7 November 2024
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Urban Logistics REIT PLC
("Urban Logistics" or the "Company")

RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Growing rental values support future growth

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

"The first half of the financial year has been a highly active period for Urban Logistics, which has not only delivered a refinancing of one of its debt facilities, but also demonstrated the Company's ability to make attractive acquisitions in the current market place. The refinancing has delivered a 47bps reduction in the margin the Company pays, extended the maturity of the near term debt and provided additional investment capital at attractive rates. Urban Logistics has utilised this capacity to acquire assets with a significant arbitrage between day one Net Initial Yield (NIY) and debt cost, providing not only EPS enhancement but also increasing the portfolio weighting to the Asset Management segment, which provides the team with the opportunity to deliver a strong total return for shareholders."

"Seeing attractive acquisition opportunities in the current marketplace Urban Logistics has also initiated a selective recycling programme and post period end has unconditionally exchanged on the first of these planned disposals - a £7.7 million property, at a NIY of 4.85%, representing an ungeared internal rate of return (IRR) of over 12%. The capital released will be recycled into higher yielding opportunities. Underpinning all of this is of course active asset management, as we continue to let vacant units, settle rent reviews and capture the reversion that exists in the portfolio."

"Looking forward we see significant value potential within the portfolio, which the Company will continue to realise through the team's hands on approach to asset management as well as the recycling of the value created in 'Core' Assets into higher yielding assets as the Company drives for full dividend cover."

HIGHLIGHTS

Resilient Financial Performance
- Gross rental income of £30.6 million +3.0% (Sept 2023: £29.7 million)
- Adjusted EPS[1] of 3.57 pence +3.2% (Sept 2023: 3.46 pence)
- IFRS profit of £10.2 million -39.6% (Sept 2023: £16.9 million)
- Interim Dividend per share of 3.25 pence (Sept 2023: 3.25 pence)
- EPRA net tangible assets[2] ("NTA") of 158.05 pence per share -1.4% since March 2024 (Mar 2024: 160.27 pence per share)
- IFRS net assets of £748.4 million, -1.3% since March 2024 (Mar 2024: £758.6 million)
- 99.6% of H1 rents demanded were collected (Sept 2023: 99.1%)
- Total Property Return of 2.4% for the period (Sept 2023: 2.3%)

Robust Balance Sheet
- On 7 August 2024 refinanced a lending facility which was £86.5 million drawn at the start of the period with an ongoing interest cost in March 2024 of 5.0% with a £140 million term loan at an ongoing interest cost of 4.5%, rising to 5.0% in August 2025
- Earliest debt maturity August 2027 (Mar 2024: August 2025)
- All debt 100% fixed or hedged through to term (Mar 2024: 96.9%)
- Loan to value ("LTV") of 33.2%, remaining at the lower end of the stated 30-40% range (Mar 2024: 29.3%)
- £407.2 million of debt with a weighted average maturity of 5.1 years (Mar 2024: £353.8 million with a weighted average maturity of 5.4 years)
- Undrawn and available facilities of £50.0 million (Mar 2024: £64.5 million)
- Weighted average debt costs of 4.0% for the period (Mar 2024: 4.0%)

Portfolio with uplift opportunities
- Portfolio Estimated Rental Values (ERV) of £80.1 million providing a 27% reversion to contracted rent of £63.3 million (Sept 2023: ERV of £73.8 million providing a 23% reversion to contracted rent of £60.0 million)
- Portfolio like-for-like[3] ERV up by 3.5% over the 6 month period (6 months to Sept 2023 1.4%)
- WAULT[4] of 7.6 years (Sept 2023: 8.0 years), reflecting some rebalancing of the portfolio towards Asset Management
- 21% like-for-like rental increases across 13 lease events in the period (Sept 2023: 10% LFL increase across 10 lease events)
- EPRA vacancy rate of 8.1% (Sept 2023: 6.8%), with 3.5% of the vacancy consisting of assets which were acquired with less than 12 months on the lease, and 2.3% consisting of assets under offer.

