9th November 2023
LEI: 213800P6ODJW2UFNDC37

Urban Logistics REIT PLC
("Urban Logistics" or the "Company")

RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

A resilient portfolio weathers market conditions

Commenting on the results, Richard Moffitt, Investment Adviser CEO, said:

"Of all areas in commercial real estate, the logistics market retains some of the strongest fundamentals. Our belief is that the Urban Logistics sub-sector, comprising well located, single let logistics warehousing serving the UK's urban areas, remains the most exciting part of this market."

"Given the interest rate environment, capital market transactions have been subdued, and corporate decision making around leasing activity has slowed. Despite this, the Company's portfolio valuation has remained stable over the six-month period, and we continue to see asset management opportunities and significant reversion within the portfolio. This is a testament to both our ongoing asset management ability and the quality of our asset selection."

"With low levels of debt, which is 97% hedged or fixed to term, and approximately 55% of the portfolio being in the Active Asset Management category we believe that the Company is well placed to deliver returns to shareholders both from income generated from our high quality tenant base and capital growth delivered by our asset management initiatives"

HIGHLIGHTS

Strong Financial Performance

- Net rental income of £28.5m +12.1% (Sep 2022: £25.4m)
- High gross to net rental income ratio 96.5% (Sep 2022: 96.4%)
- IFRS profit of £16.9m (Sep 2022: £2.4m)
- Adjusted EPS[1] of 3.46 pence (Sep 2022: 3.38 pence)
- Interim Dividend per share of 3.25 pence (Sep 2022: 3.25 pence)
- 99.1% of H1 rents demanded were collected (Sep 2022: 99.6%)

Robust Balance Sheet

- EPRA net tangible assets[2] ("NTA") of 161.69 pence per share, -0.5% since March 2023, - 11.7% since September 2022, (Mar 2023: 162.44 pence per share, Sep 2022: 183.11 pence per share)
- IFRS net assets of £766m (Sep 2022: £871m)
- Loan to value ("LTV") of 29.3% (Sep 2022: 22.3%)
- £354m of debt with a weighted average maturity of 6.0 years (Sep 2022: £310m with a weighted average maturity of 6.4 years)
- Undrawn and available facilities of £64.5m (Sept 2022: £0m)
- Weighted average debt costs of 3.9% for the period, 97% hedged or fixed to term (Sep 2022: 3.0%, 97% hedged or fixed)

High quality portfolio with significant asset management potential

- Balanced portfolio of 130 mid-box urban logistics assets covering 9.7 million sq ft with a valuation of £1,104m (Sep 2022: 125 assets, 9.1m sq ft, £1,132m), providing reliable income and asset management opportunities to drive value
- Portfolio ERV of £73.8m providing a 23% reversion to contracted rent of £60.0m (Sept 2022: ERV of £66.3m vs contracted rent of £56.8m)
- WAULT of 8.0 years (Sep 2022: 8.3 years)
- 10% like-for-like rental increases across 10 lettings or rent reviews completed during the period
- Portfolio like-for-like Estimated Rental Values (ERV) up by 1.4% over the 6 month period, as occupational market remains active
- EPRA vacancy rate of 6.8%, with 6.3% of the vacancy consisting of assets which were acquired with less than 12 months on the lease or recently completed developments (Sep 2022: 5.0%)

Strong ESG credentials

- 55% of the portfolio with an EPC of A-B (H1 2023: 40%)
- GRESB score increased from 2 to 3 stars
- EPRA sBPR award increased from Silver to Gold

Outlook: Resilient income flows with continued positive occupational market

- Strong tenant base including Theo Muller Group, Unipart Group (NHS), XPO Logistics, Giant Booker (Tesco) focused on essential goods and less likely to be susceptible to broader economic headwinds
- 55% of the portfolio in Active Asset Management category, where reversion to ERV is 30%

1. A full reconciliation between IFRS profit and Adjusted earnings can be found in note 9 of the Financial Statements.
2. A reconciliation of other financial information can be found in the Supplementary Information on pages 29 to 31.

CHAIRMAN'S STATEMENT

NIGEL RICH CBE, Chairman

OVERVIEW

The prospect of a period of sustained high interest rates has had an effect across the economy, and can be seen in the REIT sector in the significant discounts to Net Asset Value (NAV) at which we, and many of our peer group, currently trade. Despite this, the portfolio and tenant selection continue to show the Company's strength and resilience. We have seen only one tenant (Tuffnells) go into administration, and all leases involved have been reassigned on the same terms to stronger covenants, with minimal loss of income.

Our debt position remains conservative, and our debt costs remain low in comparison to current rates, with LTV at just 29.3%, a weighted term of 6.0 years, and 97% fixed or hedged to term at an all-in cost during the period of 3.9%.

RESULTS

Our adjusted earnings, before changes in the fair value of investment properties, exceptional items and the long-term incentive plan (LTIP) increased to £16.3m, compared to £16.0m in the comparable period last year. Adjusted EPS has risen to 3.46 pence per share vs 3.38 pence.

The value of our portfolio has remained stable compared with 31 March 2023 which, against a difficult macro-economic backdrop, reflects the benefit of the active asset management which is employed by the Company's investment adviser.

Our vacancy rate is higher than normal at 6.8% (30 September 2022: 5.0%), reflecting the fact that two larger assets are currently vacant. These two assets, which comprise the majority of the vacancy, are expected to lease up in due course and we anticipate a significant valuation surplus when they do.

Our EPRA NTA of 161.69 pence per share has fallen marginally from the end of March 2023, when EPRA NTA was 162.44 pence per share. This has been largely driven by the payment of the second interim dividend in respect of the year ended 31 March 2023.

DIVIDENDS

A first interim dividend of 3.25 pence per share will be paid on 15 December 2023 to shareholders on the record on 24 November 2023. This is unchanged from the first interim dividend in the prior year, and it is our intention to maintain the dividend for the second half of the financial year at 4.35 pence per share, which is the same level as last year. We are confident that leasing activity will enable us to increase earnings in the following year to cover a dividend at this level.

INVESTMENT ADVISER

The new management arrangements, as voted on by shareholders, came into effect on 12 May 2023, and a new reduced fee structure comes into effect from 13 May 2024, providing a significant cost saving for shareholders, as well as stability in the advisory team. The previous management contract featured an LTIP, which expired without value on 30 September 2023. No payment in cash or equity has been made in respect of the LTIP.

OUTLOOK

With the shares trading at a substantial discount raising new money for the purchase of assets is not possible in the immediate future. We will continue to recycle mature assets for those offering asset management opportunities and actively manage the existing portfolio to capture the reversionary value in the rents. We do not believe this is the time to radically increase the LTV. While we will regularly review the desirability of conducting share buy backs it will be in the context of asset acquisition opportunities and the self-imposed restriction on LTV.

We believe that we can create value for shareholders, including dividend payments, through the active management of the portfolio.

Industrial Logistics remains a vibrant sector of the property market.

Nigel Rich CBE, Chairman

8 November 2023

INVESTMENT ADVISER’S REPORT

OVERVIEW

The economic volatility that defined the latter part of 2022 has continued through much of 2023. Persistent inflation has shifted the market’s view on peak interest rate levels with corresponding swap rates and borrowing costs fluctuating in line with the UK gilt market. It is only now as we move towards the end of the year, with the Bank of England pausing monetary tightening, that commentators anticipate a period of stability and correspondingly the market’s ability to price assets or benchmark risk free rates with any degree of certainty.

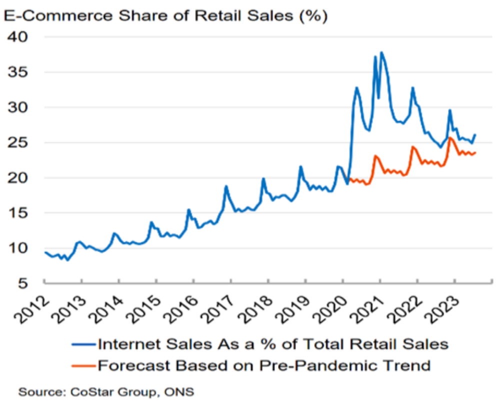
The share price throughout most of 2023, in our view, does not accurately represent the value of the underlying portfolio nor the opportunity that exists going forward within this sub-sector of6.4 the market. The macro-economic uncertainty that has plagued markets throughout 2023 has manifested itself in the wide discounts which the majority of listed REITs are currently traded at when compared to their underlying NAVs. These discounts reflect the uncertain outlook on where the interest rate cycle will settle and the inherent impact that will have on asset pricing. Urban Logistics remains well placed, with a high quality portfolio positioned for income growth and underpinned by strong credit covenants.

The pandemic was a key driver of industrial storage and distribution demand, and we continue to see consumers’ desire for speed of delivery driving this demand in urban areas. Tenants continue to look for modern, efficient premises with smaller carbon footprints, while ongoing planning restrictions, construction costs and restricted land availability provide a cap on oversupply in the face of fairly constant demand.

