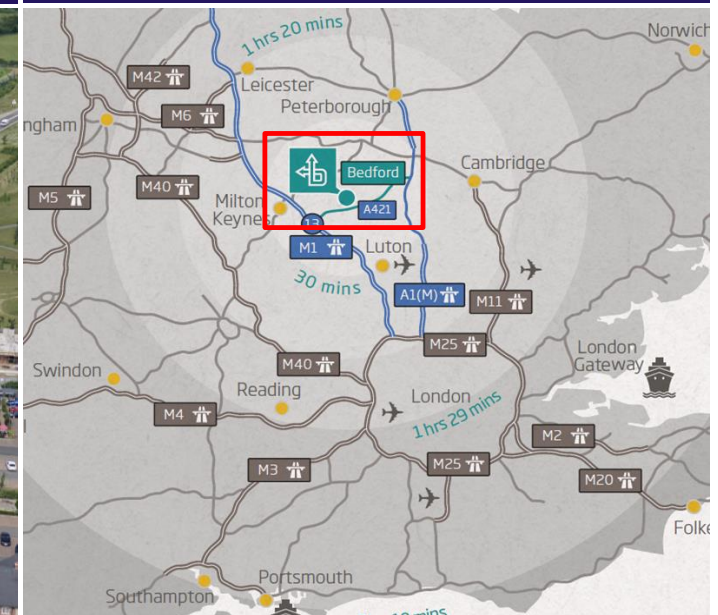
Bedford Distribution Development

Recycling disposal proceeds at attractive yields

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
- 55% under offer
- PC in summer 2019

Phase 2

- 500,000 sq ft (2 units)
- 7.3% yield on cost
- Discussions ongoing
- Subject to pre-let



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



Long Income & Retail¹

100% let portfolio providing repetitive and reliable income

Convenience & Leisure



- 16 assets, 0.5m sq ft
- £7.8m rent (av £15.30 psf)
- NIY² 5.0%
- WAULT 16 years
- 100% let

- Convenience & leisure continues to increase market share
- Long let assets with 84% of income subject to contractual uplifts

Long Income



- 33 assets, 0.8m sq ft
- £15.5m rent (av £19.00 psf)
- NIY² 5.9%
- WAULT 11 years
- 100% let

- Management light real estate generating income that can compound returns
- Strong investment market liquidity

Retail Parks



- 3 assets, 0.3m sq ft
- £5.9m rent (av £18.60 psf)
- NIY² 5.8%
- WAULT 11 years
- 100% let

- Multi let on long leases at sustainable rents to strong occupiers
- Recently asset managed, fit for purpose assets which continue to be sold down

1. As at 30 September 2018, except for retail parks which is adjusted for PPE activity. Rent psf, NIY & WAULT for Investment portfolio
 2. Topped up NIY

