LONDONMETRIC PROPERTY PLC
("LondonMetric" or the "Group" or the "Company")
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

SECTOR AND ASSET CALLS UNDERPIN RESILIENT AND GROWING INCOME DELIVERING STRONG PORTFOLIO OUTPERFORMANCE

LondonMetric today announces its half year results for the six months ended 30 September 2020.

Income Statement	Six months to 30 September 2020	Six months to 30 September 2019
Net rental income (£m)[1,2]	61.3	54.9
IFRS net rental income (£m)	59.6	52.3
EPRA Earnings (£m)[2]	42.3	35.2
EPRA EPS (p)[2]	4.75	4.6
Dividend per share (p)	4.2	4.0
IFRS Reported Profit / (Loss) (£m)	85.1	(10.2)

Balance Sheet	30 September 2020	31 March 2020
IFRS net assets (£m)	1,597.9	1,431.8
EPRA NTA per share (p)[2,3]	175.5	170.3
IFRS NAV per share (p)	176.3	171.0
LTV (%)[1,2]	32.4	35.9

1. Including share of joint ventures, excluding non-controlling interest
2. Further details on alternative performance measures can be found in the Financial Review and definitions can be found in the Glossary
3. EPRA net tangible assets (NTA) is a new reporting measure that replaces EPRA net asset value this year. Discussed further in the Financial Review and note 7 to the financial statements

Continued focus on resilient and growing income increases earnings and dividend
- Net rental income up 12% to £61.3m[1], on an IFRS basis net rental income increased 14%
- EPRA earnings up 20% to £42.3m, +4% on a per share basis
- Dividend progression of 5% to 4.2p, 113% covered, including Q2 dividend declared of 2.1p
- Rent collection strong with less than 1% forgiven or outstanding for the period. 98% of Q3 rents collected with 1% deferred

Sector alignment and asset selection delivering strong portfolio performance
- Total Property Return of 4.9%, outperforming IPD All Property by 650bps
- Capital return of 2.3% (IPD All Property: -3.7%), regional and urban logistics best performing sectors
- EPRA NTA per share increased by 3% to 175.5p driven by 4.8p valuation gain
- IFRS net assets increased 12% to £1,597.9m
- Total Accounting Return of 5.6%

Distribution weighting of 68.2%, including urban logistics at 35.4%, with growth in grocery exposure to 10.9% from investment activity
- £98.5m of acquisitions let to strong credits with a WAULT of 17.6 years and 88% of rent subject to contractual uplifts
- £71.9m of disposals, largely shorter let urban logistics, where the WAULT to first break was 7.2 years
- Further £18m of assets sold post period end

75 asset management initiatives completed and strong progress on developments
- £2.8m pa income uplift and 2.9%[2] like for like income growth
- Lettings signed with WAULT of 13.9 years and open market rent reviews +22%
- 251,000 sq ft of developments completed and 657,000 sq ft under construction as we proceed with 350,000 sq ft at Bedford and 120,000 sq ft at Tyseley, where we expect to start construction shortly

Resilient £2.4bn portfolio focused on operationally light assets with reliable, repetitive and growing income characteristics
- WAULT of 11.5 years and occupancy of 98.5%
- Gross to net income ratio of 98.7% and contractual rental uplifts on 55.3% of income
- Income diversification and granularity improved further with top 10 occupiers accounting for 35.0% of rent

Balance sheet strengthened with further corporate efficiencies
- LTV of 32.4% with a £120m equity raise in the period
- Continued balance sheet discipline with weighted average debt maturity of 4.7 years and cost of debt at 2.5%
- EPRA cost ratio reduced further to 13.7% (-60bps)

Andrew Jones, Chief Executive of LondonMetric, commented:

"We continue to live in truly unprecedented times which are affecting many aspects of our lives. Whilst society and economies will undoubtedly recover from the pandemic, Covid-19 has accelerated a number of structural changes which are having a profound and permanent impact on real estate. Market conditions are exposing both winning and losing strategies which, combined with a continuation of low for longer interest rates, is intensifying the demand for the right real estate that can deliver a reliable, repetitive and growing income.

"Our activity and performance during the period represents a continuation and endorsement of our strategy to position ourselves firmly on the right side of structural trends. Logistics and grocery have been clear beneficiaries of the pandemic, as businesses have sought to future proof their operations in response to the seemingly unstoppable rise in e-commerce penetration and respond to changes in the way we live and shop. With both near term and longer-term drivers underpinning our portfolio, our long held sector conviction calls continue to be reaffirmed and support our strong outperformance.

"Whilst we remain vigilant to the impact of Covid-19, our focus on owning the right assets in the winning sectors that can generate a secure and growing dividend, positions us well for the future. We will continue to assess and anticipate the wider macro changes in helping to frame the shape of our future portfolio."

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Meeting and audio webcast

A live audio webcast and conference call will be held at 8.30am today.
The conference call dial-in for the meeting is: +44 (0)330 336 9125 (Participant Passcode: 1236198).
For the live webcast see: https://webcasting.brrmedia.co.uk/broadcast/5f69c52883507b593b46d0c8

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

Notes to editors

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

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

CEO Overview

Today's backdrop continues to be shaped by the acceleration of many macro trends as we adapt to the disruption brought about by Covid-19.

The acceleration of structural trends brought about by the pandemic is both profound and permanent, creating a new economic reality and investment environment. These structural forces, together with a further intensification in the search for income, is having a fundamental impact on real estate with an increasing polarisation of sub sector performances as market turbulence exposes both winning and losing strategies.

Logistics, healthcare and the grocery sectors continue to be the standout performers and are enjoying an ever-wider margin of victory. Conversely, legacy retail sub-sectors are facing an acceleration of secular declines as shopping centres and shopping parks experience rapid downward repricing, more than even the most bearish experts predicted. Like in many other areas of the economy, trends that were expected to take years, are now occurring in months, and in some cases weeks.

We are also seeing disruption in some of the traditionally more stable real estate sub-sectors as falling occupational demand exposes the rational pricing of offices, leisure, hospitality and student accommodation. These sectors are looking less resilient today than they did at the start of the year and their weakness will strengthen investor desire for exposure to structurally supported sectors.

Whilst we are conscious of short term issues, our overriding concern is the medium and long term drivers of returns. The composition of our £2.4 billion portfolio continues to be influenced by the trends that originate outside real estate but that are fundamentally shaping its future. This approach has seen us align 95% of our assets into the structurally supported sectors of logistics and long income, as well as tilt our exposure towards urban logistics and grocery-led convenience. In addition, we continue to upscale our asset base into the highest quality opportunities that offer reliable, repetitive and growing income whilst providing strong intrinsic values and capital protection.

We continue to pride ourselves on our process, discipline and rationality. During the period, we deployed c.£100 million across the logistics, grocery and roadside sectors. Whilst we could have done much more, our rigorous approach tempered our activity as we look to buy the best assets at the right price and hold them for a long time. Indeed, our long term approach to capital allocation saw us dispose of £61 million of shorter let and poorer located logistics assets. The vast majority of these receipts are not due until next year which allows us time to reinvest. We are always open to selling assets when prices become full, even when there is nothing immediate to buy as a replacement.

Operationally, we have performed well over the half year with high levels of rent collection and strong like for like rental growth delivered through lettings, rent reviews and numerous regearing initiatives with the WAULT on leases signed of 14 years.

Our total property return of 4.9% significantly outperformed IPD All Property by 650 bps, EPRA earnings per share increased by 3.9% and EPRA net tangible assets per share rose by 3.1%. This performance gives us the confidence to increase our dividend per share for the period by 5.0%, which is 113% covered by earnings.

Looking forward, we believe that the portfolio is well placed to deliver on our sustainable and progressive dividend policy.

Technological and behavioural changes are fundamentally altering the way we live, work and shop

The world continues to evolve and digitise at an increasingly rapid rate, with Covid-19 accelerating shifts in how society interacts and how the economy operates. These structural changes are fundamentally affecting how we live, work and shop. Trends that were expected to have taken years to play out are now occurring within a matter of months.

Previously high barriers of entry to online retail were toppled in a matter of weeks and consumers quickly realised the convenience, safety and security of online shopping. It took 23 years for online grocery penetration to reach 7% of total food shopping. However, since March, we have seen it double to over 13% as 6.5 million new shoppers ordered their groceries online for the first time. General merchandise penetration has also increased dramatically since the first lockdown with average penetration rates rising from 24% to over 40%, which helped to increase overall online sales to 28% of all retail in September. We have seen these shifts act as a catalyst for many retailers to better integrate online and physical offerings, as store picked fulfilment intensified to meet the surge in online orders.

Whilst the latest lockdown is likely to have caused less disruption to the consumer than the first back in March, it is only serving to reinforce the changes that we have seen in consumer behaviour and further alter the corporate landscape. What we can be certain about is that the tectonic plates are not reverting to where they were.

The search for income continues to intensify and real estate is attracting greater investor attention

We continue to believe that income will be the defining characteristic of this decade's investing environment and that income-led total return strategies will continue to outperform.

Whilst Covid-19 may have dramatically altered the interest rate curve, the one element that it has not changed is the demographic tsunami of an ageing population requiring an income return. The global lockdown and imminent recession have not only lowered interest rates further but also ensured that they will inevitably stay lower for longer as governments and central banks are unlikely to take their foot off the quantitative easing accelerator to provide liquidity to a fragile global economy.

Today, 80% of global fixed income securities are yielding less than 2% and corporate dividends have been cut significantly. This is intensifying the demand for alternative assets that can deliver a reliable, repetitive and growing income. We believe that, in an economy of zero interest rates, investors can't afford not to buy more alternative asset classes such as real estate and infrastructure.

The right real estate can offer a fantastic arbitrage over benchmark rates along with inflation protection. This is driving up demand for 'in vogue' real estate assets as investors look for safety; as opposed to the allure of higher yielding but less secure income propositions. In this environment, smart real estate investing will focus on the structurally supported asset classes, the strength of the credits as well the reliability, granularity, sustainability and trajectory of the rental income.

Logistics continues to experience strong tailwinds and benefit from a weight of money

Investors are frantically trying to increase their allocation towards logistics as they look to exit legacy assets and take advantage of the sector's strong dynamics which have only strengthened during the pandemic. Unsurprisingly, this has pushed prime yields to a record low of 4% and very recent evidence suggests there could be more compression to follow.

In many ways, the warehousing sector is enjoying an almost perfect storm of limited new supply and growing demand. There has been a step change increase in demand from short term occupier requirements during the early stages of lockdown to longer term requirements driven by higher online penetration. Furthermore, we expect to see sustained demand from Brexit uncertainties as 'just in time' logistics infrastructures are replaced by 'just in case' strategies.

These dynamics continue to generate continued rental growth in logistics where, despite strong increases to date, rents remain affordable and still represent a very small proportion of a company's operational costs. Rental growth is particularly strong in urban logistics where there is high demand to meet ever growing consumer expectations of quicker and more accurate deliveries in an environment where the supply response is far more challenging due to competition from higher value alternative uses.

The sector tailwinds are reflected in our total property return for distribution of 8.0% and are supporting our development activities where we will deliver 0.7 million sq ft next year at an expected yield on cost of 7.2%. Our urban assets were strong performers, delivering a total property return of 6.3% and open market rental growth on rent reviews of 21%. It is unsurprising therefore, that this sub-sector remains our strongest conviction call and our ambitions remain undimmed.

Long income property is benefiting from disruption and delivering attractive returns

Long income assets have increasingly been sought after because of their defensive, long dated and growing income characteristics. A long-let property with a high quality counterparty, guaranteed income growth, no operational costs and offering a yield 400bps higher than government bonds is an attractive proposition in today's low interest rate environment and one we believe remains underappreciated. This spread is even more appealing when you add on indexation or guaranteed rental uplifts.

Our "all weather" long income assets focus on sectors that are largely considered essential or non-discretionary. We therefore believe that these assets are much less susceptible to the migration of spend online and that they will continue to benefit from the ongoing changes in the way people shop and live; namely grocery and convenience food, roadside services, discount, essential, trade and DIY. During the pandemic, we saw a strong underlying trading performance across all of these categories which is reflected in our high rent collection levels and a total property return for long income of 2.3%.

Whilst most of our long income is within insulated categories, 2% of our total portfolio is exposed to out-of-town leisure and hotels which has not been immune to the severity of the lockdown and delivered a property return of -12.0%. We continue to work closely with our occupiers affected.

During the period, we improved our long income portfolio with the £62 million acquisition of five Waitrose food stores as well as £22 million of other purchases, all let on very long leases with the benefit of indexation. Our approach to sell when prices become full has seen us dispose of further assets post period end, including two M&S convenience stores at a NIY of 4.0%. In order to ensure that our long income assets remain 'fit for purpose', our asset management activity saw us extend leases, diversify our occupier base and invest in geographies with higher intrinsic values.

Physical retail continues to reprice but still remains a value trap

Many of the challenges facing today's retailers are not new and structural forces have been at play now for many years. However, today's unprecedented environment has accelerated the changes such that legacy retail strategies have been completely unmasked. Hoping the way we shop returns to previous norms is not a strategy.

Whilst rents are continually resetting, much of the retail sector still feels like a value trap as the high initial cap rates feel increasingly temporary. Many in the market are taking their cues from price action rather than values. These assets are often cheap for a reason and the correlation between price and value is far from perfect. Whilst we believe some parts of the retail market are financially capable of being repurposed (with a number of examples underway) we don't believe that this applies to the majority and remain of the opinion that the majority of UK retail is "over shopped", "under demolished" and still "over priced".

The virtual tills are ringing louder than ever and the continuing transfer of sales from stores to online is resetting rents on a continuous basis. The pandemic has acted as a catalyst for better integration of online and physical shopping and, like many of our customers, we do believe that stores have a role to play in the retail supply chain either through showrooms, click and collect, returns or as fulfilment facilities. However, if they are to have a viable future, their rental levels still have a long way to fall.

Unsurprisingly, the UK has seen a number of tenant failures. Many legacy retailers will blame the disruption on lockdown but the truth is that many of these companies have been around for a long time, have a high street presence they no longer need and have been struggling to reposition their businesses. The pandemic has simply exacerbated their difficulties and accelerated their demise. An interesting view is that the current operational health of these occupiers is analogous to the virus itself: Covid-19 is not fatal for the vast majority, however, when it encounters someone with an immune system already weakened by age and/or pre-existing ailments, it can be terminal.

We are living in a truly unprecedented world which makes it difficult to have a strong conviction on where it all lands. When something is too difficult to assess with a strong conviction, then we prefer to just move on to another opportunity - what could be simpler than that.

Our operations continue to enhance income metrics with the portfolio demonstrating its resilience

The unprecedented disruption has aggressively tested our "all weather" portfolio. Whilst the majority of our assets have performed in line or ahead of expectations, we remain alert to the few that are underperforming. Our shock absorbers are ensuring that we are better placed than most but they can never guarantee total immunity to extreme conditions.