Strong ESG credentials
- 60% of the portfolio with an EPC of A-B (Sept 2023: 55%)
- Scope 1 and 2 operational net zero, with portfolio wide scope three target under development

Post Period End

- Vacant property in Dunstable acquired for £3.6 million and let immediately, providing a 7.1% NIY, and bringing total acquisitions to date to a £45.8 million aggregate purchase price at a NIY of 6.7%; a significant arbitrage to our cost of debt and therefore providing EPS accretion in the second half of the year.
- Unconditionally exchanged on the sale of a £7.7 million property in Peterborough, at a NIY of 4.85%, 2.1% ahead of September 2024 valuation freeing up further capital for accretive acquisitions

Outlook: Strong potential for income growth from leasing, supported by asset recycling

- 51% of the portfolio in ‘Asset Management’ category, with a 43% reversion to contracted rent providing opportunity for fast rental growth
- Fixed debt costs with no refinancing events until August 2027 gives security of costs and earnings potential

1. A full reconciliation between IFRS profit and Adjusted earnings can be found in note 8 of this interim set of Financial Statements.
2. A reconciliation of other financial information can be found in the Supplementary Information.
3. Like for Like (LFL) figures compare the values for properties held 31 March 2024 to the same properties on 30 September 2024, and ignores properties acquired or disposed of in the period.
4. Weighted Average Unexpired Lease Term

CHAIRMAN'S STATEMENT

OVERVIEW

The first half of the year has seen Urban Logistics complete a refinancing and deploy capital to acquire attractive assets which fall within our 'Active Asset Management' categorisation. Post period end we have also complemented these activities with the unconditional exchange of an asset in our "Core Portfolio". These actions demonstrate how the Company is actively working to create value for shareholders. Through refinancing the debt we have strengthened the balance sheet and provided additional firepower to acquire further assets. We have deployed some of that capital into assets which not only yield more than the cost of debt, and thereby enhance EPRA EPS, but also provide ample total return opportunities which our Investment Adviser has proved adept at capitalising upon.

We firmly believe that the best method for delivering value for our shareholders is through the active management of the portfolio, the delivery of earnings accretive acquisitions and the demonstration of the portfolio value through sales where asset management has been completed.

This will lead to a growth in earnings, allowing us to fully cover and, in due course, grow our dividend, and support valuation growth in our portfolio. It is these activities, combined with our continued belief in the single let logistics sector and strategy, that we believe will help reduce the discount at which the shares currently trade at, and grow shareholder value.

DIVIDENDS

A first interim dividend of 3.25 pence per share will be paid on 13 December 2024 to shareholders on the record on 22 November 2024. This is unchanged from the first interim dividend in the prior year, and it is our current 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 as our vacancies are leased by tenants, earnings will grow to cover the dividend at this level on an ongoing basis.

BOARD

As previously announced, on 1 July 2024, Cherine Aboulzelof joined the Board, bringing significant additional real estate expertise, and Bruce Anderson is, as of the date of this report, stepping down as Chair of the Audit Committee, to be replaced by Lynda Heywood. Bruce will remain an independent director on the Board.

OUTLOOK

With the stabilisation of interest rates we are seeing an increase in transactional activity in the market place, providing us not only with opportunities to selectively sell Core assets but also to acquire attractive assets and portfolios of assets which meet our target acquisition criteria, thereby increasing our portfolio weighting of assets in the Active Asset Management category.

Our belief in the strong prospects for the sub sector of the property market in which we operate continues to be validated by growth in rental rates at our properties, driven by the fundamental supply and demand mismatch for this type of space.

Nigel Rich CBE, Chairman

6 November 2024

INVESTMENT ADVISER'S REPORT

OVERVIEW

The Company's focus in the first half of this financial year has been to execute on the plan set out to shareholders at the start of the year to drive EPS growth on the path to a fully covered dividend. The Company planned to do this not only through leasing activity, but also through the use of capital available from selective recycling to drive earnings, as well as rebalancing the portfolio towards assets with strong reversion and asset management potential. A good example of this is the disposal, post period end, of a £7.7 million property in Peterborough, at a NIY of 4.85%, which will free up further capital for accretive acquisitions and drive earnings. Over the medium term we would like to see the portfolio rebalanced to circa 35% Core assets, with 65% in the Active Management and Development categories.