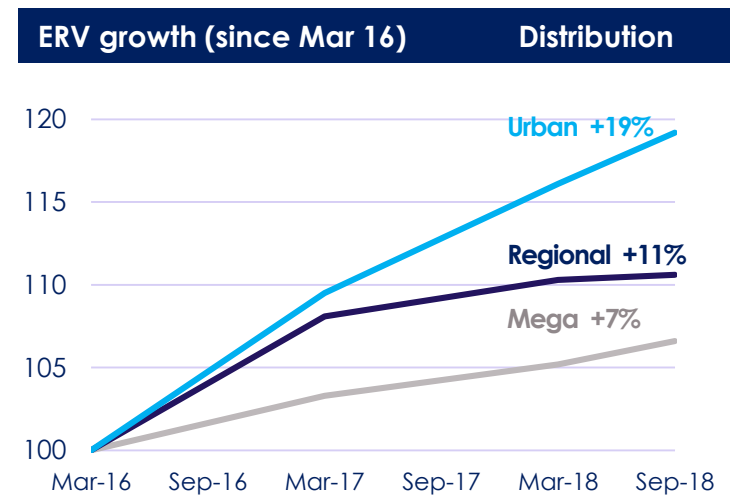


Income Growth from Portfolio

£2.3m pa contracted income uplift from 31 lettings and rent reviews

- £1.2m pa uplift from lettings
 - WAULT of 12 year, agreed @ ERV
- £1.1m pa uplift from rent reviews
 - 12% uplift¹ above passing, 2% above ERV
- Loss of income from Poundworld distribution warehouse
 - £0.5m of EPRA earnings in H1
 - £2.6m of annualised rent roll
- ERV growth of 0.9% in H1
 - Urban logistics +3.1%
 - Distribution +1.6%
 - Retail & leisure - 0.2%

Like for Like Income (H1 19)	Contribution
Lettings	+0.7%
Rent Reviews	+1.2%
Voids / Surrenders	-2.0%
Total (annualised)	-0.1%
Excluding Poundworld	+3.0%



1. 5 yearly equivalent basis

INVESTMENT BACKDROP & OUTLOOK



Market Backdrop

Income quality & growth will define the investment winners



2012 – 2015	2015 – 2018	2018/19+
<p>Buy any assets, any sectors</p> <ul style="list-style-type: none">• Yield arbitrage highly attractive across all property sectors• All boats rise on the same tide and benefit from re-pricing	<p>Align to sectors with structural support</p> <ul style="list-style-type: none">• Logistics• Convenience• Student accommodation• Healthcare• Long income	<p>Own the right assets in the right sectors by focusing on</p> <ul style="list-style-type: none">• WAULT• Geography• Occupier contentment• Credit strength of occupier• Income growth prospects



Refining the Portfolio

£295 million of investment activity, improving quality of the portfolio

Acquisitions - £139m & £24m PPE

65% urban distribution, 22% convenience

- 4.6% NIY, rising to 5.3% in 5 years
- 63% with contractual uplifts
- 14 years WAULT



Milton Keynes



Avonmouth



Hemel Hempstead



Orpington

Disposals - £92m & £40m PPE

53% mature retail & leisure, 40% distribution

- 5.0% NIY
- 19% with contractual uplifts
- 9 years WAULT



Ipswich



Sheffield



Launceston



Doncaster



Occupier Market Outlook

Channel shift from bricks to clicks is permanent and profound

- Online continues to click
 - Adoption continues to grow
 - As consumer expectations continue to increase
 - Retailers having to continually adapt and invest in supply chain
 - Creating strong demand/supply dynamics for logistics
- Headwinds facing legacy retail strengthen
 - This disruption is set to continue with further store closures
 - Not case of 'prime' v 'secondary' as proven in recent CVA's
 - Retail survivors inheriting significant pricing power
 - But not all retail is same – convenience retail complementing online

Sales ¹	Physical	Online
next	-6.9%	+16.8%
M&S	-2.7%	+9.1%

UK Online Retail²

23% of total non food retail

+14% pa online growth y-o-y

+13% pa parcel deliveries growth y-o-y

Distribution take up³

22m sq ft

Q1-Q3 18 – tracking record year of 2016

1. HY results. M&S: for Clothing & Home
 2. Global Data (2018 estimate), ONS (Nov 18, non food growth), IMRG (B2C deliveries)
 3. CBRE



Investment Market Outlook

Income continues to be the defining characteristic of the next decade's investment environment

- Structurally supported sectors remain in demand
 - Polarisation of performances will continue
 - Investors continue to rebalance to winning sectors
 - Liquidity scarce for large, over rented retail assets
- Income has clearly taken centre stage
 - Low growth environment supporting search for income
 - Demographic shifts and liability matching supporting demand
 - Consistent, reliable and compounding income will outperform
- Asset selection increasingly important
 - Increasing investor focus on lease length, over rent, credit and geography
 - Owning the right assets in the right sectors will determine the winners