We have always taken a conservative approach to the balance sheet and have retained that prudent strategy throughout the period. As at period end the LTV sat at 29% with 97% either hedged or fixed to term and a cost of debt in the period of 3.9%.

OUR MARKET

In the Company’s financial year to date the Industrial Logistics market has displayed occupational resilience and stable capital values, albeit with relatively low trading volumes.



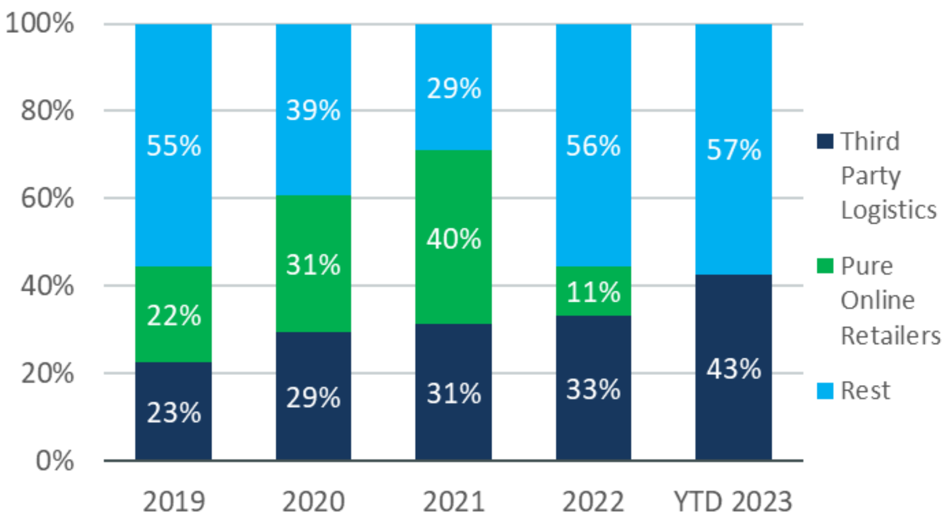
The case for our sector remains attractive: e-commerce continues to influence the way goods are stored, sold and transported. The Covid pandemic and Brexit have created major disruptions for supply chains in the form of border restrictions, lockdowns, and access to labour. In order to minimise exposure to long, global supply chains and potential disruptions in the future, many UK companies are ‘re-shoring’ industrial and logistics activities back to the UK and in doing so are creating further demand for logistics real estate.

Against this backdrop, whilst there has been some tailing off of demand from record levels seen in H1 2022, the story is positive with H1 2023 take up totalling 10 million sq ft[1] and the national vacancy rate in the UK is still relatively low at around 4%, half the level whereby research suggests rental growth becomes marginal.

[1] CBRE UK Logistics Property Overview September 2023

When looking at the breakdown of take-up, 3 PLs (third party logistic operators) represent the largest share of 2023 demand at 43% compared to an annual average of 29% between 2019 and to 2022. Importantly Urban Logistics has limited exposure within its portfolio to online retailers whose share of take up has consistently fallen in the period since 2021.

UK Logistics Sector by Take-up[2]



Supply side dynamics continue to be conducive to sustained rental growth (albeit at lower levels than the past two years), with high construction costs and high development finance costs resulting in fewer speculative developments.

Total trading volumes for the first half of the year were limited at £2.2bn[3] (H1: 2022 £5.4bn[4]) as investors deferred investment decisions in the wake of macro-economic uncertainty. However, an estimated $345bn of private equity capital was raised in 2022 for real estate and Industrial and Logistics is a key real estate sub sector for the private equity industry. There is therefore a significant weight of capital targeting the sector, frustrated by a limited investment supply. Against this backdrop prime yields at valuation level have remained stable during the period, with buyers typically acquiring in cash and taking a longer-term view beyond current interest rate volatility.

ASSET SALES AND CAPITAL ALLOCATION

Given these market conditions, in the period to 30 September 2023, we have focused on careful asset recycling, and the Company has sold two assets for gross proceeds of £15m, representing a 3.4% gross premium to the March book value, and demonstrating the portfolio value.

In line with a conservative approach to the balance sheet, these funds have been allocated towards paying down floating rate debt, bringing the total hedging position to 97% hedged or fixed to term at period end. We anticipate further asset sales in the second half of the year and using the proceeds to bring our debt book to 100% fixed or hedged to term.

The Company's low LTV of just 29% provides 'dry powder' to deploy capital into assets, where the opportunities arise to deploy this in an earnings and NAV accretive manner. While we do not anticipate distress in the market given the strong fundamentals, we do see dislocation, creating potential buying opportunities in the future. We remain cautious however, and will continue to advise the Company to allocate capital carefully in the manner which will most add value to shareholders.

PORTFOLIO VALUATION

The portfolio value over the last 6 months has been stable, with a LFL property revaluation increase of 0.2%, and the overall value of the portfolio at £1.1bn, consistent with the £1.1bn valuation in March 2023.

The portfolio was valued at an equivalent yield of 6.25% at the period end, consistent with the March 2023 year end yield of 6.23%. The like for like valuation increase of 0.2% has therefore been driven through a combination of asset management activity and rising Estimated Rental Values (ERVs) across the portfolio.

[2] CBRE UK Logistics Property Overview September 2023
[3] JLL Industrial Spotlight September 2023
[4] JLL Industrial Spotlight September 2022

	As at 30 September 2023	As at 31 March 2023
Portfolio value[1]	**£1,104m**	£1,107m
Equivalent yield	**6.25%**	6.23%
WAULT (to expiry)	**8.0 years**	8.2 years
Area	**9.7 million sq ft**	9.7 million sq ft
Contracted rent	**£60m**	£59m
EPC ratings: A-B	**55%**	52%

1. As per CBRE valuation

We continue to focus on a portfolio balanced across three key areas: 'Core' assets, with long term secure income underpinning the dividend, 'Active Asset Management' opportunities where we can apply our expertise to improve leases and buildings, and a carefully selected limited pool of development opportunities.

	Core	Active Asset Management	Developments/ Development Land[1]	**Total**
Capital Value	£495m	£603m	£6m	£1,104m
Percentage of portfolio	44%	55%	1%	100%
Area	3.7m sq ft	6.0m sq ft	NA	9.7m sq ft
Contracted rent	£27.6m	£32.4m	NA	£60.0m
ERV/Expected rent	£31.6m	£42.2m	NA	£73.8m
WAULT	12.3 years	4.3 years	NA	8.0 years
EPC A-B	70%	45%	NA	55%
Equivalent yield/yield on cost	5.9%	6.5%	NA	6.3%

1. Made up of plots of stand alone development land, with or without planning permission.

In the medium term, the ambition is to position the Core assets at circa 35% of the portfolio by value. This rebalancing of the portfolio will allow the Company to realise value in assets where the asset management is complete and value has been created, and then reinvest in assets where we can provide added value through leasing activity, thereby driving capital and rental growth.

The £603m active asset management portfolio is well-positioned to benefit from the enhancements that will be driven through value creation initiatives. With a low WAULT of just 4.3 years, and a 30% reversion to ERV there is significant upside to be captured here in the coming years, even without further ERV growth or yield compression. In addition, development land valued at £6m will provide the opportunity for further outsized returns in the future.

ASSET MANAGEMENT

Asset management is core to the business model, and in times of uncertainty expertise at re-letting assets and regearing leases is a key driver of value. The period has mainly focused on the letting down of vacant properties, and this activity has generated an additional £0.8m of rental income through doing so, as well as a further £0.4m through settling rent reviews, at a like for like increase of 10%, demonstrating the reversion potential in the portfolio.

	No. of deals	Additional rent	LFL rental Uplift	WAULT (to expiry)
New lettings and rent reviews	10	£1.2m	10%	11.5 years
Lease re-gears/assignments	12	£0.0m	NA	11.4 years
Total	**22**	**£1.2m**	**10%**	**11.5 years**

Tenant covenant strength has always been a focus of the Company's investment approach, and we are happy to see that Dunn and Bradstreet's analysis is showing that 82% of our contracted rent is rated as 'Low' or 'Low-Moderate', a significant improvement on March 2023 (56%).

Despite this, in any period of economic turbulence, some tenants will struggle, and in the period we saw Tuffnells, a Third Party Logistics operator representing 3.3% of our contracted rent in March 2023, fall into administration. We are pleased to report that all 12 leases had been reassigned before the period end, reflecting the underlying quality of the real estate. The majority of the assets (86% by asset value) were assigned to DX Network Services Limited ("DX"). DX represent a stronger covenant, and this contributed to an increase in the value of the properties affected of £0.4m.

DEVELOPMENTS

In recent years we have had success with our model of forward funding developments in locations with a significant undersupply of quality space, and working with developers with strong balance sheets, to ensure that the Company is exposed only to letting risk, and not cost overruns. This is a model we plan to return to; however the increase in development costs over the last 12 months have meant that we have not signed new funding agreements in the period, but instead have focused on completing and letting the development projects already underway.

In addition, we have a number of plots of potentially developable land in the portfolio, some with planning consent and some without, giving us opportunities to produce significant returns in the future.