Each quarter of 2020 has felt like a year and, as the pandemic ensued, we focused on ensuring that our balance sheet and cash flow remained robust, maintaining our long and strong portfolio metrics and progressing our development activity only where we had good visibility on letting success.

Our rent collection in the period was very strong and has continued to remain at high levels. Against an annual rent roll of £125 million, rent forgiven in the period totalled just £0.3 million with a further £0.2 million remaining unpaid, of which a significant proportion relates to a property where we are securing vacant possession for a new letting to Lidl.

This performance reflects the resilience of the portfolio, the reliability of our income and the strength or our occupier relationships. Recognising the negative impact that the pandemic has had on a very select number of our occupiers, we did offer some rent free concessions in exchange for value enhancing asset management initiatives as well as agree some short term rental deferral arrangements, all of which are being honoured.

During the period, we concluded 75 occupier initiatives, adding £2.8 million per annum of additional rent and helping to deliver like for like income growth of 2.9%. Lettings were signed with lease lengths of nearly 14 years which helped to increase the portfolio's WAULT from 11.2 years to 11.5 years, despite the passage of time.

Occupancy remains high at 98.5% and our gross to net income ratio of 98.7% continues to reflect the portfolio's very low operational costs. We continue to increase our exposure to rent reviews with contractual uplifts, which now account for 55.3% of our income and provides a great long term hedge against the risk of inflation.

After successfully letting the first phase at our Bedford development, we commenced the speculative build out of another 165,000 sq ft which completes in January 2021 and is seeing strong interest from potential occupiers. The favourable demand/supply dynamics have seen a number of competing buildings let in the area and has given us the confidence to progress with a build out of a further 350,000 sq ft which will complete in Q3 2021 and conclude our c.700,000 sq ft development in Bedford. We have also made good progress at our Tyseley urban logistics development, where we have gained planning on the next phase totalling 120,000 sq ft and negotiations are well progressed which should allow us to commence construction shortly.

We successfully raised £120 million of equity in the period through a placing that was significantly oversubscribed and provided us with resources to tap new and attractive investment opportunities that would seldom otherwise be available in a normalised market. Including cash receipts from sales that exchanged but didn't complete in the period, our LTV is 32.4% which provides us with firepower to make further investments.

Outlook

It is clear that the road to recovery from the pandemic will undoubtedly be uneven with divergent trends, accelerating structural shifts and enduring changes in consumer behaviour.

Our portfolio continues to perform strongly and we have built up a collection of excellent assets that are closely aligned to the structural tailwinds and offer reliable, predictable and growing income streams. Combined with our strong operational platform and high economic alignment, we are well placed to navigate these uncertain times and will remain prudent in our decision making and rational in our approach, work with our occupiers, protect our capital and ensure that we emerge from this period stronger, better placed and ready to take advantage of compelling new opportunities.

Our approach is less about having to be 100% right every time, but more about not getting it wrong. Our investment philosophy of allocating capital to structurally supported sectors is simple but when identifying opportunities, we don't just assess the potential returns but weigh them against the risks involved and stress incurred. Therefore, whilst the property market presents lots of opportunities, we let most go, preferring to focus on quality investments that offer long term income, capital growth and downside protection from strong intrinsic values. After all, we will continue to invest like it is our own money, because it is.

Taking a step back and looking forward there is no doubt that many things will eventually go back to the way they were. However, given the material disruption, many will not. Therefore, we will continue to assess and anticipate those changes that are temporary but more importantly the macro changes that will be more permanent. This is where the new opportunities will be and it will help frame how we shape our future portfolio.

Whilst we cannot predict the future, we do know that our tactical switch has positioned us on the right side of the structural changes. As a long term investor, we remain optimistic about the future and whilst we will invest like optimists we will continue to prepare like realists.

Property Review

Our investment activity continues to improve the portfolio's quality and resilience

Acquisitions in the period totalled £98.5 million and were let for an average of 17.6 years, with 88% of income subject to contractual rental uplifts. These acquisitions related to grocery-led convenience and roadside as well as urban logistics assets located in London. They were high quality opportunities at attractive prices that would seldom present themselves in a normalised market.

Disposals in the period totalled £71.9 million and consisted primarily of seven shorter let urban logistics warehouses with a WAULT to first break of 7.2 years. Here, we were prepared to trade assets where the market's expectation of rental growth and future returns exceeded our own. Post period end, we have sold a further £18 million, mostly relating to the sale of two convenience food stores.

	Acquired (£m)	Disposed[1,2] (£m)
Urban logistics	14.1	60.8
Regional & mega distribution	-	-
Long income	84.4	5.2
Office, residential & retail parks	-	5.9
Total	**98.5**	**71.9**

[1] Excludes £64.4 million of disposals, predominantly larger box distribution, that exchanged in the previous year but completed in the period

[2] £61.3 million of disposals relate to assets that exchanged in the period with delayed completions

Assisted by a strong capital performance in the period, the value of our distribution platform increased to £1,668 million, representing 68.2% of the portfolio. The urban logistics sector is our key conviction call and remains our largest weighting, representing 35.4% of the portfolio. Over the period, our weighting to mega distribution fell further to 13.5% primarily due to the completion of a mega warehouse sale that exchanged in the prior year.

Long income increased from 24.0% of the portfolio to 26.4%, following significant net investment into grocery led convenience and roadside assets, with these two sub sectors now dominating our long income exposure.

The remaining 5.4% of the portfolio is deemed non-core and is split between:

- Offices, where we have nine remaining of the 11 acquired through the Mucklow acquisition
- Retail parks, where six remain following a sale in the period for £4.1 million
- Residential, where four flats were sold in the period and a further four remain of the 149 originally owned.

Portfolio split

Urban Logistics	35.4%
Regional Distribution	19.3%
Mega Distribution	13.5%
Long Income	26.4%
Retail Parks	3.0%
Offices & Residential	2.4%

Our portfolio metrics continue to reflect our focus on generating long and growing income

The portfolio's WAULT has increased since the year end from 11.2 years to 11.5 years and continues to provide a high level of income security with only 7.0% of income expiring within three years and 45.8% within 10 years.

Occupancy remained high at 98.5% and our gross to net income ratio of 98.7% continues to compare highly favourably against our peers and reflects the portfolio's very low operational requirements.

In the period, we undertook 75 occupier initiatives adding £2.8 million per annum of additional rent and helping to deliver like for like income growth of 2.9%. These initiatives consisted of:

- Contractual rental uplifts which apply to 55.3% of our income, where 18 fixed and RPI linked reviews were settled delivering £0.3 million of increased rent at an average of 8% above passing on a five yearly equivalent basis;
- Open market rent reviews, where 10 reviews were settled delivering £0.8 million of increased rent at an average of 22% above passing on a five yearly equivalent basis; and
- Leasing activity, where we signed 47 new leases and regears with average lease lengths of 13.9 years delivering £1.7 million of increased rent. Six of these deals related to two occupiers where, in response to Covid-19, we agreed to a rent free concession in exchange for greater term certain, increasing the WAULT on those assets to 22 years.

Over the period since March 2020, our contracted income increased from £123.3 million to £125.4 million. Following post period end investment activity, contracted income has reduced to £121.2 million.

Our focus on income diversification, granularity and occupier credit is delivering strong rent collection despite Covid-19

Our investment and asset management actions over a number of years have increased the resilience of our portfolio by not only allocating capital to structurally supported sectors but also by improving our income's diversification and granularity as well as the credit strength of our occupiers.

We have a diverse occupier base by type of business and our top ten occupiers account for 35% of contracted income compared to 51% in March 2019. In the period, we significantly increased our exposure to Waitrose who now represent 2.6% of income and are our eighth largest occupier.

The Covid-19 pandemic created unprecedented disruption but, despite this uncertainty, our rent collection has been very strong. We collected 96.5% of rent due in the period and just 0.8% of rent was forgiven or remains outstanding, some of which relates to a property where we are securing vacant possession for a new letting to Lidl.

This resilience reflects high occupier contentment, our close occupier relationships, their financial strength, our forthright response to non-payment as well as the operational importance of our distribution assets and the non-discretionary grocery-led convenience and essential characteristics of our long income assets.

As noted further above, we did offer some rent free concessions in exchange for value enhancing asset management initiatives and we also agreed some short term rental deferral arrangements, all of which are being honoured. These account for the remaining 2.7% of rent that was due in the period.

In respect of third quarter rents due up to 1 November 2020, 98% has now been collected, 1% has been deferred under previously agreed payment plans and 1% is outstanding. 100% of our distribution rent due has been or is being collected, with long income at 98%, offices at 97% and retail parks at 92%.

Valuation and total return performance

Over the six months, the portfolio delivered a strong total property return of 4.9%, significantly outperforming the IPD All Property index of –1.6%:

- Distribution delivered 8.0%
- Long income delivered 2.3% despite, as expected, our leisure assets dragging performance
- Offices delivered 2.1% and retail parks delivered -1.7%

Portfolio outperformance was driven by both management actions and through capturing rental reversion which helped to deliver strong capital growth of 2.3% compared to IPD All Property of -3.7%. Distribution delivered a 5.7% increase and long income was 0.5% lower, whilst offices and retail parks fell by 0.9% and 5.6% respectively.

The investment portfolio's EPRA topped up net initial yield is 4.9% and the equivalent yield is 5.4% with a like for like valuation movement of 7bps over the period. ERV growth for the portfolio was driven by distribution which saw a 1.3% increase; urban logistics and regional saw growth of 1.1% and 2.6% respectively whilst mega distribution was flat. Overall ERV growth was 0.2%.

Distribution Review

Our exposure to the distribution sector increased further in the period to £1,668 million, accounting for 68.2% of our total portfolio, with over half of our distribution assets in urban logistics. Reflecting the strong sector dynamics, our distribution portfolio continues to enjoy high occupancy at 98% and performed well over the six months, delivering a property return of 8.0% with regional distribution generating the best returns of 12.8%, driven by strong performance in regional developments that either completed in the period or are nearing completion.

As at 30 September 2020	Urban	Regional	Mega
Typical warehouse size	Up to 100,000 sq ft	100,000 to 500,000 sq ft	In excess of 500,000 sq ft
Value[1]	£865.7m	£472.4m	£329.8m
WAULT	7.8 years	13.6 years	15.7 years
Average Rent (psf)	£6.80	£6.40	£5.60
ERV (psf)	£7.20	£6.70	£5.60
ERV growth (6 months)	1.1%	2.6%	-
Topped up NIY	4.7%	4.4%	4.0%
Contractual uplifts	34%	76%	100%
Total Property Return (6 months)[1]	6.3%	12.8%	5.9%

[1] Includes developments

Distribution investment activity

As investor appetite for logistics has continued to grow, this has pushed yields to record lows of c.4% and significantly reduced the number of compelling investment opportunities.

We did however deploy £13.7 million of capital expenditure on our distribution estate, principally our development at Bedford and forward funding at Goole. We also acquired two highly reversionary urban logistics warehouses in London for £14.1 million reflecting a net initial yield of 3.7% and a reversionary yield of 4.9%. These investments consisted of:

- a 14,000 sq ft warehouse acquired for £3.2 million and let to Royal Mail in Epsom for 5.1 years, where we have since settled the rent review at 39% ahead of passing, which increases the running yield from 3.8% at acquisition to 5.2%; and

- a 32,000 sq ft warehouse acquired for £10.9 million and let at a rent of £13.40 psf to Ocado for 8.2 years in Walthamstow.

The strength of investor appetite prompted us to take advantage of approaches for a number of our assets where we saw less potential for rental growth. In the period, we sold £60.8 million of shorter let urban logistics at a net initial yield of 5.2%. These consisted of:

- a 21,000 sq ft warehouse sold for £3.5 million let to Fenton Packaging in Hemel Hempstead with a WAULT of less than a year; and

- a portfolio of six distribution warehouses sold for £57.3 million in various locations including Worcester, Leamington Spa, Royston, and Huyton. The assets are let to retailer Hamleys, CEVA, ITAB, Transmec and Grupo Antolin, an automotive supplier to JLR, and have a WAULT to first break of 7.5 years. Completion of the sale has been delayed until March 2021.

Post period end, we sold a 25,000 sq ft urban logistics unit in Edinburgh for £3.4 million with three years left to break and acquired a highly reversionary urban logistics unit in Colliers Wood for £2.5 million at a NIY of 4.0% through a 15 year sale and leaseback with open market rent reviews.

Distribution asset management activity

Distribution lettings and regears in the period were signed on 0.7 million sq ft. These deals were mostly on urban logistics warehousing, added £1.8 million per annum of additional income and had a WAULT of 9.8 years with incentives equivalent to less than six months' rent free. Regears delivered an increase in the WAULT from 8.1 years to 12.6 years.

The most significant activity was:

- 141,000 sq ft letting at Stoke
- 113,000 sq ft of lettings and regears across our multi-let urban warehousing
- 78,000 sq ft regear in Thorne
- 70,000 sq ft regear in Barton
- 48,000 sq ft regear in Fareham
- 41,000 sq ft regear in Milton Keynes
- 38,000 sq ft letting to Network Rail at Stargate in Birmingham
- 35,000 sq ft regear in Wednesbury
- 34,000 sq ft letting to an online pharmacy at a recently refurbished property in Greenford

Distribution rent reviews in the period were settled across 2.0 million sq ft. They added £1.0 million per annum of income at 13% above previous passing rent on a five yearly equivalent basis:

- eight urban reviews were settled at 17% above passing rent on a five yearly equivalent basis, with open market reviews achieving 21% uplifts;
- three regional reviews were settled at 19% above passing rent on a five yearly equivalent basis, with two open market reviews settled with DHL and Royal Mail achieving 27% uplifts; and
- two mega reviews, both contractual uplifts, were settled at 8% above passing rent on a five yearly equivalent basis.

Long Income Review

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

Over the period, our exposure to long income grew from £563 million to £645 million, representing 26.4% of our total portfolio, as we transacted on significant net investment in grocery/convenience and roadside assets with these two sub sectors now accounting for over 40% of our long income exposure.

The long income assets have a WAULT of 13.9 years, are 100% let to strong occupiers at affordable average rents of £15.10 psf and are valued at an attractive topped up NIY of 5.5%. The average lot size is c.£5 million with 62% of income subject to contractual uplifts.

Over the period, our long income assets delivered a total property return of 2.3% driven by an attractive income yield. Excluding the leisure assets which, as expected dragged performance, total property return would have been 3.6%.