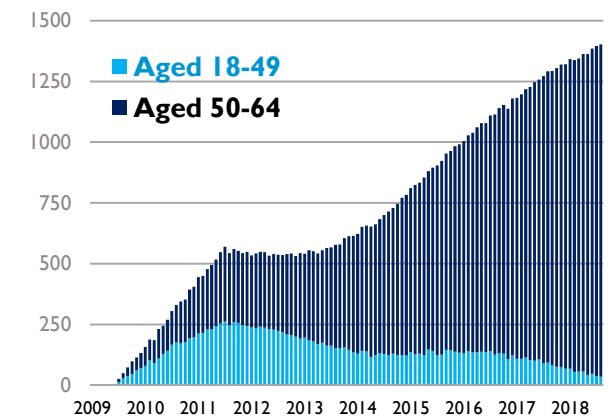
Income as % of total returns¹

113%

Average for UK property
(next 5 years)

UK population change (000)²

Since 2009



1. Capital Economics
2. ONS



Outlook

Pivot to the right side of structural change with a disciplined approach

Digital disruption	<ul style="list-style-type: none">• Structural calls will continue to define the winners and losers• Those that cling onto the more traditional forms of business will be disrupted
Demographics	<ul style="list-style-type: none">• Demographic surge accentuating need for repetitive & dependable income• Income will be the defining characteristic of the next decade's investing environment
Distribution	<ul style="list-style-type: none">• Pivot to distribution and convenience retail puts us on the right side of structural changes• Disciplined investment approach to ensure portfolio is fit for purpose
Dividend	<ul style="list-style-type: none">• 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 30-Sept-18	Area (m sq ft)	Valuation (Share) (£m)	Revaluation Surplus/(Deficit) (£m)	(%)	Occupancy (%)	NIY ¹ (%)	WAULT (years) Expiry Break		Contracted Rent (£m)	Fixed Uplifts (%)	Average Rent (£ psf)
Mega distribution	4.7	513.8	11.7	2.3	88.7	4.1	12.6	12.6	22.7	70.7	5.4
Regional distribution	3.1	374.8	14.4	4.0	92.8	4.2	14.2	13.6	17.1	74.0	6.2
Urban logistics	3.4	460.9	19.8	4.5	94.5	4.5	9.6	8.1	21.6	36.5	6.6
Total Distribution	11.2	1,349.5	45.9	3.5	91.8	4.3	12.0	11.3	61.4	59.6	6.0
Long Income ²	1.3	245.3	(1.1)	(0.4)	100.0	5.9	10.9	9.3	15.5	32.7	19.0
Retail Parks	0.4	117.0	(3.2)	(2.7)	100.0	5.7	11.0	9.2	7.1	16.8	19.5
Convenience	0.3	73.4	1.2	1.6	100.0	5.1	11.9	11.4	4.1	72.1	14.6
Leisure	0.2	68.0	1.2	1.7	100.0	4.9	19.7	19.7	3.7	100.0	16.1
Total Retail and Leisure	2.2	503.7	(1.9)	(0.4)	100.0	5.6	12.1	10.8	30.4	43.3	18.0
Total Investment	13.4	1,853.2	44.0	2.4	94.4	4.6	12.0	11.1	91.8	54.0	7.7
Residential	–	19.8	(1.3)	(6.0)					0.2		
Development ³		49.0	8.3	20.3					1.4		
Total Portfolio		1,922.0	51.0	2.7					93.4		