Completed in period	GDC	September NBV	Yield on Cost	Area sq ft	ERV
Unit 100, Colchester	£3.6m	£4.0m	6.7%	12,437	£0.2m
Newhall Road, Sheffield	£13.8m	£14.9m	7.5%	132,977	£1.0m
Total	**£17.4m**	**£18.9m**	**7.3%**	**145,414**	**£1.2m**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

A focus on ESG is embedded across the business, reflecting our corporate values and the influence of stakeholders, including shareholders looking for transparent reporting, debt providers looking for ESG related loans, tenants for greener buildings to operate from, and the UK government regulation targeting a net zero future. Our business model embeds ESG throughout the investment and asset management process. We often acquire assets in need of improvement, and actively enhance their ESG credentials resulting in increasing rental rates and capital values.

We measure ESG performance in a number of ways. External rating agencies are an important gauge of progress, and we are proud that in the latest GRESB results the Company has moved from 2 stars to 3 stars, and that EPRA has awarded the Company a gold star for the clarity of our reporting, an improvement from silver. Seen alongside the recent upgrade in MSCI's ESG index to an 'A', this suite of reporting standards shows a sustained improvement.

At the asset level, EPCs will always remain a priority, and the portfolio has shown considerable improvement, with 55% rated A/B, up from 40% 12 months ago, with significant improvements from 6 months ago, as shown in the table below. All assets with an EPC less than a B have an asset management plan to upgrade the EPC, and our targets are to achieve these improvements well ahead of the time set by the MEES regulations. We work with our tenant base, made up of larger corporates who share our ESG goals, to align our asset management initiatives to achieving both our own and their ESG targets. This typically involves investment from the tenant which mitigates significant incremental capital expenditure.

	Sept 2023	March 2023	Sept 2022
A	14%	12%	11%
B	41%	40%	29%
C	32%	34%	46%
D	13%	14%	14%
E	0%	0%	0%
F	0%	0%	0%
Total	**100%**	**100%**	**100%**

Based on percentage of the portfolio by floor area

Looking forward, we have a strong focus on achieving our published ESG goals, and are now working to build on our scope 1 and 2 targets by developing a scope 3 target. We have engaged CBRE's ESG team to support our efforts across our ESG priorities.

THE INVESTMENT ADVISER TEAM

The Investment Adviser continues to be led by Richard Moffitt, with Justin Upton as CIO and Christopher Turner leading on property management. Mike Perkins, CFO of the Investment Adviser, has decided to step down, to be replaced by Jamie Waldegrave, who qualified as a Chartered Accountant at PwC, and who has worked in the business for several years as COO. We would like to take this opportunity to thank Mike for his many years of service to the Investment Adviser and to Urban Logistics, and to welcome Jamie into his new role.

OUTLOOK

The logistics sector will continue to provide rental and capital growth opportunities given the strong underlying market dynamics. The current economic and interest rate environment has created challenges in the sector but also provides a strong, well managed and well capitalised business such as Urban Logistics opportunities to capitalise on any dislocation which may arise.

The Company's investment strategy and philosophy remain the same: last mile, single let logistics assets, strong underlying fundamentals, actively managed to drive shareholder value. The team, led by Richard Moffitt, has always advocated a 'through the cycle approach' to the portfolio, with asset management adding additional value, rather than relying on market driven yield compression.

We believe we have seen, or are close to seeing, the bottom of the market and are well placed to take advantage of the opportunities which will be presented to us in the coming years. There is significant rental upside to be captured in the portfolio, and we and the Board will be working to capture that upside on behalf of shareholders in the coming year and beyond.

THE INVESTMENT ADVISER
8 November 2023

FINANCIAL REVIEW

Financial Review

IFRS profit

	30 Sep 2023	30 Sep 2022	31 Mar 2023
	(unaudited)	(unaudited)	(audited)
	£'000	£'000	£'000
Revenue	**29,731**	26,500	55,305
Property operating costs	**(1,218)**	(1,069)	(2,313)
Net rental income	**28,513**	25,431	52,992
Other operating income	**88**	41	57
Administrative and other expenses	**(4,487)**	(4,977)	(9,683)
Long-term incentive plan (charge)/credit	**(11)**	3,503	4,345
Operating profit before changes in fair value of investment properties	**24,103**	23,998	47,711
Changes in fair value of investment property	**940**	(22,162)	(121,119)
Profit on disposal of investment property	**56**	-	-
Operating profit/(loss)	**25,099**	1,836	(73,408)
Finance income	**71**	42	72
Finance expense	**(7,840)**	(4,587)	(10,752)
Exceptional items	**(391)**	-	-
Changes in fair value of interest rate derivatives	**(68)**	5,102	1,431
IFRS reported profit/(loss)	**16,871**	2,393	(82,657)

Net rental income
In the financial period to 30 September 2023, the portfolio generated net rental income of £28.5 million (30 September 2022: £25.4 million), an increase of £3.1 million or 12.1% compared to the prior period. The increase was driven by a combination of asset management and the acquisition of new properties part way through the prior period.

Property operating costs increased by £0.1 million or 13.9%. Our gross to net rental income ratio remains high at 96.5% (30 September 2022: 96.4%), illustrating the strength of our core strategy.

Administrative expenses
Administrative expenses, which include all operational costs of running the business, decreased by £0.5 million to £4.5 million. This is primarily due to the reduction in net asset value following the revaluation of the portfolio in March 2023, resulting in a lower fee to the Investment Adviser.

Exceptional items
Exceptional items of £0.4m relate to costs involved with the adjustment to the management arrangements in the year. In May 2023 PCP2 Ltd was replaced by G10 Capital Limited as the AIFM, and Logistics Asset Management LLP was appointed as the Investment Adviser. This was approved by shareholders following the publication of a circular.

Total cost ratio
We continue to monitor the operational efficiency of the Group through the total cost ratio, which has improved to 18.5% (30 September 2022: 21.6%). The total cost ratio has improved as anticipated, as we have benefitted from a full period of income from properties acquired in the prior period. Over the medium term we would target this falling further to approximately 15%, including vacant property costs. Further detail on cost ratios can be found in EPRA supplementary information, note VI.

	30 Sep 2023	30 Sep 2022	31 Mar 2023
	(unaudited)	(unaudited)	(audited)
	£'000	£'000	£'000
Total costs including vacant property costs	**18.5%**	21.6%	21.2%
Total cost excluding vacant property costs	**16.0%**	18.8%	18.3%

Net finance costs

The net finance costs for the period, excluding fair value movement of our interest rate derivatives, were £7.8 million (30 September 2022: £4.5 million), an increase of £3.3 million compared to the prior period. The increased costs were driven by the higher gross debt position at the period end of £353.7 million, compared with £310.0 million at 30 September 2022, as well as the higher weighted average cost of debt.

The weighted average cost of debt for the period was 88bps higher than the previous period at 3.86% (30 September 2022: 2.98%). This rise is primarily due new debt taken out at a higher rate later in the period, as well as increased costs on our small portion of floating rate debt. Interest cover has reduced to 3.3x (30 September 2022: 5.1x), due to a higher level of drawn debt, and higher weighted average cost of debt in the period. The weighted average debt maturity is 6.0 years (30 September 2022: 6.4 years).

IFRS profit and adjusted earnings

IFRS profit after tax for the period was £16.9 million (30 September 2022: £2.4 million), representing a basic and diluted earnings per share of 3.57 pence, compared with 0.51 pence for the prior period. The improvement in earnings was primarily the result of a £0.9m property revaluation surplus, as opposed to a £22.2m deficit in the period to 30 September 2022.

Adjusted earnings for the period were £16.3 million representing an increase of £0.3 million when compared to the prior period (30 September 2022: £16.0m), resulting an improvement in adjusted earnings per share to 3.46 pence (30 September 2022: 3.38 pence).

The Directors consider adjusted earnings as a key measure of the Company's underlying operating results, and therefore excludes non-cash and exceptional items. A full reconciliation between IFRS profit and Adjusted earnings can be found in note 9 of the financial statements.

Dividend

In the period to 30 September 2023, the Company paid and declared the following interim dividends:

Declared	Amount pence per share	In respect of financial year ended	Paid/ to be paid
22 June 2023	4.35p	31 March 2023	21 July 2023
8 November 2023	3.25p	31 March 2024	15 December 2023

An interim dividend of 3.25 pence per share will be paid on 15 December 2023 to shareholders on the register at the close of business 24 November 2023, and the full amount is a property income distribution ("PID").

IFRS net assets

	30 Sep 2023 (unaudited) £'000	30 Sep 2022 (unaudited) £'000	31 Mar 2023 (audited) £'000
Investment property	**1,103,609**	1,131,911	1,106,507
Bank and other borrowings	**(348,970)**	(305,316)	(346,774)
Cash	**30,853**	57,321	30,159
Other net liabilities	**(22,373)**	(19,669)	(23,198)
EPRA net tangible assets	**763,119**	864,247	766,694
Interest rate derivatives	**2,966**	6,705	3,034
Intangible assets	**26**	39	32
IFRS net assets	**766,111**	870,991	769,760

At 30 September 2023, IFRS net assets attributable to Ordinary Shareholders were £766.1 million (31 March 2023: £769.8 million), representing a basic and diluted net asset value per share of 162.32 pence (31 March 2023: 163.09 pence).