Long income portfolio

As at 30 September 2020	Convenience / Grocery & Roadside	NNN Retail[2,3]	Trade & DIY	Leisure & Hotel
Value[1]	£267.2m	£175.2m	£147.5m	£55.0
WAULT	16.6 years	9.5 years	13.4 years	21.3 years
Average Rent (psf)	£16.90	£21.20	£9.10	£17.10
Topped up NIY	4.6%	6.9%	5.5%	5.8%
Equivalent Yield	5.0%	6.6%	5.9%	7.0%
Contractual uplifts	94%	22%	59%	100%
Total Property Return (6 months)[1]	3.0%	2.8%	5.7%	-12.0%
Largest Occupiers	Aldi, BP, Co-op, Costco, Euro Garages Lidl, M&S, Waitrose	B&M, Currys, DFS, Dunelm, Home Bargains, Pets at Home, Smyths Toys, The Range	B&Q, Howdens, Jewson, Kwik Fit, Safestore Selco, Wickes	Odeon (x5 cinemas) Premier Inn (x1 hotel)

[1] Includes developments

[2] Properties in our MIPP joint venture are held within NNN Retail

[3] TPR for Convenience/Grocery and Roadside rises to 5.0% if acquisition costs are excluded

Long income investment activity

In the period, £84.4 million of long income assets were purchased at a blended NIY of 4.5% and a reversionary yield of 5.1%. The acquisitions were all grocery-led convenience or roadside assets, had a WAULT of 18.9 years and all benefited from contractual rental uplifts. They have strong residual value supported by alternative use, principally residential, and for some, vacant possession value is above the purchase price. They consisted of:

- a £62.0 million sale and leaseback portfolio of five convenience food stores let to Waitrose for 20 years and located in Keynsham, Malmesbury, Paddock Wood, Towcester and Yateley. The assets also operate as online fulfilment centres for Waitrose and John Lewis;
- a £10.8 million portfolio of three BP/M&S convenience service stations in Brentwood, Pevensey and Lewes let to BP for 16 years;
- a £9.6 million sale and leaseback portfolio of five service centres in London let to Kwik Fit; and

- a £2.0 million new build roadside convenience store, petrol station and drive through Starbucks in Rushden let to Euro Garages for 25 years;

Disposals totalled £5.2 million and were sold at a blended NIY of 5.0%, consisting of:

- a short let stand-alone Matalan unit in Leicester sold for £3.4 million; and
- four Kwik Fit service centres let for 15 years and sold for £1.8 million

Post period end, we sold two M&S food stores in Haslemere and Ferndown for £14.7 million, reflecting a NIY of 4.0%.

Long income leasing and rent review activity

In the period, we signed five regears with a WAULT of 21.5 years. These related to our cinemas where, in response to the pandemic, we agreed lease extensions in return for a rent free period.

Rent reviews settled in the period generated an uplift of £0.2 million at 12% above previous passing on a five yearly equivalent basis. These reviews were mostly related to convenience assets with RPI or fixed uplifts.

Development Review

In the period, we completed 251,000 sq ft of developments generating £1.6 million of additional rent per annum, reflecting a yield on cost of 5.3%. We have another 657,000 sq ft of development under way or due to commence shortly that is expected to generate £5.6 million of additional rent per annum, reflecting a yield on cost of 7.2%. The expenditure on these developments over the next 12 months is expected to total c.£56 million, of which c.£35 million is committed.

Completed in the period	**Sq ft ('000)**	**Income (£m)**	**Yield on cost (%)**
Croda, Goole (funding)	232	1.3	5.2
Weymouth (Aldi)	19	0.3	5.7
Total	**251**	**1.6**	**5.3**
Under construction & commencing shortly			
Bedford (Phase 2b)[1]	350	2.5	8.5
Bedford (Phase 2a)[1]	165	1.2	6.7
Tyseley (Phase 2)[1,2]	120	1.6	6.0
Wallingford (funding)	22	0.3	5.0
Total	**657**	**5.6**	**7.2**

[1] Anticipated yield on cost and rents
[2] Construction subject to concluding current pre-let discussions

Goole funding

Completion of a 232,000 sq ft distribution warehouse pre-let to Croda for 20 years which was forward funded.

Weymouth

A 19,000 sq ft convenience store pre-let to Aldi completed in July 2020. Offers have been received on the letting of two small pods totalling a further 6,000 sq ft, where development remains conditional on planning.

There is further development potential at the site.

Bedford Link

On site with the development of a regional distribution warehouse totalling 165,000 sq ft which is expected to complete in January 2021 and is seeing good occupier interest.

We have also commenced speculative construction of the final phase of our development at Bedford Link which comprises a 350,000 sq ft regional distribution unit. Completion is expected in Q3 2021.

Tyseley

In the previous year, we completed 135,000 sq ft of distribution development at our Tyseley site. 69,000 sq ft has been let and we continue to let the remaining space.

We expect to commence shortly the development of a further 120,000 sq ft of distribution warehousing. Occupier discussions are highly advanced and planning consent has been received subject to a customary review period.

There is a further 15,000 sq ft of development potential which we are in pre-let discussions on.

Wallingford funding

Forward funding of a 22,000 sq ft trade counter development in Wallingford pre-let to MKM and Howdens with a WAULT of 18 years. Construction has commenced with completion expected by the end of the year.

Other development potential

Many of our long income assets are well located in suburban locations with strong alternative use, such as residential, and have the potential to be repurposed over time. We continually look to upgrade existing long income assets and exploit potential opportunities. Near term development potential includes reconfiguration of:

- a 51,000 sq ft long income NNN retail asset in New Malden, London, which is predominantly let to Dixons and where planning has been received to accommodate an additional convenience food store;
- a 32,000 sq ft long income trade asset in Ashford, Surrey, where we are securing vacant possession and where planning is in progress to accommodate an additional store let to Lidl on a 25 year lease; and
- a 48,000 sq ft long income NNN retail asset in Orpington, London, previously let to Carpetright, where we have agreed a new 20 year lease with Lidl to accommodate them alongside a smaller Carpetright unit. Planning has been received and we are satisfying certain conditions before commencing works.

Sustainability and ESG

We continue to improve the quality of our assets through development and asset management.

All of our completed developments in the period were certified as BREEAM Very Good. At Bedford Link, we are on site developing two BREEAM Excellent buildings totalling c.515,000 sq ft and, at Tyseley, we expect to commence shortly the development of a 120,000 sq ft building that is also expected to be BREEAM Excellent. These projects would take the proportion of BREEAM Excellent developments under construction to 97%.

At Bedford Link, development of the smaller building of 165,000 sq ft is showing a significant reduction in development related carbon emissions compared to the earlier development phase. We are setting even higher construction and energy standards on the larger building of 350,000 sq ft which should see us make further reductions in development related emissions as well as further improve the building's environmental credentials.

As part of our corporate wide sustainability target this financial year to introduce a net zero carbon ambition, we are also looking at how we can manage the buildings at Bedford Link so as to achieve net zero carbon. We are retrospectively installing energy monitoring on the buildings already completed and are installing as standard on the units under development.

We continue to engage with our occupiers on energy efficiency initiatives including solar PV installations, LED lighting upgrades, Electric Vehicle (EV) charging and improving the environmental performance of our buildings, particularly across our distribution portfolio. In the period, 1.5MW of solar was installed at our 357,000 sq ft logistics warehouse in Warrington and we are rolling out further EV charging points across our long income assets and development assets.

Over the period, we maintained our Green Star status in the Global Real Estate Sustainability Benchmark ('GRESB') 2020 survey. Our score of 65% (2019: 71%) continues to compare favourably against the average score of our peers of 61% (2019: 67%) and is significantly up from the 34% we achieved in 2014.

Further detail on sustainability & ESG related matters can be found in our latest Responsible Business report on our website**:**

https://www.londonmetric.com/sites/london-metric/files/sustainability/lmp_responsible_business_2020.pdf

Financial Review

Despite the challenges posed by the global pandemic that has dominated our lives for nearly eight months, we have again delivered a very strong set of results with both earnings and NAV progression, underpinned by a strong balance sheet and robust portfolio metrics. We remain very well placed with a resilient portfolio, lower leverage and significant liquidity to navigate the uncertain times ahead.

Earnings growth includes a full six months' contribution from the A&J Mucklow Group which we acquired in June last year, and we have benefited from the deployment of funds raised through a £120 million equity placing in May into attractive income producing investment assets in our preferred portfolio sectors. Rent collection has been a key priority and we have utilised the close relationships we have with our tenants to provide assistance where necessary and negotiate asset management initiatives and concessions that benefit both parties.

EPRA earnings per share increased by 3.9% to 4.75p, driven by an 11.7% increase in net rental income and 9.6% reduction in finance costs. We have continued to focus on growing our dividend, which at 4.2p per share for the half year, is a 5% increase over the comparative period last year and 1.13 times covered by EPRA earnings per share. Our shareholders continue to receive the full benefit of our successful investment strategy, as we have continued to pay our dividend despite the challenging market conditions.

IFRS reported profit is £85.1 million compared to a loss of £10.2 million last year which included one off acquisition costs related to the Mucklow transaction of £57.2 million. IFRS net assets have increased to £1,597.9 million, predicated on a strong portfolio performance and valuation gain of £42.8 million or 4.8p per share and including the proceeds from the equity raise. Our portfolio has remained resilient and continues to be well positioned to weather the disruption we have and continue to face, with 94.6% of our assets in the structurally supported logistics and long income sectors.

EPRA has introduced new reporting metrics for net asset value this year and we have adopted EPRA net tangible assets (NTA) as our primary measure and key performance indicator to replace EPRA net asset value. EPRA NTA per share is on a fully diluted basis and prior year comparatives have been presented for the new measure accordingly. At 30 September, EPRA NTA per share was 175.5p, reflecting an increase of 3.1% over the period (March 2020 EPRA NTA: 170.3p per share).

Our financial position was strengthened by the equity placing, which alongside asset disposals has helped to reduce LTV to 32.4% at the half year from 35.9% in March. Our other financing metrics remain strong. Average cost of debt has fallen to 2.5% (March 2020: 2.9%), largely as a result of the cancellation of £350 million short dated interest rate swaps in April, leaving only 45% of debt drawn hedged through fixed coupon facilities which will allow us to continue to take advantage of existing and future low rates of interest. Our headroom has increased to £267 million from £220 million in March, providing ongoing operational optionality and security in these unprecedented times.

Presentation of financial information

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

The Group uses alternative performance measures based on the European Public Real Estate Association ('EPRA') Best Practice Recommendations ('BPR') to supplement IFRS, in line with best practice in our sector, as they highlight the underlying performance of the Group's property rental business and exclude property and derivative valuation movements, profits and losses on disposal of properties, financing break costs, goodwill and acquisition costs, all of which may fluctuate considerably from year to year. These are adopted throughout this report and are key business metrics supporting the level of dividend payments.

In October 2019, EPRA introduced three new measures of net asset value: EPRA net tangible assets (NTA), EPRA net reinstatement value (NRV) and EPRA net disposal value (NDV). EPRA NTA is considered to be the most relevant measure for the Group and replaces EPRA NAV as the primary measure of net asset value this half year.

Further details, definitions and reconciliations between EPRA measures and the IFRS financial statements can be found in note 7 to the financial statements, Supplementary notes i to vii and in the Glossary.

Income statement

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

For the six months to 30 September	**Group £m**	**JV £m**	**NCI £m**	**2020 £m**	Group £m	JV £m	NCI £m	2019 £m
Gross rental income	60.3	2.7	(0.9)	**62.1**	52.9	3.3	(0.6)	55.6
Property costs	(0.7)	(0.1)	–	**(0.8)**	(0.6)	(0.1)	–	(0.7)
Net rental income	59.6	2.6	(0.9)	**61.3**	52.3	3.2	(0.6)	54.9
Management fees	0.4	(0.2)	–	**0.2**	0.6	(0.3)	–	0.3
Administrative costs	(8.0)	–	–	**(8.0)**	(7.7)	–	0.1	(7.6)
Net finance costs	(10.7)	(0.7)	0.1	**(11.3)**	(11.8)	(0.8)	0.1	(12.5)
Other[1]	–	–	0.1	**0.1**	–	–	0.1	0.1
EPRA earnings	41.3	1.7	(0.7)	**42.3**	33.4	2.1	(0.3)	35.2

[1] Other items include the tax charge attributable to the non-controlling interest

Net rental income

We continue to focus on growing our underlying net rental income and delivering dividend progression for our shareholders. The pandemic has only intensified our search for income, which has increased by 11.7% to £61.3 million. The Mucklow portfolio, which we acquired on 27 June 2019, contributed fully this half year delivering gross rental income of £13.1 million, compared with £6.9 million last half year. Other movements in net rental income are reflected in the table below.

	£m	**£m**
Net rental income 2019		54.9
Additional rent from existing properties[1]		1.0
Additional rent from developments[2]		0.8
Additional rent from acquisitions[3]	10.1	
Rent lost through disposals[3]	(4.4)	
Additional rent from net acquisitions		5.7
Increase in rent provision[4]		(1.0)
Increase in property costs		(0.1)
Net rental income 2020		**61.3**

[1] Properties held since 1 April 2019

[2] Developments completed since 1 April 2019

[3] Acquisitions and disposals completed since 1 April 2019, including the Mucklow portfolio

[4] Represents increases in provisions against group trade debtors of £0.6 million (as reflected in note 10 to the financial statements), MIPP JV rent debtors of £0.2 million and rent free lease incentives in investment property of £0.2 million

Additional income from existing properties and developments is based on properties held and developments completed since April 2019. On this basis, we generated additional rent from lettings, rent reviews and regears of our existing portfolio and completed developments of £1.8 million, which included £0.8 million additional surrender premium receipts.

Income from net acquisitions of £5.7 million included the additional Mucklow contribution of £6.2 million and the impact of other net disposals which reduced income by £0.5 million compared to the comparative period.

We have assessed the recoverability of our period end trade debtor and lease incentive balances in accordance with IFRS 9, and have increased our provision by £1.0 million since September 2019. At the half year, our provision against trade debtors is £0.8 million, as reflected in note 10 to the financial statements. This comprises an allowance for specific trade debtors of £0.2 million and an expected credit loss provision of £0.6 million, which incorporates the potential widespread disruption caused by lockdown restrictions implemented to combat the spread of the virus over the next 12 months. However, our latest rent collection rates have been exceptionally strong and we will continue to monitor these over the second half of the year and adjust our provision accordingly.

Property costs have increased marginally by £0.1 million and our property cost leakage remains low at 1.3% (September 2019: 1.3%, March 2020: 1.2%).

Rent collection

Our rent collection in the period was very strong and has continued to remain at high levels post period end. We have collected 96.5% of rents due in the period and just 0.8% or £0.5 million remains unpaid or has been forgiven, some of which relates to a property where we are securing vacant possession for a new letting to Lidl. In respect of our third quarter rents due by 1 November, we have collected 98%, previously agreed deferrals apply to a further 1% and 1% remains unpaid.

However, we have not been immune to the impact of the pandemic and have proactively supported a number of our tenants who have faced cash flow challenges by implementing deferred payment plans and initiatives which offer short term rental concessions in exchange for value enhancing asset management initiatives, all of which are being honoured and account for the remaining 2.7% of rent that was due in the period.