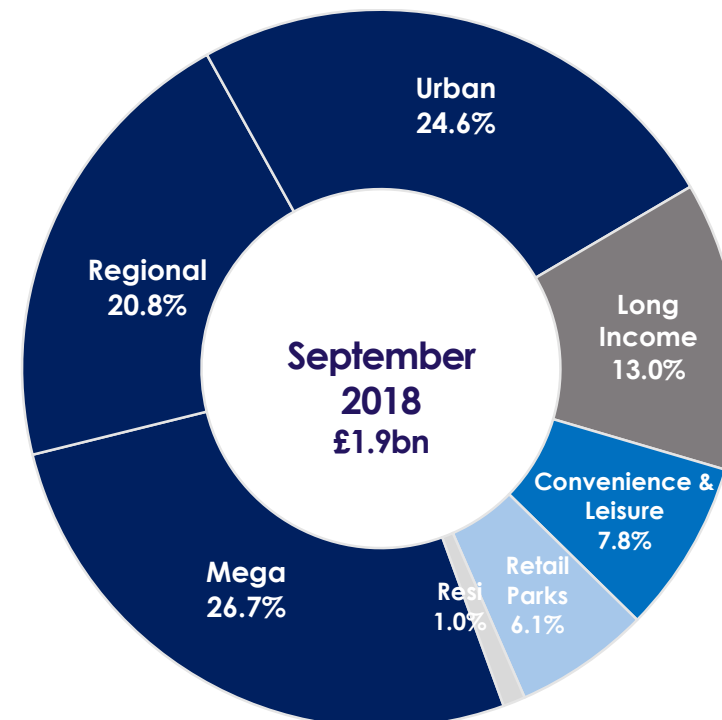
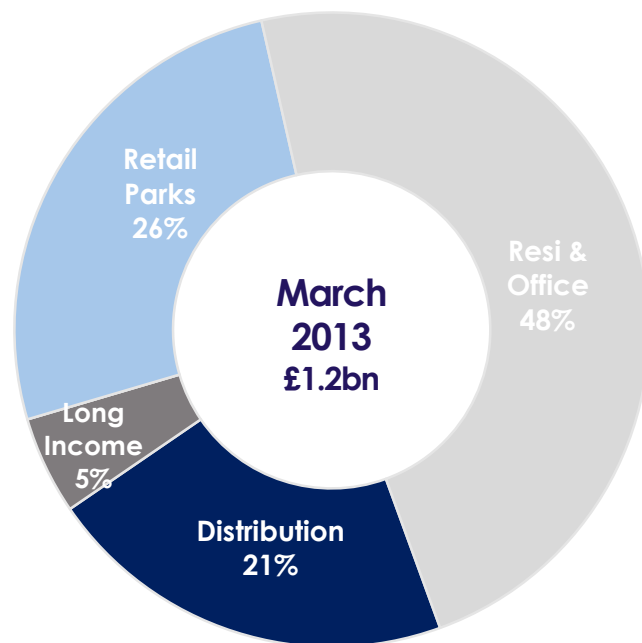
1. Topped up NIY, unadjusted for vacancies

2. Long Income comprises long let retail with low operational requirements, primarily DFS and MIPP JVs

3. Developments consist of Bedford, Durham, Telford, Ringwood & Weymouth. Derby development site acquisition conditional on planning.