The Group considers EPRA net tangible assets ("NTA") a key measure of overall performance. At 30 September 2023, NTA was £763.1 million (31 March 2023: £766.7 million), representing an EPRA NTA per share of 161.69 pence (31 March 2023: 162.44 pence), a decrease of 0.5%.

The Total Accounting Return for the period, which reflects growth in EPRA NTA plus dividends paid in the period, was 2.2% (30 September 2022: -0.7%). The average annualised Total Accounting Return since IPO in 2016 has been 12.3%, including dividends paid and declared.

Portfolio valuation

The value of our portfolio at 30 September 2023, which includes land for future development, was £1,104 million, a decrease of £3 million, or 0.3% over the six-month period. In the period, the Group disposed of two properties with a net book value of £14.5m. In addition, the Group incurred capital expenditure of £9.4 million, which was made up of £5.6m on developments or major refurbishments, with the remainder on value enhancing refurbishment works.

The Group recognised a valuation surplus (excluding provision for profit share) of £0.9 million upon revaluation of the portfolio.

The portfolio delivered a Total Property Return ("TPR") of 2.3% for the six-months to 30 September 2023 (30 September 2022: 0.3%).

Financing

At 30 September 2023, the Group had drawn debt totalling £353.7 million (30 September 2022: £310.0 million).

On 7 July 2023, the Group entered into a £57.3 million sustainability linked loan facility with Aviva Investors, which provided a 10-year term and came at a fixed cost of 6.17%. This facility includes, inter alia, margin rate improvement available on hitting environmental targets across the assets charged. The proceeds of this debt were used to refinance the RCF portion of the Barclays facility at SONIA plus 2.22% margin, resulting in a total cost of 7.41% at 30 September 2023. In September 2023 we used the proceeds from the sale of two assets to further reduce the drawn portion of the Barclays facility to £86.5m.

These transactions have had the effect of moving our weighted average debt maturity to 6.0 years, an increase from 5.4 years at March 2023, and of increasing our fixed or hedged percentage to 97%, from 85% in March 2023.

Lender	Maturity Date	Loan Commitment (£m)	Drawn at 30 Sep 2023 (£m)	% Fixed / Hedged at 30 Sep 2023
Barclays (syndicate of 3 banks)	Aug 2025	151.0	86.5	87.3%
Aviva Investors (7-years)	Mar 2028	88.4	88.4	100.0%
Aviva Investors (10-years)	May 2032	178.8	178.8	100.0%
Total		**418.2**	**353.7**	**96.9%**

At 30 September 2023, the weighted average cost of debt across all drawn facilities is 4.1% (30 September 2022: 3.3%), of which 96.9% (30 September 2022: 96.5%) is either fixed or hedged to term.

Cash and net debt

During the period, the Group's cash balances slightly increased by £0.7 million, as illustrated in the table below:

	30 Sep 2023 (unaudited) £m	30 Sep 2022 (unaudited) £m	31 Mar 2023 (audited) £m
Cash generated from operations	**21.6**	27.5	43.1
Cash generated from/(used in) investing activities	**5.2**	(138.7)	(201.3)
Cash (used in)/generated from financing activities	**(26.1)**	41.1	61.0
Net increase/(decrease) in cash	**0.7**	(70.1)	(97.2)
Opening cash balance	**30.2**	127.4	127.4
Closing cash balance	**30.9**	57.3	30.2

At 30 September 2023, the Group's cash balance was £30.9 million, of which £4.3 million is earmarked for committed capex and £7.5 million is restricted accounts. Over the six-month period, net debt increased by £2.1 million to £322.9 million, representing a loan to value ("LTV") of 29.3% (30 September 2022: 22.3%).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the Company's business are broadly unchanged from those set out in the 2023 Annual Report and include, but are not limited to:

- Weakening macroeconomic environment in the UK, including higher interest rates, inflationary pressures and the risk of recession
- Insufficient funds and available credit for operational requirements of business, including investing in CAPEX for the existing portfolio
- Inability of the Company to raise new money to develop and grow the business, due to the Company share price trading at a discount to NAV
- Risk of higher interest rates affecting financial performance and banking covenants
- Tenant default and vacancy management
- Increased CAPEX spend connected to hitting MEES legislation, and potential reduction in property values if legislation is not met
- Reluctance of tenants to take leases in buildings with a lower than average environmental performance
- ESG roadmap not sufficiently ambitious and detailed
- Reputational and governance risks around related party transactions

Information on these risks and how they are managed is set out on pages 50 to 54 of the 2023 Annual Report. The Board regularly reviews the principal risks to ensure that the risk assessment is correct and relevant, adjusting mitigating factors and procedures as appropriate.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

- that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency sourcebook of the United Kingdom's Financial Conduct Authority; and
- this Interim Report includes a fair review of the information required by:
    - A) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the period under review and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - B) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place during the period ended 30 September 2023 and that have materially affected the financial position or performance of the Company during that period and any material changes in the related party transactions described in the last Annual Report.

This Interim Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by:

Nigel Rich
Chairman
8 November 2023

INDEPENDENT REVIEW REPORT TO URBAN LOGISTICS REIT PLC

Conclusion

We have been engaged by Urban Logistics REIT PLC ("the Company") to review the condensed set of financial statements of the Company and its subsidiaries (the 'Group') in the interim financial report for the six months ended 30 September 2023 which comprises condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and the notes to the interim financial report. We have read the other information contained in the interim financial report and considered whether it contains any apparent material misstatements of fact or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ('ISRE (UK) 2410') issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK-adopted International Accounting Standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Responsibilities of Directors

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with International Accounting Standard 34, "Interim Financial Reporting" as contained in UK-adopted International Accounting Standards and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the interim financial report, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Review of the Financial Information

In reviewing the interim financial report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the interim financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the Company those matters we are required to state to them 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.

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

8 November 2023

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months to 30 September 2023 (unaudited) £'000**	Six months to 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Revenue	6	**29,731**	26,500	55,305
Property operating expenses		**(1,218)**	(1,069)	(2,313)
Net rental income		**28,513**	25,431	52,992
Administrative and other expenses		**(4,487)**	(4,977)	(9,683)
Other operating income		**88**	41	57
Long-term incentive plan credit/(charge)	10	**(11)**	3,503	4,345
Operating profit before changes in fair value of investment properties		**24,103**	23,998	47,711
Changes in fair value of investment property	7, 12	**940**	(22,162)	(121,119)
Profit on disposal of investment property		**56**	-	-
Operating profit/(loss)		**25,099**	1,836	(73,408)
Finance income		**71**	42	72
Finance expense	8	**(7,840)**	(4,587)	(10,752)
Changes in fair value of interest rate derivatives		**(68)**	5,102	1,431
Exceptional items		**(391)**	-	-
Profit/(loss) before taxation		**16,871**	2,393	(82,657)
Tax charge for the period		**-**	-	-
Profit/(loss) and total comprehensive income (attributable to the shareholders)		**16,871**	2,393	(82,657)
Earnings/(loss) per share – basic	9	**3.57p**	0.51p	(17.51)p
Earnings/(loss) per share – diluted	9	**3.57p**	0.51p	(17.51)p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 September 2023 (unaudited) £'000**	30 September 2022 (unaudited) £'000	31 March 2023 (audited) £'000
Non-current assets				
Investment property	12	**1,113,149**	1,148,395	1,101,583
Intangible assets		**26**	39	32
Interest rate derivatives	14	**876**	6,705	1,883
Total non-current assets		**1,114,051**	1,155,139	1,103,498
Current assets				
Assets held for sale		**-**	-	14,500
Trade and other receivables		**8,956**	9,669	8,006
Interest rate derivatives	14	**2,090**	-	1,151
Cash and cash equivalents		**30,853**	57,321	30,159
Total current assets		**41,899**	66,990	53,816
Total assets		**1,155,950**	1,222,129	1,157,314
Current liabilities				
Trade and other payables		**(12,393)**	(17,816)	(13,233)
Deferred rental income		**(12,688)**	(11,366)	(11,596)
Total current liabilities		**(25,081)**	(29,182)	(24,829)
Non-current liabilities				
Long-term rental deposits		**(5,989)**	(6,943)	(6,504)
Lease liability		**(9,799)**	(9,697)	(9,447)
Bank borrowings	13	**(348,970)**	(305,316)	(346,774)
Total non-current liabilities		**(364,758)**	(321,956)	(362,725)
Total liabilities		**(389,839)**	(351,138)	(387,554)
Total net assets		**766,111**	870,991	769,760
Equity				
Share capital	16	**4,720**	4,720	4,720
Share premium	17	**438,418**	438,418	438,418
Capital reduction reserve	18	**228,760**	228,760	228,760
Other reserves		**-**	962	120
Retained earnings		**94,213**	198,131	97,742
Total equity		**766,111**	870,991	769,760
Net asset value per share – basic	20	**162.32p**	184.54p	163.09p
Net asset value per share – diluted	20	**162.32p**	184.54p	163.09p