Administrative costs

Administrative costs have increased by £0.4 million to £8.0 million and are stated after capitalising staff costs of £1.1 million (September 2019: £1.0 million) in respect of time spent on development projects in the period. The increase over the comparative period last year includes an additional three months’ overheads for Mucklow of £0.2 million.

EPRA cost ratio

We continue to monitor our operational costs closely and use the EPRA cost ratio to measure our effective management of costs. Having fallen 60 bps over the year to 13.7%, it remains one of the lowest in our sector.

	30 September 2020 %	30 September 2019 %	31 March 2020 %
EPRA cost ratio including direct vacancy costs	**13.7**	14.3	14.2
EPRA cost ratio excluding direct vacancy costs	**13.4**	13.6	13.3

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

Net finance costs

Net finance costs, excluding the costs associated with repaying debt and terminating hedging arrangements on sales and refinancing in the period were £11.3 million, a decrease of £1.2 million over the previous period.

This reflected lower interest charges of £0.9 million and additional interest capitalised and receivable on developments of £0.3 million.

The average interest rate payable over the period was lower than in the previous comparative period, due primarily to the cancellation in April 2020 of £350 million interest rate swaps that hedged our unsecured facilities. This reduced the proportion of our drawn debt hedged to 45% and our cost of debt at the period end to 2.5% (September 2019: 3.0%, March 2020: 2.9%). The corresponding swap break cost was £4.9 million, which we expect to be paid back over the next 12 months from interest cost savings.

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

Share of joint ventures

EPRA earnings from joint venture investments were £1.7 million, a decrease of £0.4 million over the comparative period as reflected in the table below.

For the six months to 30 September	**2020 £m**	2019 £m
Metric Income Plus Partnership (MIPP)	**1.8**	2.0
LMP Retail Warehouse JV (DFS)	**–**	0.1
LSP London Residential Investments (Moore House)	**(0.1)**	–
EPRA earnings	**1.7**	2.1

As reported last year, our interest in DFS is now consolidated in the Group accounts and our partner's 18% share reflected as a non-controlling interest. During the period, DFS contributed £3.9 million in total to EPRA earnings compared with £2.4 million for the previous comparative period. The increase was due to the receipt of a surrender premium of £1.5 million at Carlisle in the half year.

Income from our MIPP joint venture fell by £0.2 million due to an increase in the rent provision for one property where we are securing vacant possession for a new letting to Lidl.

The Group received net management fees of £0.2 million for acting as property advisor to each of its joint ventures, which have fallen by £0.1 million as a result of movements in property valuations and sales.

Taxation

As the Group is a UK REIT, any income and capital gains from our qualifying property rental business are exempt from UK corporation tax. Any UK income that does not qualify as property income within the REIT regulations is subject to UK tax in the normal way.

The Group's tax strategy is compliance oriented; to account for tax on an accurate and timely basis and meet all REIT compliance and reporting obligations. We seek to minimise the level of tax risk and to structure our affairs based on sound commercial principles. We strive to maintain an open dialogue with HMRC with a view to identifying and solving issues as they arise. There were no issues raised in the period.

We continue to monitor and comfortably comply with the REIT balance of business tests and distribute as a Property Income Distribution ('PID') 90% of REIT relevant earnings to ensure our REIT status is maintained. The Group has paid the required PID for the year to 31 March 2020 ahead of the deadline of 31 March 2021. In accordance with REIT regulations, £3.8 million was withheld from distributions and paid directly to HMRC in the period.

IFRS reported profit

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

For the six months to 30 September	**Group £m**	**JV £m**	**NCI £m**	**2020 £m**	Group £m	JV £m	NCI £m	2019 £m
EPRA earnings	41.3	1.7	(0.7)	**42.3**	33.4	2.1	(0.3)	35.2
Revaluation of property	44.3	(1.8)	0.3	**42.8**	19.3	(3.5)	0.8	16.6
Fair value of derivatives	4.7	(0.1)	–	**4.6**	(2.5)	(0.3)	–	(2.8)
Profit/(loss) on disposal	0.3	(0.1)	0.1	**0.3**	0.6	(2.3)	–	(1.7)
Debt/hedging break costs	(4.9)	–	–	**(4.9)**	(0.3)	–	–	(0.3)
Impairment of goodwill	–	–	–	**–**	(48.3)	–	–	(48.3)
Acquisition costs	–	–	–	**–**	(8.9)	–	–	(8.9)
IFRS reported profit/(loss)	85.7	(0.3)	(0.3)	**85.1**	(6.7)	(4.0)	0.5	(10.2)

The Group's reported profit for the period was £85.1 million compared with £47.0 million in the previous period before exceptional goodwill and acquisition costs. The £38.1 million increase was primarily due to the property revaluation being £26.2 million higher and increased EPRA earnings of £7.1 million.

Property sales in the period generated a £0.3 million profit over book value compared with a loss of £1.7 million last year. The total profit over original cost was £7.1 million, representing a return of 10.4%. Disposals are discussed in detail in the Property Review.

The favourable movement in the fair value of derivatives is offset by the swap break cost of £4.9 million, resulting in a charge of £0.3 million in the period compared to a total charge of £3.1 million last year.

Balance sheet

EPRA net tangible assets (NTA) is a new performance measure introduced this year and for the Group replaces the previous metric of EPRA net assets as a key performance indicator that reflects both income and capital returns. It excludes the fair valuation of derivative instruments that are reported in IFRS net assets. A reconciliation between IFRS and EPRA NTA is detailed in the table below and in note 7(c) to the financial statements. EPRA NTA per share is on a fully diluted basis and prior year comparatives have been presented for the new measure accordingly.

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

As at	**Group £m**	**JV £m**	**NCI £m**	**30 September 2020 £m**	Group £m	JV £m	NCI £m	31 March 2020 £m
Investment property	2,372.8	89.1	(11.3)	**2,450.6**	2,273.6	92.4	(14.9)	2,351.1
Trading property	1.1	–	–	**1.1**	1.1	–	–	1.1
	2,373.9	89.1	(11.3)	**2,451.7**	2,274.7	92.4	(14.9)	2,352.2
Gross debt	(841.6)	(37.5)	–	**(879.1)**	(932.7)	(42.1)	–	(974.8)
Cash	38.8	3.6	(0.2)	**42.2**	81.8	5.1	(0.8)	86.1
Other net liabilities	(21.1)	(0.5)	5.5	**(16.1)**	(34.3)	(0.6)	8.6	(26.3)
EPRA NTA	1,550.0	54.7	(6.0)	**1,598.7**	1,389.5	54.8	(7.1)	1,437.2
Derivatives	–	(0.8)	–	**(0.8)**	(4.7)	(0.7)	–	(5.4)
IFRS net assets	1,550.0	53.9	(6.0)	**1,597.9**	1,384.8	54.1	(7.1)	1,431.8

IFRS reported net assets have increased 11.6% since March to £1,597.9 million. This incorporates the net proceeds received from the equity raise of £116.6 million.

Both IFRS NAV per share and EPRA NTA per share have increased 3.1% since March to 176.3p and 175.5p per share respectively. The movement in EPRA NTA and EPRA NTA per share is reflected in the table below.

	EPRA NTA £m	**EPRA NTA per share p**
EPRA NTA at 1 April 2020	1,437.2	170.34
EPRA earnings	42.3	4.75
Dividends[2]	(37.5)	(4.21)
Property revaluation	42.8	4.80
Equity raise	116.6	–
Other movements[1]	(2.7)	(0.17)
At 30 September 2020	**1,598.7**	**175.51**

[1] Other movements include debt break costs (£4.9 million) offset by share based awards (£1.6 million), scrip share issue savings (£0.3 million) and profit on sales (£0.3 million)

[2] Dividend per share is based on the weighted average number of shares in the period. The actual dividend paid in the period was 4.3p as reflected in note 6 to the financial statements

The increase in EPRA NTA per share was principally due to the property revaluation gain of 4.8p per share, as EPRA earnings per share of 4.75p covered the dividend paid in the period.

The movement in EPRA NTA per share, together with the dividend paid in the period, results in a total accounting return of 9.5p or 5.6% per share. Total accounting return is a key performance indicator and component of the variable element of Directors' remuneration arrangements. The strong growth in the period of 5.6% is significantly ahead of the previous half year return of 2.4%. The full calculation can be found in supplementary note viii.

Equity raise

In May 2020, we successfully raised gross proceeds of £120 million through an equity placing that was substantially oversubscribed. A total of 66.7 million new ordinary shares were issued at a price of 180.0p per share, representing a discount of 1.5% to the previous day's closing share price. The net proceeds after issue costs of £116.6 million were used to acquire income producing assets including a portfolio of five Waitrose stores for £62 million as set out in the Property Review.

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 31 March 2020 of £37.5 million or 4.3p per share in the period as reflected in note 6 to the financial statements. The Company issued 0.2 million ordinary shares under the terms of the Scrip Dividend Scheme, which reduced the cash dividend payment by £0.3 million to £37.2 million. The fourth quarterly dividend of 2.3p per share for the year to 31 March 2020 was a cautious progression given the circumstances of the global pandemic, taking the total dividend for that year to 8.3p, a 0.1p increase over the previous year.

The first quarterly payment for the current year of 2.1p per share was paid as a Property Income Distribution (PID) in October 2020. The second quarterly dividend will comprise a PID of 2.1p per share and has been approved by the Board for payment in January 2021. The total dividend payable for the half year of 4.2p represents an increase of 5.0% over the previous comparative period.

Portfolio valuation

Our property portfolio including share of joint ventures grew by £99.8 million or 4.3% in the half year to £2.45 billion as reflected in the table below.

	Group £m	**JV £m**	**NCI £m**	**30 September 2020 £m**	31 March 2020 £m
Opening valuation	2,269.0	92.4	(14.9)	**2,346.5**	1,846.2
Acquisitions[1]	105.0	–	–	**105.0**	577.1
Developments[2]	16.0	–	–	**16.0**	43.1
Capital expenditure[3]	2.4	0.2	(0.1)	**2.5**	10.3
Disposals	(74.6)	(1.8)	3.4	**(73.0)**	(128.2)
Revaluation	44.3	(1.8)	0.3	**42.8**	(12.0)
Lease incentives[4]	6.4	0.1	–	**6.5**	10.0
Property portfolio value	2,368.5	89.1	(11.3)	**2,446.3**	2,346.5
Head lease and right of use assets	5.4	–	–	**5.4**	5.7
Closing valuation	2,373.9	89.1	(11.3)	**2,451.7**	2,352.2

[1] Group acquisitions include purchase costs and represent completed investment properties as shown in note 8 to the financial statements

[2] Group developments include acquisitions and capital expenditure on properties under development as reflected in note 8

[3] Capital expenditure on completed properties

[4] Comprises incentives and rent frees of £7.9 million (March 2020: £15.4 million) less amounts written off on disposal of £1.4 million (March 2020: £5.4 million)

The Group invested £105.0 million in the period acquiring £15.0 million distribution and £90.0 million long income assets.

We completed nine commercial property disposals and four residential flat sales generating net proceeds of £74.7 million at share and reducing the book value of property by £74.4 million (including the cost of lease incentives written off of £1.4 million).

Four disposals that exchanged last year completed in the period, generating proceeds of £64.4 million and have been accounted for in these financial statements. We also exchanged to sell a portfolio of six distribution warehouses for £57.3 million, a Matalan unit in Leicester for £3.4 million and a Kwik Fit for £0.6 million in the period, all of which will be accounted for on completion. Further information is provided in the Property Review.

Property values have increased by £42.8 million in the half year, driven by both management actions and through capturing rental reversion. The portfolio has delivered a strong total property return of 4.9%, significantly outperforming the IPD All Property index of -1.6%, with distribution assets delivering the largest increase of 8.0%. A breakdown of the property portfolio by sector is reflected in the table below.

As at	**30 September 2020 £m**	**30 September 2020 %**	31 March 2020 £m	31 March 2020 %
Distribution	**1,622.5**	**66.3**	1,593.7	67.9
Long income	**637.4**	**26.1**	552.5	23.5
Retail Parks	**74.1**	**3.0**	83.3	3.6
Offices	**54.5**	**2.2**	55.1	2.4
Investment portfolio	**2,388.5**	**97.6**	2,284.6	97.4
Development[1]	**55.1**	**2.3**	57.0	2.4
Residential	**2.7**	**0.1**	4.9	0.2
Property portfolio value	**2,446.3**	**100.0**	2,346.5	100.0
Head lease and right of use assets	**5.4**		5.7	
	2,451.7		2,352.2	

[1] Represents regional distribution £44.8 million (1.8%), urban logistics £0.6 million (0.1%), long income £7.5 million (0.3%), office and other land £2.2 million (0.1%) at 30 September 2020. Split of prior period comparatives was regional distribution £38.1 million (1.6%), urban logistics £6.2 million (0.3%), long income £10.5 million (0.5%), office and other land £2.2 million.

Investment in our preferred sectors of distribution and long income has increased to 94.6%, from 93.8% in March. Our development exposure remains modest at 2.3% of the portfolio and includes the remaining 515,000 sq ft at Bedford, our forward funded pre-let development in Wallingford and the Tyseley development site acquired as part of the Mucklow portfolio.

Our forward funded development in Goole pre-let to Croda and our convenience store in Weymouth pre-let to Aldi completed in the period and have been transferred to investment properties.

The Group had capital commitments of £42.3 million as reported in note 8 to the financial statements, relating primarily to the next phase of development in Bedford.

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

Financing

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

As at	**30 September 2020 £m**	31 March 2020 £m
Gross debt	**879.1**	974.8
Cash	**42.2**	86.1
Net debt	**836.9**	888.7
Loan to value[1]	**32.4%**	35.9%
Cost of debt[2]	**2.5%**	2.9%
Undrawn facilities	**224.8**	133.8
Average debt maturity	**4.7 years**	4.7 years
Hedging[3]	**45%**	77%

[1] LTV at 30 September 2020 includes the impact of sales that exchanged in the period of £61.3 million within cash and investment properties (March 2020: £64.4 million), and excludes the fair value debt adjustment of £2.6 million (March 2020: £2.7 million)

[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 drawn

Net debt has decreased by £51.8 million in the period, as proceeds from disposals and the equity raise exceeded property acquisitions in the period.

Our key financial ratios remain strong with average debt cost reducing to 2.5% (March 2020: 2.9%) and loan to value also falling to 32.4% (March 2020: 35.9%).

The Group has headroom available from undrawn facilities and cash balances held of £267 million, which provides operational flexibility and security and ample cover for its contracted capital commitments of £42.3 million.

Of our total facilities of £1.1 billion, 54% or £594 million are unsecured revolving credit facilities, providing operational flexibility at low average costs. At 30 September 2020, debt drawn under these facilities represented 42% of total debt drawn compared with 47% in March. Debt maturity has been maintained at 4.7 years despite the passing of time, as we have reduced the proportion of our debt held in the shorter dated unsecured revolving facilities at the period end.