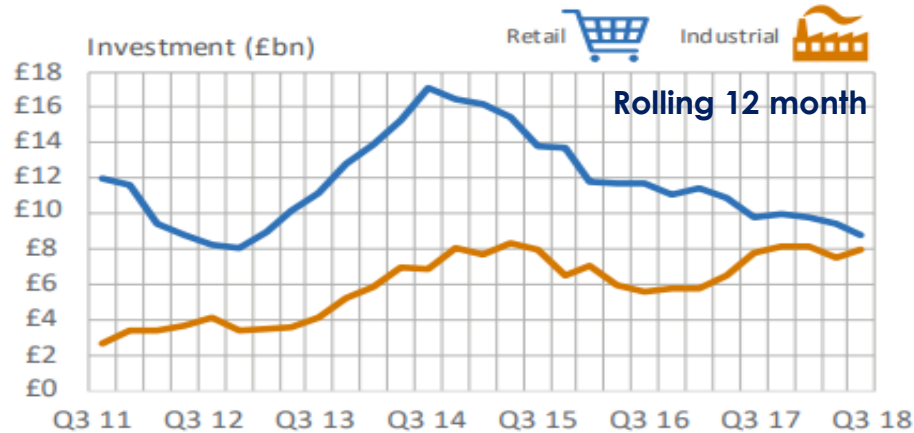
Portfolio change since 2013



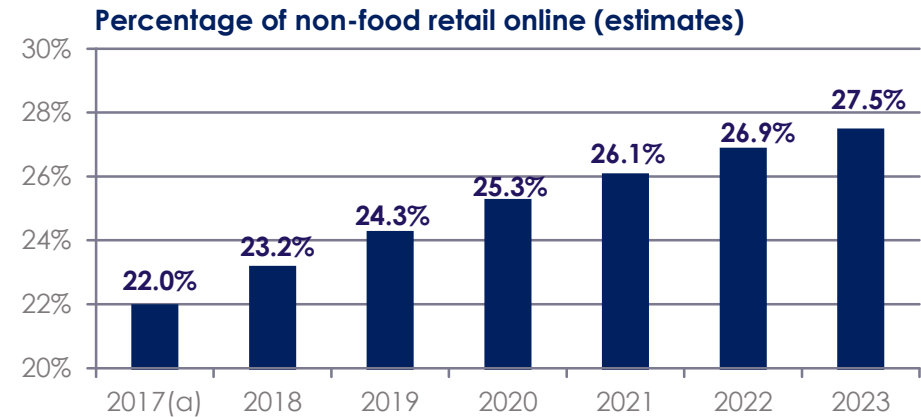


Logistics market backdrop

Investment Volumes¹

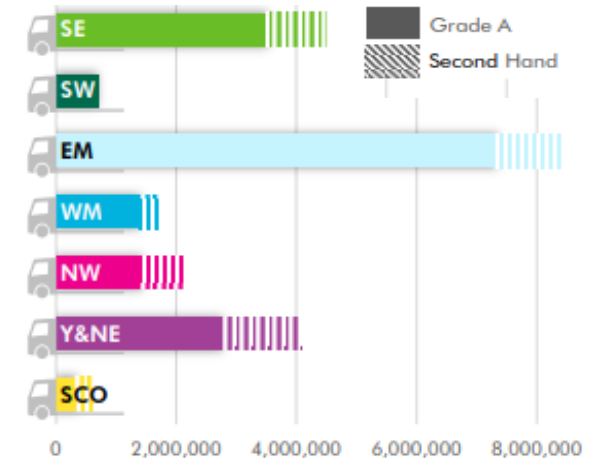
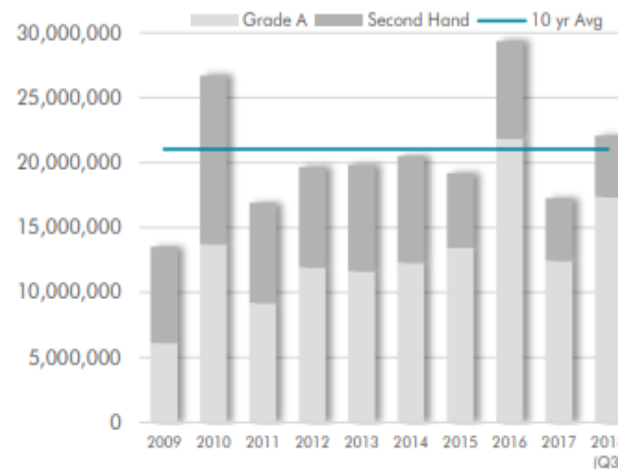


UK Online Retail Share²



Logistics Take Up (Q1-Q3 18)³

- Take-up of 22.1m sq ft for period to end Q3
 - tracking record breaking year of 2016
- East Midlands is the UK's powerhouse
 - accounting for 38% of all take-up
- Online retail accounted for 28% of take-up
 - followed by 3PLs at 25%
 - traditional retail at 18%
- Rational response to increased demand
 - 14 months brand new Grade A supply