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	**Six months to 30 September 2023 (unaudited) £'000**	Six months to 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Cash flows from operating activities				
Profit for the period (attributable to equity shareholders)		**16,871**	2,393	(82,657)
Add: amortisation and depreciation		**55**	71	127
Add/(less) changes in fair value of investment property	7, 12	**(940)**	22,162	121,119
Add/(less): changes in fair value of interest rate swaps		**68**	(5,102)	(1,431)
Less: profit on disposal of investment property		**(56)**	-	-
Add: finance expense	8	**7,840**	4,587	10,752
Long-term investment plan charge/(credit)	10	**11**	(3,503)	(4,345)
(Increase)/Decrease in trade and other receivables		**(1,945)**	10,952	8,665
Decrease in trade and other payables		**(263)**	(3,999)	(9,111)
Cash generated from operations		**21,641**	27,561	43,119
Net cash flow generated from operating activities		**21,641**	27,561	43,119
Investing activities				
Purchase of investment properties		**-**	(34,877)	(86,112)
Capital expenditure on investment properties	12	**(9,397)**	(20,920)	(34,796)
Disposal of investment properties		**14,556**	-	-
Acquisition of a subsidiary, net of cash acquired		**-**	(82,925)	(80,391)
Net cash flow generated from/(used in) investing activities		**5,159**	(138,722)	(201,299)
Financing activities				
Bank borrowings drawn	13	**57,250**	121,600	121,600
Bank borrowings repaid	13	**(54,500)**	(51,000)	(10,000)
Loan arrangement fees paid	13	**(1,179)**	(2,019)	(2,058)
Other borrowings repaid		**-**	(3,104)	(3,058)
Interest paid		**(7,056)**	(3,843)	(9,346)
Finance lease payments		**(90)**	-	(308)
Dividends paid to equity holders	11	**(20,531)**	(20,531)	(35,870)
Net cash flow (used in)/generated from financing activities		**(26,106)**	41,103	60,960
Net increase/(decrease) in cash and cash equivalents for the period		**694**	(70,058)	(97,220)
Cash and cash equivalents at start of period		**30,159**	127,379	127,379
Cash and cash equivalents at end of period		**30,853**	57,321	30,159

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2023 (unaudited)	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2023	**4,720**	**438,418**	**228,760**	**120**	**97,742**	**769,760**
Profit for the period	**-**	**-**	**-**	**-**	**16,871**	**16,871**
Total comprehensive income	**-**	**-**	**-**	**-**	**16,871**	**16,871**
Transactions with shareholders in their capacity as owners						
Dividends to shareholders	**-**	**-**	**-**	**-**	**(20,531)**	**(20,531)**
Long-term incentive plan	**-**	**-**	**-**	**11**	**-**	**11**
Transfer between reserves	**-**	**-**	**-**	**(131)**	**131**	**-**
30 September 2023	**4,720**	**438,418**	**228,760**	**-**	**94,213**	**766,111**

Six months ended 30 September 2022 (unaudited)	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2022	4,720	438,418	228,760	4,465	216,269	892,632
Profit for the period	-	-	-	-	2,393	2,393
Total comprehensive income	-	-	-	-	2,393	2,393
Transactions with shareholders in their capacity as owners						
Dividends to shareholders	-	-	-	-	(20,531)	(20,531)
Long-term incentive plan	-	-	-	(3,503)	-	(3,503)
30 September 2022	4,720	438,418	228,760	962	198,131	870,991

Year ended 31 March 2023 (audited)	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2022	4,720	438,418	228,760	4,465	216,269	892,632
Profit for the year	-	-	-	-	(82,657)	(82,657)
Total comprehensive income	-	-	-	-	(82,657)	(82,657)
Transactions with shareholders in their capacity as owners						
Dividends to shareholders	-	-	-	-	(35,870)	(35,870)
Long-term incentive plan	-	-	-	(4,345)	-	(4,345)
31 March 2023	4,720	438,418	228,760	120	97,742	769,760

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Urban Logistics REIT plc (the "Company") and its subsidiaries (the "Group") carry on the business of property lettings throughout the United Kingdom. The Company is a public limited company incorporated and domiciled in England and Wales and listed on the Main Market of the London Stock Exchange. The registered office address is 6th Floor, 65 Gresham Street, London, EC2V 7NQ.

These condensed interim financial statements were approved for issue on 8 November 2023.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2023 were approved by the board of directors on 21 June 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts were unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.The interim financial statements for the period to 30 September 2023 have been reviewed, not audited.

2. BASIS OF PREPARATION

This condensed interim financial report for the half-year ended 30 September 2023 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2023, which has been prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

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

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

GOING CONCERN

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

The Group has undertaken risk assessments in respect of the impact on key objectives and has appropriate response plans such as stress testing, monitoring of tenant performance and financial reviews. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Interim Financial Statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

FAIR VALUE OF INVESTMENT PROPERTY AND PROPERTIES UNDER CONSTRUCTION

The Group values its investment properties using a yield capitalisation methodology. Principal assumptions and management's underlying estimation of the fair value of those relate to: capitalised occupancy levels; expected future growth in rental income and operating costs; maintenance requirements; capitalisation rate; and discount rates. There are inter-relationships between the valuation inputs and they are primarily determined by market conditions. The effect of an increase in more than one input could be to magnify the impact on the valuation. However, the impact on the valuation could be offset by the inter-relationship of two inputs moving in opposite directions, e.g. an increase in rent may be offset by a decrease in occupancy, resulting in a minimal net impact on the valuation. A more detailed explanation of the background, methodology and judgements made by management that are adopted in the valuation of the investment properties is set out in note 12 to the Financial Statements.

The market value of an investment property is determined by real estate valuation experts, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's-length transaction. Each property has been valued on an individual basis. The valuation experts use recognised valuation techniques and the principles of IFRS 13.

The valuations have been prepared in accordance with RICS Valuation – Global Standards January 2022 (the "Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths and location. The significant methods and assumptions used by the valuers in estimating the fair value of investment property, including sensitivities, are set out in note 12.

RELATED PARTY RELATIONSHIPS

The Company is advised by Logistics Asset Management LLP ("the Adviser"), and the Company has considered whether the Adviser is controlled by the Company and should therefore be consolidated into these accounts as per the provisions of IFRS 10.
Under IFRS 10, an investor controls an investee if, and only if, the investor has all three of the following elements:

- power over the investee
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect the amount of the investor's returns.

The Company has no investment in the Adviser. Whilst the Company is currently the Adviser's only client, the Adviser's fee for its services is defined by a formula, therefore it does not have exposure, or rights, to variable returns, nor can it affect the amount of the investor's returns. The Company does exert influence over the Adviser due to a shared directorship; Richard Moffitt, the controlling owner of the Adviser and a Board member of the REIT, however he is excluded from all Board discussions involving the Adviser.

The Company has concluded that it does not meet all three of the required elements of IFRS 10 to have control over the Adviser, and therefore it has not consolidated the Adviser's financials into these accounts.

4. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are consistent with those applied within the Company's Annual Report and Financial Statements for the year ended 31 March 2023.

BASIS OF CONSOLIDATION

The Financial Statements consolidate the accounts of the Company and all subsidiary undertakings drawn up to the same year end.

INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are stated at cost less any provision for permanent diminution in value. Realised gains and losses are dealt with through the Statement of Comprehensive Income. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable, in which case an impairment provision is recognised and charged to the Statement of Comprehensive Income.

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the borrowings period using the effective interest method.

BORROWING COSTS

Borrowing costs in relation to interest charges on bank borrowings are expensed in the period to which they relate. Fees incurred in relation to the arrangement of bank borrowings are capitalised and expensed on a straight-line basis over the term of the loan.

SEGMENTAL REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reported to the Board to allocate resources to the segments and to assess their performance. The Directors consider there to be only one reportable segment, being the investment in the United Kingdom into small logistics warehouses.

INVESTMENT PROPERTIES

Investment properties comprises completed property that is held to earn rentals or for capital appreciation, or both, and development properties that are under development or available for development.

Investment properties are initially recognised at cost including transactions costs. Transaction costs include transfer taxes and professional fees for legal services. Subsequent to initial recognition, investment properties are carried at fair value, as determined by real estate valuation experts. Gains or losses arising from change in fair value are recognised in the Statement of Comprehensive Income in the period in which they arise.

Investment properties cease to be recognised when they have been disposed of. The difference between the disposal proceeds and the carrying amount of the asset is recognised in the Statement of Comprehensive Income. A disposal is recognised on exchange if the sale contract is unconditional; if the sale contract on exchange is conditional, the disposal is recognised on legal completion.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

FINANCIAL ASSETS

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the Group do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost, and are subsequently measured at cost less impairment due to their short-term nature.