The Group has comfortably complied throughout the period with the financial covenants contained in its debt funding arrangements and has substantial levels of headroom. Covenant compliance is regularly stress tested for changes in capital values and income. The Group's unsecured facilities and private placement loan notes, which together account for 74% of debt drawn at the period end, contain gearing and interest cover financial covenants.

At 30 September, the Group's gearing ratio as defined within these funding arrangements was 51% which is significantly lower than the maximum limit of 125%, and its interest cover ratio was 5.4 times, comfortably higher than the minimum level of 1.5 times. Property values would have to fall by 39% and rents by 65% before banking covenants are breached.

The Group's policy is to de-risk the impact of movements in interest rates by entering into hedging and fixed rate arrangements. However, in April this year we took advantage of the low interest environment and cancelled £350 million interest rate swaps that hedged our unsecured facilities and were due to expire in 2022. This reduced the proportion of our drawn debt hedged to 45%, mainly through our fixed coupon private placement and Scottish Widows debt and has contributed to interest cost savings in the period and a lower average cost of debt of 2.5% at the period end.

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

Cash flow

During the period since March, the Group's cash balances decreased by £43.0 million as reflected in the table below.

For the six months to 30 September	**2020** **£m**	2019 £m
Net cash from operating activities	**36.4**	21.4
Net cash used in investing activities	**(48.9)**	(223.1)
Net cash (used in)/from financing activities	**(30.5)**	229.6
Net (decrease)/increase in cash and cash equivalents	**(43.0)**	27.9

The net cash inflow from operating activities of £36.4 million is £0.6 million less than in the previous period after adjusting for exceptional acquisition costs paid last year of £15.6 million.

The Group spent £114.3 million acquiring property in the period and received net cash proceeds of £74.8 million from property disposals and joint ventures. Capital expenditure on asset management and development activities cost the Group £9.5 million and interest received was £0.1 million.

Cash outflows from financing activities reflect loan repayments of £91.0 million, dividend and distribution payments of £38.6 million, financing costs of £17.0 million and share purchases of £0.5 million, offset by the net proceeds from the equity raise of £116.6 million.

Further detail is provided in the Group Cash Flow Statement.

Key Risks and Uncertainties

Risk management

Our risk management procedures are designed to reduce the negative impact of risk on the business and are critical to the continuing generation of reliable and growing, income-led returns and long term outperformance. The Board undertakes robust risk assessments and establishes the extent to which it is willing to accept some level of risk in achieving its strategic goals whilst ensuring stakeholder interests are protected. The Board's risk tolerance is low although the Board accepts risk cannot be eliminated completely.

The processes for identifying, assessing and mitigating principal and emerging risks within the business is set out on pages 60 to 75 of our 2020 Annual Report. The Board is satisfied that these processes continue to be sound and it considers risk management at each of its meetings.

Since publication of the 2020 Annual Report no new principal or emerging risks have been identified. Covid-19 was identified as a material risk at the year end and continues to present a significant challenge affecting other risk categories. The adverse impact of Covid-19 on the economy has already been substantial and as a second wave of infections takes hold it continues to be impossible to predict the timing and trajectory of an economic recovery. The strong structural drivers for our core sectors have however mitigated much of the negative impact from Covid-19 on our business as demonstrated by our half year results.

The principal risks and uncertainties facing the Group, the Board's appetite for each and significant changes in the period, where identified, are summarised as follows:

Corporate risks

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

Strategy

The Group's strategy may be inappropriate for the current economic climate or market cycle or may be poorly implemented. This may lead to underperformance and an inability to take advantage of opportunities. Threat management may be ineffective and we may not have the most appropriate skillsets, resources and systems in place.

The Board continues to view the Group's strategic priorities as fundamental to its business and reputation and that they are appropriate and well executed.

Covid-19

Global health crisis leading to a prolonged, severe economic downturn.

Update: The macro economic environment continues to be supportive of the right real estate in structurally supported sectors.

Economic and political factors

Uncertainty over the outcome of international trade negotiations following the UK's exit from the EU may further adversely impact the economy in addition to the severe economic shock from Covid-19. This may further reduce occupier demand and disrupt tenant businesses exerting pressure on their ability to pay rent and ultimately their solvency. It may also reduce asset liquidity and impact debt markets.

Whilst economic and political factors continue to be monitored and reflected in strategy, market conditions are outside of the Board's control.

Update: Uncertainty remains over the form of a trade deal, if any, with the EU as we head towards the end of the transition period. We continue to believe that the accelerating impact of new technology and profound structural changes in the retail landscape will be more important than what ultimately happens with the UK's relationship with the EU.

Human resources

There may be an inability to attract, motivate and retain high calibre skilled staff which could jeopardise delivery of the Group's strategy and its ability to maintain a competitive advantage.

The Board believes it is vitally important to have the appropriate level of leadership, expertise and experience to deliver its objectives and adapt to change. The Board is satisfied with the delivery of our people strategy to have the right resource appropriately remunerated.

Regulatory and tax framework

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

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

Responsible business approach

Non-compliance with responsible business practices relating to environmental, social and governance concerns, such as climate change and treating stakeholders fairly, may similarly damage corporate reputation, access to debt and capital markets and lettings.

The Board has a low tolerance for non-compliance which impacts reputation and stakeholder sentiment towards the Group.

Systems, processes and financial management

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

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

Property risks

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

Investment risk

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

The Board aims to keep this risk to a minimum but matters outside of its control may have a negative impact. The Board continues to focus on having the right people and funding in place to take advantage of opportunities as they arise.

Update: Whilst we have been able to make attractive investments over the period, competition for our core sectors has increased markedly. Our investment strategy remains cautious.

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, contractor failure or other supply chain interruption.

The Board is willing to take some speculative development risk if it represents a relatively small proportion of the overall portfolio and is supported by robust research into tenant demand and where there is a high likelihood of planning approval.

Update: Our development exposure over the period has been limited and no significant delays have been experienced. Nationally, occupier take up, predominantly driven by the growth in e-commerce as a result of Covid-19, has reduced the availability of Grade A distribution space. As a result we have taken the decision to build out the remaining units at Bedford Link on a speculative basis.

Valuation risk

Property values may not be realised. This risk is inherent to the property industry.

Transaction and tenant risk

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

The Board's appetite for risks arising out of poor due diligence processes on investment, divestment and lettings is low. The Board is willing to accept a higher degree of risk in relation to tenant covenant strength and unexpired lease term on urban logistics assets where there is high occupational demand, redevelopment opportunity or alternative site use.

Update: We have experienced no significant delinquency within our portfolio to date. Whether this remains the case depends largely on the continuing impact of Covid-19. Whilst not immune we remain confident that our investment decisions, our focus on strong locations and strong credits and on credit control processes, mitigate this risk.

Financing risks

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

Capital and finance risk

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

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

Update: We have initiated discussions with our lending partners on refinancing our shorter dated revolving credit facility ahead of announcing next years' Annual Report. Our access to capital and debt markets remains strong.

Group income statement

	Note	**Unaudited Six months to 30 September 2020 £m**	Unaudited Six months to 30 September 2019 £m	Audited Year to 31 March 2020 £m
Gross revenue	3	**60.7**	53.5	113.4
Gross rental income		**60.3**	52.9	112.3
Property operating expenses		**(0.7)**	(0.6)	(1.2)
Net rental income		**59.6**	52.3	111.1
Property advisory fee income		**0.4**	0.6	1.1
Net income		**60.0**	52.9	112.2
Administrative costs		**(8.0)**	(7.7)	(15.8)
Impairment of goodwill on acquisition of subsidiaries		**–**	(48.3)	(48.3)
Acquisition costs		**–**	(8.9)	(8.9)
Profit/(loss) on revaluation of investment properties	8	**44.3**	19.3	(3.8)
Profit/(loss) on sale of investment properties		**0.3**	0.6	(4.9)
Share of loss of joint ventures	9	**(0.3)**	(4.0)	(8.9)
Operating profit		**96.3**	3.9	21.6
Finance income		**0.6**	0.4	0.7
Finance costs	4	**(11.5)**	(15.0)	(29.0)
Profit/(loss) before tax		**85.4**	(10.7)	(6.7)
Taxation	5	**–**	–	(0.2)
Profit/(loss) for the period and total comprehensive income		**85.4**	(10.7)	(6.9)
Attributable to:				
Equity shareholders		**85.1**	(10.2)	(5.7)
Non-controlling interest	17	**0.3**	(0.5)	(1.2)
Earnings per share				
Basic	7	**9.54p**	(1.33)p	(0.70)p
Fully diluted	7	**9.49p**	(1.31)p	(0.70)p
EPRA Earnings per share				
Basic	7	**4.75p**	4.57p	9.26p
Fully diluted	7	**4.72p**	4.53p	9.19p

All amounts relate to continuing activities.

Group balance sheet

	Note	**Unaudited 30 September 2020 £m**	Unaudited 30 September 2019 £m	Audited 31 March 2020 £m
Non current assets				
Investment properties	8	**2,372.8**	2,315.9	2,273.6
Investment in equity accounted joint ventures	9	**53.9**	64.4	54.1
Other tangible assets		**0.3**	0.4	0.4
		2,427.0	2,380.7	2,328.1
Current assets				
Trading properties		**1.1**	1.1	1.1
Trade and other receivables	10	**16.9**	6.3	7.8
Cash and cash equivalents	11	**38.8**	48.5	81.8
		56.8	55.9	90.7
Total assets		**2,483.8**	2,436.6	2,418.8
Current liabilities				
Trade and other payables	12	**38.2**	41.6	42.6
Non current liabilities				
Borrowings	13	**836.2**	916.8	926.7
Derivative financial instruments	13	**–**	4.1	4.7
Lease liabilities		**5.5**	6.0	5.9
		841.7	926.9	937.3
Total liabilities		**879.9**	968.5	979.9
Net assets		**1,603.9**	1,468.1	1,438.9
Equity				
Called up share capital	14	**90.8**	84.0	84.2
Share premium	15	**216.6**	103.3	106.3
Capital redemption reserve	15	**9.6**	9.6	9.6
Other reserve	15	**493.0**	492.7	488.4
Retained earnings	15	**787.9**	770.7	743.3
Equity shareholders' funds		**1,597.9**	1,460.3	1,431.8
Non-controlling interest	17	**6.0**	7.8	7.1
Total equity		**1,603.9**	1,468.1	1,438.9
IFRS net asset value per share	7	**176.3p**	174.3p	171.0p
EPRA net tangible assets per share	7	**175.5p**	173.5p	170.3p

Group statement of changes in equity

Six months ended 30 September 2020 (Unaudited)

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

Year ended 31 March 2020 (Audited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling interest £m	Total equity £m
At 1 April 2019	70.0	100.8	9.6	221.7	814.7	1,216.8	–	1,216.8
Loss for the year and total comprehensive income	–	–	–	–	(5.7)	(5.7)	(1.2)	(6.9)
Share issue on acquisition	13.9	–	–	269.5	–	283.4	–	283.4
Purchase of shares held in trust	–	–	–	(7.2)	–	(7.2)	–	(7.2)
Vesting of shares held in trust	–	–	–	4.4	(4.4)	–	–	–
Share based awards	–	–	–	–	2.9	2.9	–	2.9
Investment from non-controlling interest	–	–	–	–	–	–	8.7	8.7
Distribution to non-controlling interest	–	–	–	–	–	–	(0.4)	(0.4)
Dividends	0.3	5.5	–	–	(64.2)	(58.4)	–	(58.4)
At 31 March 2020	84.2	106.3	9.6	488.4	743.3	1,431.8	7.1	1,438.9

Six months ended 30 September 2019 (Unaudited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserve £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling interest £m	Total equity £m
At 1 April 2019	70.0	100.8	9.6	221.7	814.7	1,216.8	–	1,216.8
Loss for the period and total comprehensive income	–	–	–	–	(10.2)	(10.2)	(0.5)	(10.7)
Share issue on acquisition	13.9	–	–	269.5	–	283.4	–	283.4
Purchase of shares held in trust	–	–	–	(2.9)	–	(2.9)	–	(2.9)
Vesting of shares held in trust	–	–	–	4.4	(4.4)	–	–	–
Share-based awards	–	–	–	–	1.3	1.3	–	1.3
Investment from non-controlling interest	–	–	–	–	–	–	8.7	8.7
Distribution to non-controlling interest	–	–	–	–	–	–	(0.4)	(0.4)
Dividends	0.1	2.5	–	–	(30.7)	(28.1)	–	(28.1)
At 30 September 2019	84.0	103.3	9.6	492.7	770.7	1,460.3	7.8	1,468.1

Group cash flow statement

	Unaudited Six months to 30 September 2020 £m	Unaudited Six months to 30 September 2019 £m	Audited Year to 31 March 2020 £m
Cash flows from operating activities			
Profit/(loss) before tax	**85.4**	(10.7)	(6.7)
Adjustments for non-cash items:			
(Profit)/loss on revaluation of investment properties	**(44.3)**	(19.3)	3.8
(Profit)/loss on sale of investment properties	**(0.3)**	(0.6)	4.9
Share of post-tax loss of joint ventures	**0.3**	4.0	8.9
Movement in lease incentives	**(5.7)**	(3.9)	(5.7)
Impairment of goodwill on acquisition	**–**	48.3	48.3
Share-based payment	**2.1**	1.3	2.9
Net finance costs	**10.9**	14.6	28.3
Cash from operations before changes in working capital	**48.4**	33.7	84.7
Change in trade and other receivables	**0.1**	(1.4)	(3.0)
Change in trade and other payables	**(12.1)**	(10.9)	(13.0)
Cash generated by operations	**36.4**	21.4	68.7
Tax paid	**–**	–	(0.2)
Net cash from operating activities	**36.4**	21.4	68.5
Investing activities			
Purchase of subsidiary undertakings	**–**	(119.6)	(119.6)
Purchase of investment properties	**(114.3)**	(121.9)	(185.2)
Capital expenditure on investment properties	**(8.8)**	(9.3)	(18.1)
Lease incentives paid	**(0.7)**	(2.6)	(3.9)
Sale of investment properties	**74.9**	20.2	112.2
Investment in joint ventures	**(4.7)**	(0.3)	(0.3)
Distributions from joint ventures	**4.6**	10.3	15.7
Interest received	**0.1**	0.1	0.2
Net cash used in investing activities	**(48.9)**	(223.1)	(199.0)
Financing activities			
Dividends paid	**(37.2)**	(28.1)	(58.4)
Distribution to non-controlling interest	**(1.4)**	(0.4)	(0.4)
Proceeds from issue of ordinary shares	**116.6**	–	–
Purchase of shares held in trust	**(0.2)**	(2.9)	(7.2)
Vesting of shares held in trust	**(0.3)**	–	–
New borrowings and amounts drawn down	**191.0**	295.0	304.9
Repayment of loan facilities	**(282.0)**	(21.1)	(21.1)
Financial arrangement fees and break costs	**(5.2)**	(1.9)	(2.1)
Interest paid	**(11.8)**	(11.0)	(24.0)
Net cash (used in)/from financing activities	**(30.5)**	229.6	191.7
Net (decrease)/increase in cash and cash equivalents	**(43.0)**	27.9	61.2
Opening cash and cash equivalents	**81.8**	20.6	20.6
Closing cash and cash equivalents	**38.8**	48.5	81.8

Notes to the financial statements

1. Basis of preparation and general information

Basis of preparation

The condensed consolidated financial information included in this Half Year Report has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting', as adopted by the 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 2020 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.