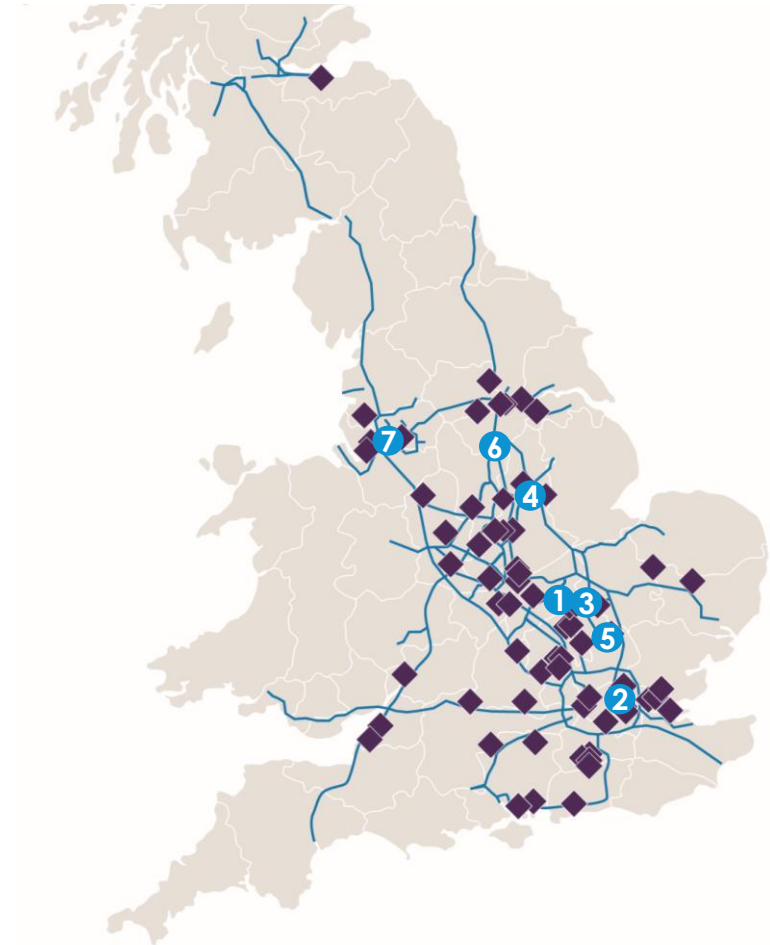
1. CoStar
 2. Global Data
 3. CBRE, warehousing >100k sq ft



Distribution Assets

Largest distribution assets ¹ (by value)		Occupier	Annualised rent (£m)
Islip	1	Primark	5.6
Dagenham	2	Eddie Stobart	4.1
Thrapston	3	Primark	4.1
Newark	4	Dixons Carphone	4.4
Bedford	5	Argos	4.1
Sheffield	6	M&S	2.6
Warrington	7	Amazon	2.1

Split by region ²					
MEGA		REGIONAL		URBAN LOGISTICS	
East Midlands	62%	London & South East	34%	London & South East	50%
Yorkshire	20%	East Midlands	25%	West Midlands	11%
London & South East	18%	Yorkshire	15%	North West	10%
	100%	North West	13%	Yorkshire	10%
		South West	9%	South West	7%
		West Midlands	4%	East of England	6%
			100%	East Midlands	5%
				Scotland	1%
					100%



1. As at 30 September 2018, greater than £2.0m of rent
 2. Map and split adjusted for YTD investment activity



Developments Summary

	Sq ft 000	PC ¹	Rent/ uplift £m	YOC (%)	Total cost £m	FY 18	H1 19	H2 19	FY 20	
Dagenham	180		0.9	5.7%	17					
Ipswich	31		0.7	6.9%	9					
Frimley	62		0.7	5.3%	13					
Completed (H1)	273		2.3	5.9%	39					
Bedford ²	680	19/20	4.6	7.0%	66	15	9	13	29	See page 17 for further detail
Durham	58	Q3 19	0.7	5.4%	14	-	3	11	-	Forward fund, pre-let to Lidl & The Range
New Malden ³	57	2020	0.4	5.6%	7	-	-	-	7	Extension & modification of existing asset with 3 new convenience occupiers including Lidl
Ringwood	35	Q4 18	0.2	5.0%	4	1	1	2	-	Fully let to Premier Inn
Weymouth ²	27	2019	0.6	6.3%	9	4	-	-	5	Land acquired. 19k sq ft pre-let to Aldi
Derby ²	16	2019	0.4	6.7%	6	-	-	-	6	Pre-let. Site acquisition conditional on planning
Telford	7	Dec 18	0.1	5.7%	2	-	1	1	-	Forward fund, pre-let to 3 convenience occupiers
Committed & pipeline	880		7.0	6.5%	108	20	14	27	47	