FINANCIAL LIABILITIES

Financial liabilities, equity instruments and warrant instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments, comprising interest rate caps and swaps for hedging purposes, are initially recognised at cost and are subsequently measured at fair value, being the estimated amount that the Group would receive or pay to terminate the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the Group and its counterparties.

The gain or loss at each fair value measurement date is recognised in the Statement of Comprehensive Income. Premiums payable under such arrangements are initially capitalised into the Statement of Financial Position, subsequently they are remeasured and held at their fair values.

Hedge accounting has not been applied in these Interim Financial Statements.

REVENUE RECOGNITION

Rental income and service charge income from operating leases on properties owned by the Group is accounted for on a straight-line basis over the term on the lease. Rental income excludes service charges and other costs directly recoverable from tenants.

Lease incentives are amortised on a straight-line basis over the term of the lease.

LICENCE FEES RECIEVABLE

The Group receives licence fee income from the date of initial investment in a forward-funded agreement to the date of practical completion. This is payable by the developer to the Group on practical completion and typically reflects the approximate level of rental income that is expected to be payable under the lease. IAS 40.20 states that investment property should be recognised initially at cost, being the consideration paid to acquire the asset, therefore such licence fees are deducted from the cost of the investment property and recognised within revenue, as licence fee income, within the Statement of Comprehensive Income.

EXCEPTIONAL ITEMS

The Group defines exceptional items to be those that warrant, by virtue of their nature, size or frequency, separate disclosure on the face of the income statement where, in the opinion of the Directors, this enhances the understanding of the Group’s financial performance.

LEASES

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

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

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

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

As the head leases meet the definition of investment property, they are initially recognised in accordance with IFRS 16, and then subsequently accounted for as if they were investment property in accordance with the Group’s accounting policy. After initial recognition, the ROU head lease asset is subsequently carried at fair value and the valuation gains and losses recognised within “Changes in fair value of investment property” in the Statement of Comprehensive Income.

ROU assets are included in the heading “Non-current assets”, and the lease liability included in the heading “Non-current liabilities”, on the Statement of Financial Position.

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

LONG-TERM INCENTIVE PLAN

There has been a long-term incentive plan (“LTIP”) in place whereby Logistics Asset Management LLP, has subscribed for C Ordinary Shares issued in Urban Logistics Holdings Limited, a subsidiary of Urban Logistics REIT plc (the “Company”). Under the terms of the LTIP, the Company is obliged to acquire the C Ordinary Shares in Urban Logistics Holdings Limited, in return for services provided by Pacific Industrial LLP, subject to certain conditions.

The fair value of the share price element of the LTIP award is calculated at the grant date using the Monte Carlo model. The resulting cost is charged to the Statement of Comprehensive Income over the vesting period.

The LTIP had a final vesting date of 30 September 2023, and vested with zero value.

Further details have been provided in note 10.

TAXATION

Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the period end date, and any adjustment to tax payable in respect of previous years.

DIVIDENDS

Dividends on equity shares are recognised when they become legally payable. In the case of interim dividends, this is when paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

5. STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

As at the date of authorisation of these Financial Statements there were standards and amendments which were in issue but which were not yet effective and which have not been applied. The principal ones were:

- classification of Liabilities as Current or Non-Current – Amendments to IAS 1.
- disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- definition of Accounting Estimates – Amendments to IAS 8
- deferred tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- sale of contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The Directors do not expect the adoption of these standards and amendments to have a material impact on the Financial Statements.

In the current period, the following amendments have been adopted which were effective for the periods commencing on or after 1 January 2022:

- property, plant and equipment: Proceeds before intended use – Amendment to IAS 16
- reference to the Conceptual Framework – Amendments to IFRS 3
- onerous contracts – Costs of Fulfilling a Contract – Amendment to IAS 37
- annual improvements to IFRS Standards 2018 - 2020

The adoption of these amendments has not had a material impact on the financial statements.

6. REVENUE

The Group is involved in UK property ownership and letting and is considered to operate in a single geographical and business segment. The total revenue of the Group for the period was derived from its principal activity, being that of property lettings. No single tenant accounted for more than 10% of the Group's gross rental income in either period.

	30 September 2023 (unaudited) £'000	30 September 2022 (unaudited) £'000	31 March 2023 (audited) £'000
Rental income	**29,292**	25,675	54,119
Service charge income	**197**	154	251
Licence fee	**242**	671	935
Total revenue	**29,731**	26,500	55,305

7. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTY

	30 September 2023 (unaudited) £'000	30 September 2022 (unaudited) £'000	31 March 2023 (audited) £'000
Revaluation surplus/(deficit)	**886**	(21,508)	(120,420)
Provision for profit share	**54**	(654)	(699)
Total	**940**	(22,162)	(121,119)

8. FINANCE EXPENSE

	30 September 2023 (unaudited) £'000	30 September 2022 (unaudited) £'000	31 March 2023 (audited) £'000
Interest on bank borrowings	**8,624**	4,038	10,697
Swap interest (received)/paid	**(1,568)**	(228)	(1,351)
Amortisation of loan arrangement fees	**625**	594	1,092
Interest on lease liabilities	**159**	183	314
Total	**7,840**	4,587	10,752

9. EARNINGS PER SHARE

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

	Six months to 30 September 2023 (unaudited) £'000	Six months to 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Profit attributable to Ordinary Shareholders			
Total comprehensive income	**16,871**	2,393	(82,657)
Weighted average number of Ordinary Shares in issue	**471,975,411**	471,975,411	471,975,411
Basic earnings per share (pence)	**3.57p**	0.51p	(17.51)p
Number of diluted shares under option/warrant	**-**	-	-
Weighted average number of Ordinary Shares for the purpose of dilutive earnings per share	**471,975,411**	471,975,411	471,975,411
Diluted earnings per share (pence)	**3.57p**	0.51p	(17.51)p
Adjustments to remove:			
Changes in fair value of investment property	**(940)**	22,162	121,119
Changes in fair value of interest rate derivatives	**68**	(5,102)	(1,431)
Profit on disposal of investment property	**(56)**	-	-
EPRA earnings	**15,943**	19,453	37,031
EPRA earnings per share	**3.38p**	4.12p	7.85p
Adjustments to add back:			
LTIP (credit)/charge	**11**	(3,503)	(4,345)
Exceptional items	**391**	-	-
Adjusted earnings	**16,345**	15,950	32,686
Adjusted earnings per share	**3.46p**	3.38p	6.93p

10. LONG-TERM INCENTIVE PLAN

The Company has had an LTIP, accounted for as an equity-settled share-based payment. At 30 September 2023, Logistics Asset Management LLP, has subscribed for 1,000 C Ordinary Shares of £0.01 each issued in Urban Logistics Holdings Limited, a subsidiary of the Company. The LTIP was valued on a combination of NAV growth and share price performance. At 30 September 2023 the valuation of the LTIP was calculated at zero, and no payment in equity or cash has been made to Logistics Asset Management.

Date granted	Class of share	Fair value £'000	Charge/(Credit) for the period £'000
August 2017			
– Share price element	C Ordinary	-	**11**
– EPRA NTA element	C Ordinary	**-**	**-**
Total		**-**	**11**

11. DIVIDENDS

	30 September 2023 (unaudited) £'000	30 September 2022 (unaudited) £'000	31 March 2023 (audited) £'000
Ordinary dividends paid			
2022: Second interim dividend: 4.35p per share	-	20,531	20,531
2023: First interim dividend: 3.25p per share	-	-	15,339
2023: Second interim dividend: 4.35p per share	**20,531**	-	-
Total dividends paid in the period (£'000)	**20,531**	20,531	35,870
Total dividends paid in the period	**4.35p**	4.35p	7.60p

12. INVESTMENT PROPERTIES

In accordance with IAS 40: Investment Property, investment property is carried at its fair value as determined by an external valuer. This valuation has been conducted by CBRE and has been prepared as at 30 September 2023, in accordance with the RICS Valuation – Professional Standards UK January 2022 (the "Red Book").

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

	Investment properties £'000	Development properties £'000	Total £'000
At 1 April 2023	1,074,102	17,905	**1,092,007**
Capital expenditure	5,080	4,317	**9,397**
Transfer of completed development properties	15,362	(15,362)	**-**
Movement in tenant lease incentives	1,319	-	**1,319**
Revaluation surplus/(deficit) in period	950	(64)	**886**
Investment properties excluding head lease ROU assets at 30 September 2023	**1,096,813**	**6,796**	**1,103,609**
Add: right-of-use asset	9,540	-	**9,540**
Total investment properties at 30 September 2023	**1,106,353**	**6,796**	**1,113,149**

Investment property – level 3

The Group's investment property assets are classified as level 3, as defined by IFRS 13, in the fair value hierarchy. Level 3 inputs for the asset or liability that are derived from formal valuation techniques include inputs for the asset or liability that are not based on observable market data.

The valuation has been prepared on the basis of fair value ("FV"), in accordance with IFRS 13, which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Fair value, for the purpose of financial reporting under IFRS 13, is effectively the same as market value, which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion."