These condensed financial statements were approved and authorised for issue by the Board of Directors on 19 November 2020. 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 2020, except for certain new accounting amendments which became effective for the financial year commencing 1 April 2020 as noted below:

- References to Conceptual Framework in IFRSs (amended)
- IAS 1 and IAS 8 (amended) – Definition of Material
- IFRS 3 (amended) – Definition of a Business
- IFRS 16 (amended) – Covid-19 related Rent Concessions

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

Going concern

Given the backdrop of the Covid-19 pandemic on the global economy in which the Group is operating, the Board has continued to pay particular attention to the appropriateness of the going concern basis in preparing these financial statements.

The going concern assessment considers the principal risks and uncertainties facing the Group's activities, future development and performance, including those arising from the pandemic and are discussed in detail in the Key Risks and Uncertainties section of this report.

A key consideration is the Group's financial position, cash flows and liquidity, including its access to debt facilities and headroom under financial loan covenants. As reported in the Financial Review, the Group's unsecured facilities and private placement loan notes, which together represent 74% of total Group borrowings including its share of joint ventures, contain gearing and interest cover covenants. At 30 September 2020, the Group had substantial headroom within these covenants. Gearing was 51%, substantially lower than the maximum limit of 125% and its interest cover ratio was 5.4 times, comfortably higher than the minimum level of 1.5 times. Property values would have to fall by 39% and rents by 65% before banking covenants are breached.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance including the impact of Covid-19. Key assumptions included in the sensitivity analysis are as follows:

- rents decline by 15% across the portfolio
- capital values fall by 15% across the portfolio
- there are no new developments or uncommitted capital expenditure
- asset sales that have exchanged or are agreed do not complete
- no new financing is assumed

Throughout this downside scenario the Group has sufficient cash reserves to continue in operation and remain compliant with banking covenants. On the basis of this review, together with available market information and the Directors' experience and knowledge of the portfolio, they have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Half Year Report.

Significant accounting estimates and judgements

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

<u>Significant areas of estimation uncertainty</u>

i. Property valuations

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

The determination of the fair value of each property requires, to the extent applicable, the use of estimates and assumptions in relation to factors such as future lease income, lease incentives, current market rental yields, future development costs and the appropriate discount rate. In addition, to the extent possible, the valuers make reference to market evidence of transaction prices for similar properties.

The Covid-19 pandemic has led to a heightened degree of uncertainty surrounding property valuations and some real estate markets have experienced lower transactional activity. In March 2020, our three external valuers included material uncertainty clauses in their valuation reports. However, at the valuation date of 30 September 2020, all of our valuers consider that there is adequate market evidence upon which to base opinions of value and have not included material uncertainty clauses in their valuation reports.

ii. Impairment testing of trade receivables

Trade receivables are recognised and carried at amortised cost as the Group's business model is to collect the contractual cash flows due from tenants. An impairment provision is created based on the expected credit loss model in accordance with IFRS 9, which reflects the Group's historical incurred credit losses and the lifetime expected credit loss. The impact of Covid-19 has given rise to higher estimated probabilities of default for some occupiers.

2. Segmental information

Property value

	100% owned £m	Share of JV £m	Non-controlling interest £m	**Unaudited 30 September 2020 £m**	Unaudited 30 September 2019 £m	Audited 31 March 2020 £m
Distribution	1,622.5	–	–	**1,622.5**	1,658.1	1,593.7
Long income	560.9	87.8	(11.3)	**637.4**	524.3	552.5
Retail parks	74.1	–	–	**74.1**	88.5	83.3
Office	54.5	–	–	**54.5**	61.9	55.1
Residential	1.4	1.3	–	**2.7**	6.7	4.9
Development[1]	55.1	–	–	**55.1**	56.7	57.0
	2,368.5	89.1	(11.3)	**2,446.3**	2,396.2	2,346.5
Head lease and right of use assets	5.4	–	–	**5.4**	6.0	5.7
	2,373.9	89.1	(11.3)	**2,451.7**	2,402.2	2,352.2

[1] Includes trading property of £1.1 million

Gross rental income

	100% owned £m	Share of JV £m	Non-controlling interest £m	**Unaudited Six months to 30 September 2020 £m**	Unaudited Six months to 30 September 2019 £m	Audited Year to 31 March 2020 £m
Distribution	38.5	–	–	**38.5**	35.7	76.1
Long income	17.7	2.7	(0.9)	**19.5**	14.9	30.7
Retail parks	2.2	–	–	**2.2**	3.8	7.1
Office	1.8	–	–	**1.8**	1.1	3.2
Residential	–	–	–	**–**	0.1	0.2
Development	0.1	–	–	**0.1**	–	–
	60.3	2.7	(0.9)	**62.1**	55.6	117.3

Net rental income

	100% owned £m	Share of JV £m	Non-controlling interest £m	**Unaudited Six months to 30 September 2020 £m**	Unaudited Six months to 30 September 2019 £m	Audited Year to 31 March 2020 £m
Distribution	38.2	–	–	**38.2**	35.3	75.3
Long income	17.6	2.6	(0.9)	**19.3**	14.9	30.7
Retail parks	2.0	–	–	**2.0**	3.6	6.7
Office	1.7	–	–	**1.7**	1.1	3.2
Development	0.1	–	–	**0.1**	–	–
	59.6	2.6	(0.9)	**61.3**	54.9	115.9

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 net rental income is the principal profit measure used to determine the performance of each sector. Total assets are not monitored by segment. However, property assets are reviewed on an ongoing basis.

The Group operates almost entirely in the United Kingdom and no geographical split is provided in information reported to the Board.

3. Gross revenue

	Unaudited Six months to 30 September 2020 £m	Unaudited Six months to 30 September 2019 £m	Audited Year to 31 March 2020 £m
Gross rental income	**60.3**	52.9	112.3
Property advisory fee income	**0.4**	0.6	1.1
	60.7	53.5	113.4

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

4. Finance costs

	Unaudited Six months to 30 September 2020 £m	Unaudited Six months to 30 September 2019 £m	Audited Year to 31 March 2020 £m
Interest payable on bank loans and related derivatives	**9.9**	10.9	22.8
Debt and hedging early close out costs	**4.9**	0.3	0.2
Amortisation of loan issue costs	**0.9**	0.7	1.5
Interest on lease liabilities	**–**	0.1	0.1
Commitment fees and other finance costs	**1.1**	0.9	2.1
Total borrowing costs	**16.8**	12.9	26.7
Less amounts capitalised on developments	**(0.6)**	(0.4)	(0.9)
Net borrowing costs	**16.2**	12.5	25.8
Fair value (gain)/loss on derivative financial instruments	**(4.7)**	2.5	3.2
	11.5	15.0	29.0

Net finance costs deducted from EPRA earnings as disclosed in Supplementary note ii exclude the fair value gain on derivatives of £4.7 million (30 September 2019: loss of £2.5 million, 31 March 2020: loss of £3.2 million) and early close out costs of £4.9 million (30 September 2019: £0.3 million, 31 March 2020: £0.2 million) and include interest receivable of £0.6 million (30 September 2019: £0.4 million, 31 March 2020: £0.7 million) as reflected in the income statement.

5. Taxation

	Unaudited Six months to 30 September 2020 £m	Unaudited Six months to 30 September 2019 £m	Audited Year to 31 March 2020 £m
UK tax charge on profit	–	–	0.2

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 2020 £m	Unaudited Six months to 30 September 2019 £m	Audited Year to 31 March 2020 £m
Ordinary dividends paid			
2019 Third quarterly interim dividend: 1.9p per share	**–**	13.3	13.3
2019 Fourth quarterly interim dividend: 2.5p per share	**–**	17.4	17.4
2020 First quarterly interim dividend: 2.0p per share	**–**	–	16.7
2020 Second quarterly interim dividend: 2.0p per share	**–**	–	16.8
2020 Third quarterly interim dividend: 2.0p per share	**16.7**	–	–
2020 Fourth quarterly interim dividend: 2.3p per share	**20.8**	–	–
	37.5	30.7	64.2
Ordinary dividends payable			
2021 First quarterly interim dividend: 2.1p per share	**19.0**		
2021 Second quarterly interim dividend: 2.1p per share	**19.0**		

The Company paid its first quarterly interim dividend in respect of the financial year to 31 March 2021 of 2.1p per share, wholly as a Property Income Distribution (PID), on 7 October 2020 to ordinary shareholders on the register at the close of business on 28 August 2020.

The second quarterly interim dividend for the current year of 2.1p per share will be paid on 8 January 2021, wholly as a PID, to ordinary shareholders on the register at the close of business on 27 November 2020. A scrip dividend alternative will be offered to shareholders as it was for the first quarterly dividend payment.

Neither dividend has been included as a liability in these accounts. Both dividends will be recognised as an appropriation of retained earnings in the six months to 31 March 2021.

During the period, the Company issued 0.2 million ordinary shares under the terms of the Scrip Dividend Scheme, which reduced the cash dividend payment by £0.3 million to £37.2 million.

7. Earnings and net assets per share

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

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

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

a) EPRA Earnings

EPRA earnings for the Group and its share of joint ventures are summarised in the Financial Review and in Supplementary note ii.

The reconciliation between EPRA earnings and IFRS reported profit is disclosed in the Financial Review and in note 7(b) below.

b) Earnings per ordinary share attributable to equity shareholders

		Unaudited Six months to 30 September 2020 £m	Unaudited Six months to 30 September 2019 £m	Audited Year to 31 March 2020 £m
IFRS reported profit		**85.1**	(10.2)	(5.7)
EPRA adjustments[1]				
Revaluation of investment property	Group	**(44.3)**	(19.3)	3.8
	JV	**1.8**	3.5	10.2
Fair value of derivatives	Group	**(4.7)**	2.5	3.2
	JV	**0.1**	0.3	0.4
(Profit)/loss on disposals	Group	**(0.3)**	(0.6)	4.9
	JV	**0.1**	2.3	2.3
Debt early close out costs	Group	**4.9**	0.3	0.2
Impairment of goodwill	Group	**–**	48.3	48.3
Acquisition costs	Group	**–**	8.9	8.9
Non-controlling interest share of adjustments		**(0.4)**	(0.8)	(2.0)
EPRA earnings		**42.3**	35.2	74.5

[1] EPRA adjustments are also shown in the table reconciling EPRA earnings with IFRS reported profit/(loss) in the Financial Review

	Unaudited Six months to 30 September 2020 Number of shares (millions)	Unaudited Six months to 30 September 2019 Number of shares (millions)	Audited Year to 31 March 2020 Number of shares (millions)
Ordinary share capital	**894.8**	772.1	806.7
Shares held in the Employee Benefit Trust	**(3.0)**	(2.3)	(2.5)
Weighted average number of ordinary shares - basic	**891.8**	769.8	804.2
Employee share schemes	**5.0**	6.8	6.0
Weighted average number of ordinary shares – fully diluted	**896.8**	776.6	810.2
Earnings per share			
Basic	**9.54p**	(1.33)p	(0.70)p
Fully diluted	**9.49p**	(1.31)p	(0.70)p
EPRA Earnings per share			
Basic	**4.75p**	4.57p	9.26p
Fully diluted	**4.72p**	4.53p	9.19p

c) Net assets per share attributable to equity shareholders

In October 2019, EPRA published new best practice recommendations for financial disclosures by public real estate companies. The best practice recommendations introduced three new measures of net asset value: EPRA net tangible assets (NTA), EPRA net reinstatement value (NRV) and EPRA net disposal value (NDV).

These recommendations became effective for accounting periods commencing on 1 January 2020 and have been adopted by the Group in the period. The three new measures have replaced the previously reported metrics of EPRA net asset value (NAV) and EPRA triple net asset value (NNNAV).

EPRA NTA is considered to be the most relevant measure for the Group and replaces EPRA NAV as the primary measure of net asset value. All three measures are calculated on a diluted basis, which assumes that new shares are issued in connection with the expected vesting of the Group's long term incentive plan.

A reconciliation between the three new EPRA NAV metrics to IFRS NAV and the previously reported EPRA NAV is shown in the table below. For the Group, EPRA NDV is equivalent to EPRA NNNAV on a fully diluted basis and therefore no reconciliation is presented.

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

[1] Estimated from the portfolio's external valuation which is stated net of purchasers' costs of 6.8%.

As at 30 September 2019 (unaudited)	EPRA net tangible assets £m	EPRA net disposal value £m	EPRA net reinstatement value £m
Equity shareholders' funds	1,460.3	1,460.3	1,460.3
Fair value of group derivatives	4.1	4.1	4.1
Fair value of joint ventures' derivatives	0.6	0.6	0.6
EPRA net asset value (as previously reported)	1,465.0	1,465.0	1,465.0
Fair value of derivatives	–	(4.7)	–
Mark to market of fixed rate debt	–	(2.2)	–
Purchasers' costs	–	–	163.3
EPRA net asset value (new measures)	1,465.0	1,458.1	1,628.3

As at 31 March 2020 (audited)	EPRA net tangible assets £m	EPRA net disposal value £m	EPRA net reinstatement value £m
Equity shareholders' funds	1,431.8	1,431.8	1,431.8
Fair value of group derivatives	4.7	4.7	4.7
Fair value of joint ventures' derivatives	0.7	0.7	0.7
EPRA net asset value (as previously reported)	1,437.2	1,437.2	1,437.2
Fair value of derivatives	–	(5.4)	–
Mark to market of fixed rate debt	–	1.7	–
Purchasers' costs	–	–	159.9
EPRA net asset value (new measures)	1,437.2	1,433.5	1,597.1

As at	**Unaudited 30 September 2020 Number of shares (millions)**	Unaudited 30 September 2019 Number of shares (millions)	Audited 31 March 2020 Number of shares (millions)
Ordinary share capital	**908.3**	839.9	841.5
Shares held in Employee Benefit Trust	**(2.0)**	(2.3)	(4.3)
Number of ordinary shares - basic	**906.3**	837.6	837.2
Employee share schemes	**4.6**	6.6	6.5
Number of ordinary shares – fully diluted	**910.9**	844.2	843.7
IFRS net asset value per share	**176.3p**	174.3p	171.0p
EPRA net tangible assets per share	**175.5p**	173.5p	170.3p
EPRA net disposal value per share	**174.7p**	172.7p	169.9p
EPRA net reinstatement value per share	**193.8p**	192.9p	189.3p

8. Investment properties

	Completed £m	Under development £m	**Unaudited 30 September 2020 £m**	Completed £m	Under development £m	Audited 31 March 2020 £m
Opening balance	2,212.0	55.9	**2,267.9**	1,628.2	59.8	1,688.0
Acquisitions	105.0	9.1	**114.1**	634.2	31.9	666.1
Capital expenditure	2.4	6.9	**9.3**	10.2	11.2	21.4
Disposals	(74.6)	–	**(74.6)**	(113.1)	(0.3)	(113.4)
Property transfers	28.3	(28.3)	**–**	50.3	(50.3)	–
Revaluation movement	33.8	10.5	**44.3**	(7.3)	3.5	(3.8)
Tenant incentives	6.4	–	**6.4**	9.5	0.1	9.6
Property portfolio	2,313.3	54.1	**2,367.4**	2,212.0	55.9	2,267.9
Head lease and right of use assets	5.4	–	**5.4**	5.7	–	5.7
	2,318.7	54.1	**2,372.8**	2,217.7	55.9	2,273.6

Investment properties are held at fair value as at 30 September 2020 based on external valuations performed by professionally qualified valuers CBRE Limited ('CBRE'), Savills (UK) Limited ('Savills') and Cushman & Wakefield Debenham Tie Leung Limited ('Cushman & Wakefield').