1. Based on calendar quarters and years
2. Anticipated yield on cost and rents
3. Marginal yield on cost



Investment Activity – HY 2019

ACQUISITIONS		Value	Yield		WAULT	
		(LM share)			(years)	
		£m	NIY	Reversion ¹	Expiry	1B
Cambridgeshire	Distribution	10.0	4.6%	5.3%	20.0	20.0
Portfolio - 9 assets ²	Distribution	49.1	4.3%	5.3%	8.0	6.6
Milton Keynes	Distribution	12.0	5.0%	5.0%	9.9	9.9
Avonmouth	Distribution	13.5	5.1%	6.0%	8.7	8.7
Thorne	Distribution	7.9	4.8%	5.5%	20.0	20.0
x4 assets	Long Income (MIPP)	10.7	5.5%	6.2%	14.3	13.6
Derby ²	Long Income	5.9	5.3%	5.3%	14.1	14.1
Durham	Convenience	13.6	5.4%	5.8%	20.1	16.2
Portfolio - 8 roadside assets	Convenience	12.1	4.1%	4.7%	24.5	24.5
Hull	Leisure	4.3	5.5%	6.3%	20.0	20.0
HY 19		139.0	4.7%	5.5%	13.6	12.7

DISPOSALS		Value	Yield		WAULT	
		(LM share)			(years)	
		£m	NIY		Expiry	1B
Warrington	Leisure	13.7	4.8%		20.0	20.0
Penrith & Cowes	Convenience	10.7	4.5%		17.0	17.0
Launceston	Retail Parks	21.9	5.6%		10.0	8.4
x2 Roadside Assets	Convenience	2.2	4.6%		24.3	24.3
Portfolio of 6 assets	Distribution	36.0	5.9%		5.7	5.3
Moore House	Residential	8.1	n/a		n/a	n/a
HY 19		92.5	5.3%		10.4	9.8

1. Reversionary yield based on current ERV or, in case of contractual uplifts, running yield in 5 years based on inflation expectations
 2. Acquired as part of a portfolio totalling £55m



Investment Activity – Post Period End

ACQUISITIONS		Value (LM share)	Yield		WAULT (years)	
		£m	NIY	Reversion ¹	Expiry	1B
Orpington	Distribution	7.8	3.8%	4.7%	15.0	15.0
Basildon	Distribution	6.3	4.4%	5.2%	20.0	20.0
x2 assets (London)	Convenience	10.2	3.7%	4.1%	16.1	16.1
PPE		24.3	4.1%	4.6%	16.9	16.9

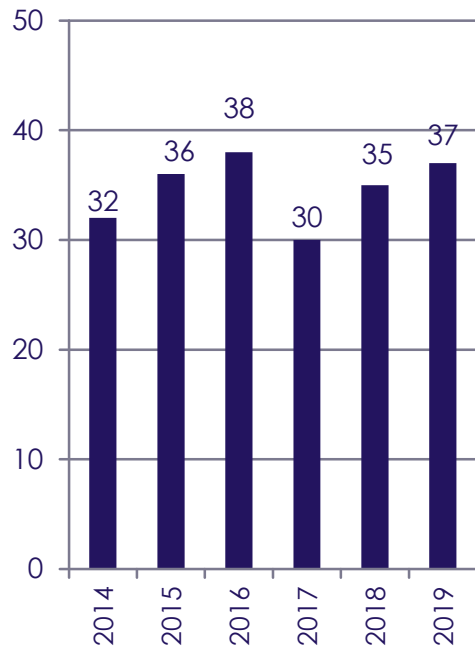
DISPOSALS		Value (LM share)	Yield		WAULT (years)	
		£m	NIY	Expiry	1B	
Ipswich	Retail Parks	22.0	5.2%	11.9	10.0	
Leicester & Doncaster	Distribution	17.4	3.3%	1.7	1.7	
PPE		39.4	4.4%	8.5	7.2	