The table below analyses:

- the fair value measurement at the end of the reporting year;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- for level 3 fair value measurements, quantitative information about significant unobservable inputs used in the fair value measurement.

Valuation techniques
The yield capitalisation approach is used when valuing the Group's commercial investment properties which uses market rental values with a market capitalisation rate. The resulting valuations are cross-checked against the net initial yields and the fair market vales based on recent market transactions.

For investment properties under development, properties are valued using a residual method approach. The fair value is calculated by estimating the fair value of the completed property using the yield capitalisation approach less estimated costs to complete and a risk premium.

The key unobservable inputs made in determining the fair values are as follows:

31 March 2023	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment	1,096,813	Yield capitalisation	ERV Equivalent yield	£30,000-£3,441,936 per annum 4.0%-12.5%
Development property	6,796	Residual method	Various	
	1,103,609			

Sensitivities
Significant increases/decreases in the ERV (per sq ft per annum) and rental growth per annum in isolation would result in a significantly higher/lower fair value measurement. Significant increases/decreases in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly higher/lower fair value measurement.

Generally, a change in the assumptions made for the ERV (per sq ft per annum) is accompanied by:

- a similar change in the rent growth per annum and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

A 5% increase in estimated rental value ("ERV") would increase the completed property portfolio valuation by £54.8 million and a 5% decrease would decrease the completed property portfolio valuation by £54.8 million. Similarly, a decrease in net initial yield ("NIY") by 0.25% would increase the completed property portfolio valuation by £45.3 million and an increase of 0.25% would decrease the completed property portfolio valuation by £41.8 million.

Fair value hierarchy
The Company uses the following hierarchy for determining the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are derived from formal valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Interest rate derivatives are classified as level 2 financial instruments. There were no transfers between levels 1, 2 and 3 fair value measurement during the current or prior year.

13. BANK BORROWINGS AND RECONCILIATION OF LIABILITIES TO CASH FLOWS FROM FINANCING ACTIVITIES

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

	Bank borrowings £'000	Lease Liability £'000	Total £'000
Balance at 1 April 2023	346,774	9,719	356,493
Bank borrowings drawn in period	57,250	-	57,250
Bank borrowings repaid in period	(54,500)	-	(54,500)
Loan arrangement fees paid	(1,179)	-	(1,179)
Rental payments	-	(90)	(90)
Non-cash movements:			
Amortisation of loan arrangement fees	625	-	625
Interest on lease liability	-	159	159
Reclassification	-	11	11
Total	**348,970**	**9,799**	**358,769**
Being			
Drawn debt	353,715	-	353,715
Unamortised loan arrangement fees	(4,745)	-	(4,745)
Lease Liability	-	9,799	9,799
Total	**348,970**	**9,799**	**358,769**

On 7 July 2023, the Group entered into a £57.3 million sustainability linked loan facility with Aviva Investors, which provided a 10-year term and came at a fixed cost of 6.17%. This facility includes, inter alia, margin rate improvement available on hitting environmental targets across the assets charged.

The bank borrowings from both facilities are secured over the investment properties owned by the Group.

14. INTEREST RATE DERIVATIVES

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

	Six months to 30 September 2023 (unaudited) £'000	Six months to 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Interest rate swaps:			
At beginning of period	3,034	1,603	1,603
Change in fair value in the period	(68)	5,102	1,431
Total	**2,966**	6,705	3,034
Current derivative interest rate swaps	2,090	-	1,151
Non-current derivative interest rate swaps	876	6,705	1,883
Total	**2,966**	6,705	3,034

15. FINANCIAL RISK MANAGEMENT

Financial instruments – Group

The Group's financial instruments comprise financial assets and liabilities that arise directly from its operations: cash and cash equivalents, trade and other receivables, trade and other payables, lease liabilities and accruals, interest rate derivatives and bank borrowings. The main purpose of these financial instruments is to provide finance for the acquisition and development of the Group's investment property portfolio.

	Book value 30 September 2023 (unaudited) £'000	**Fair value 30 September 2023 (unaudited) £'000**	**Book value 31 March 2023 (audited) £'000**	**Fair value 31 March 2023 (audited) £'000**
Financial assets				
Trade and other receivables	4,944	4,944	4,679	4,679
Cash and short-term deposits	30,853	30,853	30,159	30,159
Interest rate derivatives	2,966	2,966	3,034	3,034
Financial liabilities				
Trade and other payables	(10,876)	(10,876)	(9,257)	(9,257)
Bank loans	(353,715)	(327,655)	(350,964)	(319,384)
Lease liabilities	(9,799)	(9,799)	(9,719)	(9,719)
Rent deposits	(7,506)	(7,506)	(7,048)	(7,048)

The fair value of the non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values.

16. SHARE CAPITAL

	30 September 2023 (unaudited) Number	**30 September 2023 (unaudited) £'000**
Issued and fully paid up at 1p each		
At beginning of period	471,975,411	4,720
At 30 September 2023	**471,975,411**	**4,720**

	30 September 2022 (unaudited) Number	30 September 2022 (unaudited) £'000
Issued and fully paid up at 1p each		
At beginning of period	471,975,411	4,720
At 30 September 2022	471,975,411	4,720

	31 March 2023 (audited) Number	31 March 2023 (audited) £'000
Issued and fully paid up at 1p each		
At beginning of period	471,975,411	4,720
At 31 March 2023	471,975,411	4,720

17. SHARE PREMIUM

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

	30 September 2023 (unaudited) £'000	30 September 2022 (unaudited) £'000	31 March 2023 (audited) £'000
Balance brought forward	**438,418**	438,418	438,418
Total	**438,418**	438,418	438,418

18. CAPITAL REDUCTION RESERVE

	30 September 2023 (unaudited) £'000	30 September 2022 (unaudited) £'000	31 March 2023 (audited) £'000
Balance brought forward	228,760	228,760	228,760
Total	**228,760**	228,760	228,760

19. RELATED PARTY TRANSACTIONS

During the interim period, the amount paid for services provided by Logistic Asset Management LLP (the current Investment Adviser) or PCP2 Limited (the former AIFM) totalled £3,408,445 (30 September 2022: £3,950,500). On 13 July 2023 the Company paid £151,418 on behalf of Richard Moffitt, this amount was outstanding at period end, but was reimbursed on 26 October 2023.

M1 AGENCY LLP

During the interim period, the Group incurred fees totalling £266,554 (30 September 2022: £1,075,937) from M1 Agency LLP, a partnership in which Richard Moffitt is a member. These fees were incurred in relation to the letting of investment properties.

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

The Board, with the assistance of the AIFM and the Investment Adviser (excluding Richard Moffitt), reviews and approves each fee payable to M1 Agency LLP, and ensures the fees are in line with market rates and on standard commercial property terms.

20. NET ASSET VALUE PER SHARE

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

Net assets have been calculated as follows:

	30 September 2023 (unaudited)	30 September 2022 (unaudited)	31 March 2023 (audited)
Net assets per Condensed Consolidated Statement of Financial Position (£'000)	**766,111**	870,991	769,760
Adjustments for:			
Fair value of interest rate derivatives (£'000)	(2,966)	(6,705)	(3,034)
Intangible assets (£'000)	(26)	(39)	(32)
EPRA net tangible assets (£'000)	**763,119**	864,247	766,694
Ordinary Shares in issue at period end (basic and diluted)	471,975,411	471,975,411	471,975,411
IFRS NAV per share (basic and diluted)	162.32p	184.54p	163.09p
EPRA NTA per share	161.69p	183.11p	162.44p

21. POST BALANCE SHEET EVENTS

On 8 November 2023, the Company declared an interim dividend for the six months to 30 September 2023 of 3.25 pence per Ordinary Share. The dividend will be paid as a property income distribution on 15 December 2023 to shareholders on the register on 24 November 2023.