The valuation of property held for sale at 30 September 2020 was £79.5 million (30 September 2019: £5.9 million, 31 March 2020: £67.8 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, Savills and Cushman & Wakefield 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 £154.2 million (30 September 2019: £180.3 million, 31 March 2020: £176.9 million). All other properties are freehold.

Included within the investment property valuation is £78.5 million (30 September 2019: £69.0 million, 31 March 2020: £72.1 million) in respect of lease incentives and rent free periods.

The historical cost of all of the Group's investment properties at 30 September 2020 was £1,933.7 million (30 September 2019: £1,893.4 million, 31 March 2020: £1,884.0 million).

Capital commitments have been entered into amounting to £42.3 million (30 September 2019: £38.9 million, 31 March 2020: £28.9 million) which have not been provided for in the financial statements.

Internal staff costs of the development team of £1.1 million (30 September 2019: £1.0 million, 31 March 2020: £2.1 million) have been capitalised in the period, being directly attributable to the development projects in progress.

Forward funded development costs of £9.1 million (30 September 2019: £3.6 million, 31 March 2020 £9.9 million) have been classified within investment property as acquisitions.

At 30 September 2020, investment properties included £5.4 million for the head lease right of use assets in accordance with IFRS 16 (30 September 2019: £6.0 million, 31 March 2020: £5.7 million).

9. Investment in joint ventures

At 30 September 2020 the following principal property interests, being jointly-controlled entities, have been equity accounted for in these financial statements:

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

[1] The registered address for entities incorporated in England is One Curzon Street, London, W1J 5HB. The registered address for entities incorporated in Guernsey is Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3AP.

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

LSP London Residential Investments Limited disposed of four residential flats at Moore House for £4.5 million (Group share: £1.8 million) in the period, reducing the number held to four.

At 30 September 2020, the freehold and leasehold investment properties were externally valued by CBRE and Savills. There was no property held for sale by joint ventures at 30 September 2020 (30 September 2019: £nil, 31 March 2020: £3.9 million (Group share: £1.5 million)).

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

	Unaudited Six months to 30 September 2020 £m	Unaudited Six months to 30 September 2019 £m	Audited Year to 31 March 2020 £m
Opening balance	**54.1**	98.9	98.9
Additions at cost	**4.7**	0.3	0.3
Share of loss in the period	**(0.3)**	(4.0)	(8.9)
Disposals	**–**	(20.5)	(20.5)
Profit distributions received	**(4.6)**	(10.3)	(15.7)
Closing balance	**53.9**	64.4	54.1

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

	Metric Income Plus Partnership £m	LSP London Residential Investments £m	**Unaudited 30 September 2020 £m**	**Unaudited 30 September 2020 £m**
Summarised income statement	100%	100%	**100%**	**Group share**
Gross rental income	5.4	–	**5.4**	**2.7**
Property costs	(0.1)	–	**(0.1)**	**(0.1)**
Net rental income	5.3	–	**5.3**	**2.6**
Management fees	(0.4)	(0.1)	**(0.5)**	**(0.2)**
Revaluation	(2.8)	(1.0)	**(3.8)**	**(1.8)**
Net finance cost	(1.4)	–	**(1.4)**	**(0.7)**
Derivative movement	(0.2)	–	**(0.2)**	**(0.1)**
Loss on disposal	–	(0.2)	**(0.2)**	**(0.1)**
Profit/(loss) after tax	0.5	(1.3)	**(0.8)**	**(0.3)**
Group share of profit/(loss) after tax	0.2	(0.5)	**(0.3)**	
EPRA adjustments				
Revaluation	2.8	1.0	**3.8**	**1.8**
Derivative movement	0.2	–	**0.2**	**0.1**
Debt and hedging early close out costs	0.1	–	**0.1**	**–**
Loss on disposal	–	0.2	**0.2**	**0.1**
EPRA earnings	3.6	(0.1)	**3.5**	**1.7**
Group share of EPRA earnings	1.8	(0.1)	**1.7**	
Summarised balance sheet				
Investment properties	175.5	3.4	**178.9**	**89.1**
Other current assets	1.1	–	**1.1**	**0.6**
Cash	4.9	3.0	**7.9**	**3.6**
Current liabilities	(2.8)	(0.1)	**(2.9)**	**(1.4)**
Bank debt	(74.9)	–	**(74.9)**	**(37.5)**
Unamortised finance costs	0.6	–	**0.6**	**0.3**
Derivative financial instruments	(1.6)	–	**(1.6)**	**(0.8)**
Net assets	102.8	6.3	**109.1**	**53.9**
Group share of net assets	51.4	2.5	**53.9**	

	Metric Income Plus Partnership £m	LMP Retail Warehouse JV PUT £m	LSP London Residential Investments £m	Unaudited 30 September 2019 £m	Unaudited 30 September 2019 £m
Summarised income statement	100%	100%	100%	100%	Group share
Gross rental income	6.0	0.5	0.2	6.7	3.3
Property costs	–	–	(0.2)	(0.2)	(0.1)
Net rental income	6.0	0.5	–	6.5	3.2
Management fees	(0.5)	–	(0.1)	(0.6)	(0.3)
Revaluation	(6.6)	–	(0.4)	(7.0)	(3.5)
Net finance cost	(1.4)	(0.2)	–	(1.6)	(0.8)
Derivative movement	(0.6)	–	–	(0.6)	(0.3)
Loss on disposal	(0.1)	–	(5.8)	(5.9)	(2.3)
(Loss)/profit after tax	(3.2)	0.3	(6.3)	(9.2)	(4.0)
Group share of (loss)/profit after tax	(1.6)	0.1	(2.5)	(4.0)	
EPRA adjustments					
Revaluation	6.6	–	0.4	7.0	3.5
Derivative movement	0.6	–	–	0.6	0.3
Loss on disposal	0.1	–	5.8	5.9	2.3
EPRA earnings	4.1	0.3	(0.1)	4.3	2.1
Group share of EPRA earnings	2.0	0.1	–	2.1	

	Metric Income Plus Partnership £m	LMP Retail Warehouse JV PUT £m	LSP London Residential Investments £m	Audited 31 March 2020 £m	Audited 31 March 2020 £m
Summarised balance sheet	100%	100%	100%	100%	Group share
Investment properties	177.7	–	8.9	186.6	92.4
Other current assets	0.9	–	0.1	1.0	0.5
Cash	5.6	–	5.7	11.3	5.1
Current liabilities	(2.9)	–	(0.1)	(3.0)	(1.5)
Bank debt	(84.3)	–	–	(84.3)	(42.1)
Unamortised finance costs	0.9	–	–	0.9	0.4
Derivative financial instruments	(1.3)	–	–	(1.3)	(0.7)
Net assets	96.6	–	14.6	111.2	54.1
Group share of net assets	48.3	–	5.8	54.1	

10. Trade and other receivables

	Unaudited 30 September 2020 £m	Unaudited 30 September 2019 £m	Audited 31 March 2020 £m
Trade receivables	**5.2**	3.3	5.8
Amounts receivable from property sales	**–**	0.1	–
Prepayments and accrued income	**1.3**	2.3	1.1
Other receivables	**10.4**	0.6	0.9
	16.9	6.3	7.8

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

At 30 September 2020, trade receivables of £207,900 were overdue and considered at risk (30 September 2019: £24,000, 31 March 2020: £69,800).

Based on the IFRS 9 expected credit loss model, an impairment provision of £600,000 (30 September 2019: £151,000, 31 March 2020: £340,000) has also been made against trade receivables.

11. Cash and cash equivalents

Cash and cash equivalents include £6.2 million (30 September 2019: £10.5 million, 31 March 2020: £5.4 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 2020 £m	Unaudited 30 September 2019 £m	Audited 31 March 2020 £m
Trade payables	**4.8**	2.8	4.2
Amounts payable on property acquisitions and disposals	**0.2**	0.9	0.4
Rent received in advance	**21.6**	21.6	19.8
Accrued interest	**1.3**	1.4	1.9
Other payables	**1.4**	6.2	4.1
Other accruals and deferred income	**8.9**	8.7	12.2
	38.2	41.6	42.6

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

13. Borrowings

	Unaudited 30 September 2020 £m	Unaudited 30 September 2019 £m	Audited 31 March 2020 £m
Secured Bank loans	**192.6**	192.8	192.7
Unsecured Bank loans	**649.0**	730.0	740.0
	841.6	922.8	932.7
Unamortised finance costs	**(5.4)**	(6.0)	(6.0)
	836.2	916.8	926.7

Certain bank loans at 30 September 2020 are secured by fixed charges over Group investment properties with a carrying value of £554.3 million (September 2019: £544.5 million, 31 March 2020: £529.7 million).

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

As at 30 September 2020 (unaudited)	**Less than one year £m**	**One to two years £m**	**Two to five years £m**	**More than five years £m**	**Total £m**
Bank loans	**54.9**	**253.7**	**370.2**	**278.4**	**957.2**

As at 31 March 2020 (audited)	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m	Total £m
Bank loans	24.4	120.5	588.0	332.8	1,065.7
Derivative financial instruments	1.6	1.6	–	–	3.2
	26.0	122.1	588.0	332.8	1,068.9

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

The Group uses interest rate swaps, caps and fixed rates to manage its interest rate exposure and hedge future interest rate risk for the term of the bank loan. In April 2020, the Group cancelled £350 million interest rate swaps that hedged its unsecured facilities and were due to expire in 2022. At 30 September 2020, 45% of the Group's debt drawn was hedged, mainly through fixed coupon debt arrangements.

Details of the fair value of the Group's derivative financial instruments that were in place at 30 September 2020 are provided below.

	Average rate		**Notional amount**		**Fair value**	
Interest rate caps – expiry	**Unaudited 30 September 2020 %**	Audited 31 March 2020 %	**Unaudited 30 September 2020 £m**	Audited 31 March 2020 £m	**Unaudited 30 September 2020 £m**	Audited 31 March 2020 £m
One to two years	**2.0**	2.0	**19.6**	19.6	**–**	–
	2.0	2.0	**19.6**	19.6	**–**	–

	Average rate		**Notional amount**		**Fair value**	
Interest rate swaps - expiry	**Unaudited 30 September 2020 %**	Audited 31 March 2020 %	**Unaudited 30 September 2020 £m**	Audited 31 March 2020 £m	**Unaudited 30 September 2020 £m**	Audited 31 March 2020 £m
Two to five years	**–**	1.1	**–**	350.0	**–**	(4.7)
	–	1.1	**–**	350.0	**–**	(4.7)
Total fair value					**–**	(4.7)

All derivative financial instruments are non-current interest rate derivatives and are carried at fair value following a valuation as at 30 September 2020 by Chatham Financial.

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.

14. Share capital

	Unaudited 30 September 2020 Number	**Unaudited 30 September 2020 £m**	Audited 31 March 2020 Number	Audited 31 March 2020 £m
Issued, called up and fully paid				
Ordinary shares of 10p each	**908,332,443**	**90.8**	841,498,022	84.2

On 7 May 2020, the Company issued 66,666,666 new ordinary shares in connection with an equity placing that raised gross proceeds of £120 million at an issue price of 180.0p per share. In addition, the Company issued 167,755 ordinary shares under the terms of its Scrip Dividend Scheme during the period.

In June 2020, the Company granted options over 1,914,457 ordinary shares under its Long Term Incentive Plan. In addition, 2,151,447 ordinary shares in the Company that were granted to certain Directors and employees under the Company's Long Term Incentive Plan in 2017 vested along with 252,915 ordinary shares in the Director's Deferred Bonus Plan. The average share price on vesting was 225.3p.

15. Reserves

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

Share capital	The nominal value of shares issued.
Share premium	The premium paid for new ordinary shares issued above the nominal value.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued ordinary shares.
Other reserve	A reserve relating to the application of merger relief in the acquisition of LondonMetric Management Limited, Metric Property Investments Plc and A&J Mucklow Group Plc by the Company, 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. Analysis of movement in net debt

			Unaudited 30 September 2020			Audited 31 March 2020
	Cash and cash equivalents £m	**Borrowings £m**	**Net debt £m**	Cash and cash equivalents £m	Borrowings £m	Net debt £m
Opening balance	**81.8**	**926.7**	**844.9**	20.6	558.9	538.3
Cash movement	**(43.0)**	**(91.0)**	**(48.0)**	61.2	304.9	243.7
Debt acquired	**–**	**–**	**–**	–	60.0	60.0
Loan issue costs paid	**–**	**(0.3)**	**(0.3)**	–	(1.5)	(1.5)
Fair value of debt	**–**	**(0.1)**	**(0.1)**	–	2.9	2.9
Amortisation of loan issue costs	**–**	**0.9**	**0.9**	–	1.5	1.5
Closing balance	**38.8**	**836.2**	**797.4**	81.8	926.7	844.9

17. Related party transactions

a) Joint Ventures

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

		Management fees		**Profit distributions**	
	Group interest	**Unaudited Six months to 30 September 2020 £m**	Unaudited Six months to 30 September 2019 £m	**Unaudited Six months to 30 September 2020 £m**	Unaudited Six months to 30 September 2019 £m
LSP London Residential Investments Ltd	40%	**–**	0.1	**2.8**	8.2
Metric Income Plus Partnership	50%	**0.4**	0.5	**1.8**	2.1
		0.4	0.6	**4.6**	10.3

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

b) Non-controlling interest

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

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

As at the period end, the non-controlling interest share of profit and net assets was £0.3 million and £6.0 million respectively, with distributions of £1.4 million paid during the period.