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

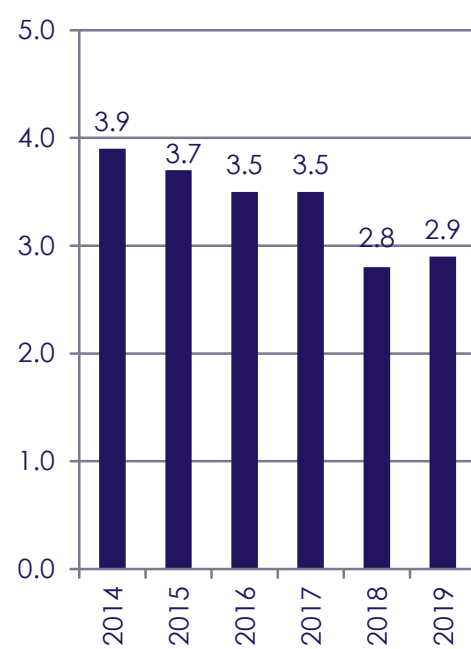


Historic Debt Metrics

Loan to Value Ratio (%)



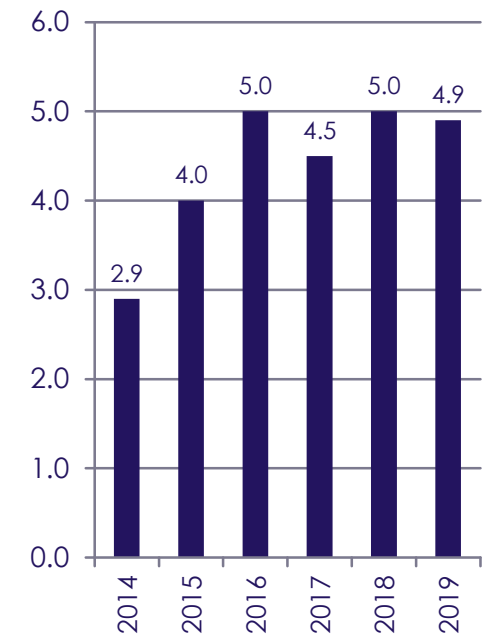
Cost of Debt (%)



Debt Maturity (years)



Interest Cover Ratio (x)



1. 2019 numbers for HY 18/19, as at 30 September 2018



Debt Facilities

As at 30 September 2018

	Sector	Lender	Facility (£m)	Drawn (£m)	Maturity (years)	Expiry
Wholly-owned portfolio						
Distribution term loan	Distribution	Helaba	130.0	130.0	5.8	24-Jul-24
Unsecured RCF	All	Syndicate	337.5	285.2	3.5	01-Apr-22
Unsecured RCF	All	Syndicate	106.3	89.8	2.5	01-Apr-21
Private Placement	All	Syndicate	65.0	65.0	5.0	21-Sept-23
Private Placement	All	Syndicate	40.0	40.0	6.0	21-Sept-24
Private Placement	All	Syndicate	25.0	25.0	10.0	21-Sept-28
Unsecured	All	Wells Fargo	75.0	50.0	6.8	23-July-25
Total wholly-owned			778.8	685.0	4.6	
JV portfolio (LondonMetric at share)						
MIPP JV (50%)	Long income	Deutsche Pfandbriefbank	50.0	40.3	4.6	21-Apr-23
DFS JV (45%)	Long income	M&G	21.0	21.0	0.8	23-Jul-19
Total JV portfolio			71.0	61.3	3.3	
Total Group and JV			849.8	746.3	4.5	