SUPPLEMENTARY INFORMATION

I. EPRA PERFORMANCE MEASURES SUMMARY

	Six months to 30 September 2023 (unaudited) £'000	Six months to 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
EPRA EPS (diluted)	**3.38p**	4.12p	7.85p
EPRA net tangible asset value	**161.69p**	183.11p	162.44p
EPRA net reinstatement value	**177.36p**	199.19p	178.16p
EPRA net disposal value	**162.32p**	184.54p	163.09p
EPRA net initial yield	**4.9%**	4.5%	5.0%
EPRA "topped up" net initial yield	**5.0%**	4.6%	5.1%
EPRA vacancy rate	**6.8%**	5.0%	7.4%
EPRA cost ratio (including vacant property costs)	**18.5%**	21.6%	21.2%
EPRA cost ratio (excluding vacant property costs)	**16.0%**	18.8%	18.3%
EPRA LTV	**30.3%**	28.8%	29.3%

II. INCOME STATEMENT

	Six months to 30 September 2023 (unaudited) £'000	Six months to 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Gross rental income	**29,731**	26,500	55,305
Property operating costs	**(1,218)**	(1,069)	(2,313)
Net rental income	**28,513**	25,431	52,992
Administrative expenses	**(4,487)**	(4,977)	(9,683)
Other operating income	**88**	41	57
Long-term incentive plan (charge)/credit	**(11)**	3,503	4,345
Operating profit before interest and tax	**24,103**	23,998	47,711
Net finance costs	**(7,769)**	(4,545)	(10,680)
Exceptional items	**(391)**	-	-
Profit before tax	**15,943**	19,453	37,031
Tax on EPRA earnings	**-**	-	-
EPRA earnings	**15,943**	19.453	37,031
Weighted average number of Ordinary Shares	**471,975,411**	471,975,411	471,975,411
EPRA earnings per share	**3.38p**	4.12p	7.85p

III. BALANCE SHEET

	Six months to 30 September 2023 (unaudited) £'000	Six months to 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Investment properties	**1,113,149**	1,148,395	1,101,583
Other net assets	**1,932**	27,912	14,951
Net borrowings	**(348,970)**	(305,316)	(346,774)
Total shareholders' equity	**766,111**	870,991	769,760
Adjustments to calculate EPRA NTA:			
Fair value of interest rate derivative	**(2,966)**	(6,705)	(3,034)
Intangible assets	**(26)**	(39)	(32)
EPRA net tangible assets	**763,119**	864,247	766,694
Ordinary Shares in issue at year end (basic and diluted)	**471,975,411**	471,975,411	471,975,411
EPRA NTA per share	**161.69p**	183.11p	162.44p

The Group considers EPRA NTA to be the most relevant measure for its operating activities, it is therefore the Group's primary measure of net asset value. A reconciliation of the three net asset value measurements is provided in the table below.

30 September 2023	**EPRA NTA £'000**	**EPRA NRV £'000**	**EPRA NDV £'000**
IFRS equity attributable to shareholders	**766,111**	**766,111**	**766,111**
Fair value of interest rate derivatives	**(2,966)**	**(2,966)**	**-**
Intangible assets	**(26)**	**-**	**-**
Real estate transfer tax	**-**	**73,942**	**-**
EPRA net asset value	**763,119**	**837,087**	**766,111**
Diluted shares (number)	**471,975,411**	**471,975,411**	**471,975,411**
EPRA net asset value per share	**161.69p**	**177.36p**	**162.32p**

30 September 2022	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS equity attributable to shareholders	870,991	870,991	870,991
Fair value of interest rate derivatives	(6,705)	(6,705)	-
Intangible assets	(39)	-	-
Real estate transfer tax	-	75,838	-
EPRA net asset value	864,247	940,124	870,991
Diluted shares (number)	471,975,411	471,975,411	471,975,411
EPRA net asset value per share	183.11p	199.19p	184.54p

31 March 2023	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS equity attributable to shareholders	769,760	769,760	769,760
Fair value of interest rate derivatives	(3,034)	(3,034)	-
Intangible assets	(32)	-	-
Real estate transfer tax	-	74,136	-
EPRA net asset value	766,694	840,862	769,760
Diluted shares (number)	471,975,411	471,975,411	471,975,411
EPRA net asset value per share	162.44p	178.16p	163.09p

IV. EPRA NET INITIAL YIELD AND "TOPPED UP" NET INITIAL YIELD

	30 September 2023 (unaudited) £'000	30 September 2022 (unaudited) £'000	31 March 2023 (audited) £'000
Total properties per Financial Statements	**1,113,149**	1,148,395	1,101,583
Less head lease right-of-use asset	**(9,540)**	(9,550)	(9,576)
Less development properties	**(6,796)**	(17,285)	(17,905)
Completed property portfolio	**1,096,813**	1,121,560	1,074,102
Add notional purchasers' costs	**73,486**	75,145	71,965
Gross up completed property portfolio valuation (A)	**1,170,299**	1,196,705	1,146,067
Annualised passing rent	**58,767**	54,832	59,307
Less irrecoverable property outgoings	**(1,760)**	(516)	(2,181)
Annualised net rents (B)	**57,007**	54,316	57,126
Contractual rental increases for rent-free period	**1,366**	530	989
"Topped up" annualised net rent (C)	**58,372**	54,846	58,115
EPRA net initial yield (B/A)	**4.9%**	4.5%	5.0%
EPRA "topped up" net initial yield (C/A)	**5.0%**	4.6%	5.1%

V. EPRA VACANCY RATE

	30 September 2023 (unaudited) £'000	30 September 2022 (unaudited) £'000	31 March 2023 (audited) £'000
Annualised potential rental value of vacant properties	**5,013**	3,289	5,517
Annualised potential rental value for the completed property portfolio	**73,782**	65,581	74,176
EPRA vacancy rate	**6.8%**	5.0%	7.4%

VI. EPRA COST RATIO

Total cost ratio	**Six months to 30 September 2023 (unaudited) £'000**	Six months to 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Costs			
Property operating expenses[1]	**1,218**	1,069	2,313
Administrative expenses	**4,487**	4,977	9,683
Less: service charge income	**(197)**	(154)	(251)
Less: service charge costs recovered through rents but not separately invoiced	**-**	(208)	-
Less: ground rents	**(50)**	(71)	(112)
Total costs including vacant property costs (A)	**5,458**	5,613	11,633
Group vacant property costs	**(748)**	(734)	(1,566)
Total costs excluding vacant property costs (B)	**4,710**	4,879	10,067
Gross rental income			
Gross rental income	**29,731**	26,500	55,305
Less: ground rents paid	**(50)**	(182)	(112)
Less: service charge income	**(197)**	(154)	(251)
Less: service charge costs recovered through rents but not separately invoiced	**-**	(208)	-
Total gross rental income (C)	**29,484**	25,956	54,942
Total cost including vacant property costs (A/C)	**18.5%**	21.6%	21.2%
Total cost excluding vacant property costs (B/C)	**16.0%**	18.8%	18.3%
EPRA cost ratio			
Total costs (A)	**5,458**	5,613	11,633
Long-term incentive plan crystallisation	**-**	-	-
EPRA total costs including vacant property costs (D)	**5,458**	5,613	11,633
Vacant property costs	**(748)**	(734)	(1,566)
EPRA total costs excluding vacant property costs (E)	**4,710**	4,879	10,067
EPRA cost ratio (including vacant property costs (D/C)	**18.5%**	21.6%	21.2%
EPRA cost ratio (excluding vacant property costs (E/C)	**16.0%**	18.8%	18.3%

1. Property operating expenses are cost of sales. These typically include utilities, business rates, letting fees and other direct costs.

GLOSSARY OF TERMS

ENERGY PERFORMANCE CERTIFICATE ("EPC")
A measure of the energy efficiency of a property on a scale of A (most efficient) to G (least efficient) and is a legal requirement for a building to be sold, let or constructed. Once obtained, an EPC is valid for ten years.

EPRA COST RATIO
Administrative and operative costs (including and excluding costs of direct vacancy) divided by gross rental income.

EPRA EARNINGS PER SHARE ("EPS")
Earnings from continuing operational activities divided by weighted average number of shares in issue during the year.

EPRA LIKE-FOR-LIKE RENTAL GROWTH
Compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described.

EPRA NET DISPOSAL VALUE ("NDV")
Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of the liability, net of any resulting tax.

EPRA NET INITIAL YIELD
Annualised rental income based on the cash rent passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property. Increased with (estimated) purchasers' costs.

EPRA NET REINSTATEMENT VALUE ("NRV")
Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA NET TANGIBLE ASSETS ("NTA")
Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA "TOPPED-UP" NET INITIAL YIELD
EPRA net initial yield adjusted for expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents.

EPRA VACANCY RATE
Estimate market rental value ("ERV") of vacant space divided by ERV of the whole portfolio.

EUROPEAN PUBLIC REAL ESTATE ASSOCIATION ("EPRA")
The European Public Real Estate Association ("EPRA") is the industry body for European Real Estate Investment Trusts ("REITs").

LOAN TO VALUE ("LTV")
The Group's net debt expressed as a percentage of the investment portfolio.

NET INITIAL YIELD
Annual rents on investment properties as a percentage of the investment property portfolio valuation having added notional purchasers' costs.

OCCUPANCY RATE
The ERV of the let units as a percentage of the total ERV of the investment property portfolio.

PROPERTY INCOME DISTRIBUTION ("PID")
Dividends from the Group's tax-exempt property business.

TOTAL ACCOUNTING RETURN ("TAR")
Represents the movement in EPRA NTA per share plus dividends paid during the period expressed as a percentage of EPRA NTA per share at the beginning of the period.

TOTAL PROPERTY RETURN ("TPR")
Capital growth in the portfolio, plus net rental income and gain or loss on property disposals expressed as a percentage return on the period's opening value.

WEIGHTED AVERAGE UNEXPIRED LEASE TERM ("WAULT")
The average lease term remaining to expiry across the portfolio weighted by contracted rental income.

COMPANY INFORMATION

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Nigel Rich CBE FCA	Chairman
Richard Moffitt	Director
Bruce Anderson ACMA FCIOBS	Director
Heather Hancock	Director
Lynda Heywood FCA FCT	Director–appt 1 May 2023

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