18. Events after the balance sheet date

Post period end, the Group has acquired an urban logistics unit in Colliers Wood for £2.5 million and has sold two M&S convenience food stores for £14.7 million, a Kwik Fit service centre for £0.6 million and an urban logistics unit in Edinburgh for £3.4 million.

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

By order of the Board

Andrew Jones
Chief Executive

Martin McGann
Finance Director

19 November 2020

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 2020 which comprises the Group income statement, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and related notes 1 to 18. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the Group 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 Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

DELOITTE LLP
Statutory Auditor
London, United Kingdom
19 November 2020

Supplementary information

i EPRA Summary table

	30 September 2020	30 September 2019	31 March 2020
EPRA earnings per share	**4.75p**	4.57p	9.26p
EPRA net tangible assets per share	**175.5p**	173.5p	170.3p
EPRA net disposal value per share	**174.7p**	172.7p	169.9p
EPRA net asset reinstatement value per share	**193.8p**	192.9p	189.3p
EPRA vacancy rate	**1.5%**	1.8%	1.4%
EPRA cost ratio (including vacant property costs)	**13.7%**	14.3%	14.2%
EPRA cost ratio (excluding vacant property costs)	**13.4%**	13.6%	13.3%
EPRA net initial yield	**4.5%**	4.4%	4.3%
EPRA 'topped up' net initial yield	**4.9%**	4.9%	5.0%

ii EPRA proportionally consolidated income statement

For the six months to 30 September	Group £m	JV £m	NCI £m	**2020 £m**	Group £m	JV £m	NCI £m	2019 £m
Gross rental income	60.3	2.7	(0.9)	**62.1**	52.9	3.3	(0.6)	55.6
Property costs	(0.7)	(0.1)	–	**(0.8)**	(0.6)	(0.1)	–	(0.7)
Net rental income	59.6	2.6	(0.9)	**61.3**	52.3	3.2	(0.6)	54.9
Management fees	0.4	(0.2)	–	**0.2**	0.6	(0.3)	–	0.3
Administrative costs	(8.0)	–	–	**(8.0)**	(7.7)	–	0.1	(7.6)
Net finance costs	(10.7)	(0.7)	0.1	**(11.3)**	(11.8)	(0.8)	0.1	(12.5)
Other	–	–	0.1	**0.1**	–	–	0.1	0.1
EPRA earnings	41.3	1.7	(0.7)	**42.3**	33.4	2.1	(0.3)	35.2

iii EPRA proportionally consolidated balance sheet

As at	Group £m	JV £m	NCI £m	**30 September 2020 £m**	Group £m	JV £m	NCI £m	31 March 2020 £m
Investment property	2,372.8	89.1	(11.3)	**2,450.6**	2,273.6	92.4	(14.9)	2,351.1
Trading property	1.1	–	–	**1.1**	1.1	–	–	1.1
	2,373.9	89.1	(11.3)	**2,451.7**	2,274.7	92.4	(14.9)	2,352.2
Gross debt	(841.6)	(37.5)	–	**(879.1)**	(932.7)	(42.1)	–	(974.8)
Cash	38.8	3.6	(0.2)	**42.2**	81.8	5.1	(0.8)	86.1
Other net liabilities	(21.1)	(0.5)	5.5	**(16.1)**	(34.3)	(0.6)	8.6	(26.3)
EPRA net tangible assets	1,550.0	54.7	(6.0)	**1,598.7**	1,389.5	54.8	(7.1)	1,437.2
Derivatives	–	(0.8)	–	**(0.8)**	(4.7)	(0.7)	–	(5.4)
IFRS net assets	1,550.0	53.9	(6.0)	**1,597.9**	1,384.8	54.1	(7.1)	1,431.8
Loan to value	32.2%	38.0%	**–**	**32.4%**	35.7%	40.0%	–	35.9%
Cost of debt	2.5%	3.1%	**–**	**2.5%**	2.9%	3.1%	–	2.9%
Undrawn facilities	224.8	–	**–**	**224.8**	133.8	–	–	133.8

iv EPRA cost ratio

For the six months to 30 September	**2020 £m**	2019 £m
Property operating expenses	**0.7**	0.6
Administrative costs	**8.0**	7.6
Share of joint venture property costs, administrative costs and management fees	**0.3**	0.4
Less:		
Property advisory fee income	**(0.4)**	(0.6)
Ground rents	**(0.1)**	–
Total costs including vacant property costs (A)	**8.5**	8.0
Group vacant property costs	**(0.2)**	(0.4)
Share of joint venture vacant property costs	**–**	(0.1)
Total costs excluding vacant property costs (B)	**8.3**	7.5
Gross rental income	**60.3**	52.9
Share of joint venture gross rental income	**2.7**	3.3
Share of non-controlling interest gross rental income	**(0.9)**	(0.6)
	62.1	55.6
Less: Ground rents	**(0.1)**	–
Total gross rental income (C)	**62.0**	55.6
Total EPRA cost ratio (including vacant property costs) (A)/(C)	**13.7%**	14.3%
Total EPRA cost ratio (excluding vacant property costs) (B)/(C)	**13.4%**	13.6%

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

As at	**30 September 2020 £m**	31 March 2020 £m
Investment property – wholly owned	**2,367.4**	2,267.9
Investment property – share of joint ventures	**89.1**	92.4
Trading property	**1.1**	1.1
Less development properties	**(55.1)**	(57.0)
Less residential properties	**(2.7)**	(4.9)
Less non-controlling interest	**(11.3)**	(14.9)
Completed property portfolio	**2,388.5**	2,284.6
Allowance for:		
Estimated purchasers' costs	**162.4**	155.4
Estimated costs to complete	**12.3**	18.7
EPRA property portfolio valuation (A)	**2,563.2**	2,458.7
Annualised passing rental income	**109.0**	102.1
Share of joint ventures	**6.1**	6.0
Less development properties	**(0.5)**	(1.9)
Annualised net rents (B)	**114.6**	106.2
Contractual rental increase across the portfolio	**11.1**	16.0
'Topped up' net annualised rent (C)	**125.7**	122.2
EPRA net initial yield (B/A)	**4.5%**	4.3%
EPRA 'topped up' net initial yield (C/A)	**4.9%**	5.0%

vi EPRA vacancy rate

As at	**30 September 2020 £m**	31 March 2020 £m
Annualised estimated rental value of vacant premises	**1.9**	1.7
Portfolio estimated rental value[1]	**127.1**	124.4
EPRA vacancy rate	**1.5%**	1.4%

[1] Excludes residential and development properties

vii EPRA capital expenditure analysis

As at	Group £m	JV £m	NCI £m	**30 September 2020 £m**	Group £m	JV £m	NCI £m	31 March 2020 £m
Opening valuation	2,274.7	92.4	(14.9)	**2,352.2**	1,688.0	158.2	–	1,846.2
Acquisitions[1]	105.0	–	–	**105.0**	635.3	(41.2)	(17.0)	577.1
Developments[2]	16.0	–	–	**16.0**	43.1	–	–	43.1
Capital expenditure[3]	2.4	0.2	(0.1)	**2.5**	10.2	0.3	(0.2)	10.3
Disposals	(74.6)	(1.8)	3.4	**(73.0)**	(113.4)	(15.1)	0.3	(128.2)
Revaluation	44.3	(1.8)	0.3	**42.8**	(3.8)	(10.2)	2.0	(12.0)
Lease incentives	6.4	0.1	–	**6.5**	9.6	0.4	–	10.0
Head lease ROU asset	(0.3)	–	–	**(0.3)**	5.7	–	–	5.7
Closing valuation	2,373.9	89.1	(11.3)	**2,451.7**	2,274.7	92.4	(14.9)	2,352.2

[1] Group acquisitions in the period reflect completed investment properties in note 8 to the financial statements

[2] Group developments include acquisitions and capital expenditure on properties under development as reflected in note 8

[3] Capital expenditure on completed properties

viii Total accounting return

	30 September 2020 p/share	30 September 2019 p/share	31 March 2020 p/share
EPRA net tangible asset value per share			
– at end of period	**175.5**	173.5	170.3
– at start of period	**170.3**	173.7	173.7
Increase/(decrease)	**5.2**	(0.2)	(3.4)
Dividend paid	**4.3**	4.4	8.4
Net increase	**9.5**	4.2	5.0
Total accounting return	**5.6%**	2.4%	2.9%

ix Portfolio split and valuation

As at	30 September 2020 £m	%	31 March 2020 £m	%
Mega distribution	**329.8**	**13.5**	349.6	14.9
Regional distribution	**427.6**	**17.5**	419.5	17.9
Urban logistics	**865.1**	**35.3**	824.6	35.1
Distribution	**1,622.5**	**66.3**	1,593.7	67.9
Long income	**637.4**	**26.1**	552.5	23.5
Retail parks	**74.1**	**3.0**	83.3	3.6
Offices	**54.5**	**2.2**	55.1	2.4
Investment portfolio	**2,388.5**	**97.6**	2,284.6	97.4
Development[1]	**55.1**	**2.3**	57.0	2.4
Residential	**2.7**	**0.1**	4.9	0.2
Total portfolio	**2,446.3**	**100.0**	2,346.5	100.0
Head lease and right of use assets	**5.4**		5.7	
	2,451.7		2,352.2	

[1] Represents regional distribution £44.8 million (1.8%), urban logistics £0.6 million (0.1%), long income £7.5 million (0.3%), office and other land £2.2 million (0.1%) at 30 September 2020. Split of prior period comparatives was regional distribution £38.1 million (1.6%), urban logistics £6.2 million (0.3%), long income £10.5 million (0.5%), office and other land £2.2 million.

x Investment portfolio yields

As at	30 September 2020 EPRA NIY %	EPRA topped up NIY %	Equivalent yield %	31 March 2020 EPRA NIY %	EPRA topped up NIY %	Equivalent yield %
Distribution	**4.1**	**4.5**	**5.0**	3.9	4.6	5.1
Long income	**5.0**	**5.5**	**5.9**	5.0	5.6	5.9
Retail parks	**6.8**	**7.8**	**7.5**	6.7	7.5	7.3
Offices	**4.9**	**6.4**	**6.5**	5.8	5.8	6.5
Investment portfolio	**4.5**	**4.9**	**5.4**	4.3	5.0	5.5

xi Investment portfolio – Key statistics

As at 30 September 2020	**Area ’000 sq ft**	**WAULT to expiry years**	**WAULT to first break years**	**Occupancy %**	**Average rent £ per sq ft**
Distribution	12,229	10.8	9.6	97.8	6.50
Long income	2,952	13.9	12.8	100.0	15.10
Retail parks	395	8.7	7.4	97.9	16.00
Offices	218	6.2	5.2	99.8	17.00
Investment portfolio	**15,794**	**11.5**	**10.4**	**98.5**	**8.30**

xii Total property returns

	All property **30 September 2020** **%**	All property 30 September 2019 %	All property 31 March 2020 %
Capital return	**2.3**	1.0	–
Income return	**2.6**	2.5	5.1
Total return	**4.9**	3.5	5.1

xiii Contracted rental income

As at	**30 September 2020** **£m**	30 September 2019 £m	31 March 2020 £m
Distribution	**77.2**	80.5	77.3
Long income	**37.8**	31.9	33.9
Retail parks	**6.2**	6.6	6.8
Offices	**3.7**	4.1	3.4
Investment portfolio	**124.9**	123.1	121.4
Development – distribution	–	1.3	1.3
Development – long income	**0.5**	0.3	0.6
Commercial portfolio	**125.4**	124.7	123.3
Residential	**–**	–	–
Total portfolio	**125.4**	124.7	123.3

xiv Rent subject to expiry

As at 30 September 2020	**Within 3 years %**	**Within 5 years %**	**Within 10 years %**	**Within 15 years %**	**Within 20 years %**	**Over 20 years %**
Distribution	9.7	22.6	48.2	74.7	93.8	100.0
Long income	1.3	4.6	31.0	58.9	83.2	100.0
Retail parks	2.1	15.8	74.8	85.7	100.0	100.0
Offices	18.1	37.3	100.0	100.0	100.0	100.0
Commercial portfolio	**7.0**	**17.2**	**45.8**	**71.2**	**91.1**	**100.0**

xv Contracted rent subject to RPI or fixed uplifts

		30 September 2020		31 March 2020
As at	**£m**	**%**	£m	%
Distribution	**44.2**	**57.3**	46.1	58.7
Long income	**23.7**	**61.9**	19.7	57.2
Retail parks	**0.8**	**12.4**	1.1	15.7
Offices	**0.6**	**15.7**	0.3	8.5
Commercial portfolio	**69.3**	**55.3**	67.2	54.5

xvi Top ten assets (by value)

As at 30 September 2020	Area '000 sq ft	Contracted Rent £m	Occupancy %	WAULT to expiry years	WAULT to first break years
Primark, T2, Islip	1,062	5.8	100.0	20.0	20.0
Eddie Stobart, Dagenham	454	4.1	100.0	23.0	23.0
Argos, Bedford	658	4.1	100.0	13.5	13.5
Primark, Thrapston	785	4.3	100.0	12.0	12.0
Tesco, Croydon	191	1.9	100.0	7.6	7.6
Amazon, Warrington	357	2.1	100.0	11.2	11.2
DHL, Reading	230	2.3	100.0	4.7	4.7
Ollerton, Clipper	364	2.0	100.0	17.0	17.0
Oak Furniture, Swindon	357	1.9	100.0	15.1	15.1
New Malden	51	1.9	100.0	11.1	6.5

xvii Top ten occupiers

As at 30 September 2020	Contracted rental income £m	Contracted rental income %
Primark	10.1	8.0
DFS	4.9	3.9
M&S	4.5	3.6
Argos	4.2	3.4
Eddie Stobart	4.1	3.2
DHL	3.6	2.9
Odeon	3.3	2.7
Waitrose	3.3	2.6
DSG	3.3	2.6
Amazon	2.6	2.1
Top ten	**43.9**	**35.0**
Other commercial	81.5	65.0
Total commercial	**125.4**	**100.0**

Glossary

A&J Mucklow Group or A&J Mucklow or Mucklow
A&J Mucklow Group Plc acquired on 27 June 2019 and re-registered as A&J Mucklow Group Limited on 24 September 2019.

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 debt drawn.

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

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

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

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

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

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.

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

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

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

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

Group
LondonMetric Property Plc and its subsidiaries.

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

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

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

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

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

Loan to Value (LTV)
Net debt expressed as a percentage of the total property portfolio value at the period end, adjusted for deferred completions on sales.

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

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

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

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

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

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

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

Total Accounting Return (TAR)
The movement in EPRA Net Tangible Asset Value per share plus the dividend paid during the period expressed as a percentage of the EPRA Net Tangible Asset Value per share at the beginning of the period.

Total Property Return (TPR)
Unlevered weighted capital and income return of the property portfolio as calculated by IPD.

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

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

Weighted Average Unexpired Lease Term (WAULT)
Average unexpired lease term across the investment portfolio weighted by Contracted Rent.