The first half of the year has seen a number of key milestones achieved: the Company has refinanced bank debt at attractive rates and increased the size of the facility. The capital released has been deployed into new assets, taking advantage of a dislocated and quiet market in the summer to acquire a number of properties which provide a day one arbitrage to the debt costs, as well as a longer-term reversion and growth opportunities. This can be seen in the day one yield of the recent acquisitions, at 6.7% NIY with asset management taking them to 7.3%.

Underlying all of this has been our ongoing active asset management – settling rent reviews, leasing vacant properties and regearing leases, with 13 lease events completed in the period.

DEBT AND BALANCE SHEET

Urban Logistics has always chosen to run a very conservative balance sheet, with net LTV at the lower end of the stated 30-40% target range. The debt book is underpinned by long term gilt linked lending, with more flexible bank lending on a shorter maturity. The shorter term lending had a maturity date of August 2025, so during the period the Company refinanced and extended the debt through to a 2027 maturity, and at the same time reduced the margin by 47 bps and increased the size of the facility from £151m to £190m.

The new facility has an interest cost of 4.5% for the first 12 months, rising to 5% thereafter, and features sustainability links, in line with the Company's ESG targets.

ASSET ACQUISITION AND RECYCLING

A low LTV of 29.3% at the start of the period provided flexibility to acquire assets, and at the publication of the annual report the Company signalled its intention to use that firepower to acquire EPS accretive assets. As part of the bank debt refinancing, the Company drew additional debt, raising LTV to 33.2%. During August and September, 4 assets were acquired off market at a NIY of 6.6%, rising to 7.1% following execution of the near term asset management plans.

	Acquisition price	Rental Income	NIY	Reversionary Yield	Years to expiry	Years to first break/expiry
Crayford	£5.2m	£0.3m	6.2%	6.8%	9.3	9.3
Wolverhampton	£17.0m	£1.1m	6.3%	6.9%	8.6	3.6
Doncaster	£11.7m	£0.9m	7.5%	8.3	1.8	1.8
Peterlee	£8.3m	£0.6m	6.6%	7.4%	5.6	5.6
Total	**£42.2m**	**£2.9m**	**6.7%**	**7.3%**	**5.9**	**4.0**

Post period end, the Company acquired an additional property, in Dunstable, for £3.6 million. The property was vacant, however between exchange and completion the Company has let the asset to a local occupier resulting in a 7.1% NIY. This brings the total acquisitions in the financial year to date to £45.8 million, at a NIY of 6.7%, a significant arbitrage to the cost of debt and therefore providing EPS accretion in the second half of the year.

In the second half of the year, as the market strengthens, the Company intends to recycle low yielding assets where the asset management has been largely completed to provide capital to acquire higher yielding assets from which we can realise value through active asset management.

This process has started post period end, and at the date of this report the Company has exchanged on its first sale, an asset at Peterborough, let to Anglian Water, for a sum of £7.7 million, at a NIY of 4.85%. This asset was developed by the Company in 2020, at a total cost of £5.8 million, providing a 33% profit on cost and an ungeared IRR of 12.3%. The site was part of the 'Core' portfolio, where the asset management plan had been enacted, and the sale allows the capital to be recycled into further acquisitions, at strong initial yields, from which the asset management team will be able to realise value.

THE MARKET

Real estate pricing across the UK and the Company's sector has remained steady in the period, tracking the 10 year gilt which showed little movement in the period. The budget in October removed a level of uncertainty, but has resulted in the 10 year gilt rising from 4.1% at period end to 4.5 at the time of this report, reflecting the expectation of higher inflation and a slower reduction in interest rates.

Investment market and rental rates

Against this backdrop, the transactional market was muted, with trading volumes across real estate their quietest since 2012. Even within this context however, the Industrial and Logistics segment increased its share of the real estate market to 27%, the highest proportion ever recorded. This is driven by a continued investor commitment to the wider structural thesis that has driven the sector's performance over the last decade. Data for the first half of 2024 from Savills shows that within UK distribution, investment volumes reached £1.4bn, 41% up on the same period in 2023, and a 47% increase on the pre-covid H1 average.

This further supports our conviction that the growth case for this sector remains one of the strongest in the real estate market. This investment case is built on the rising rental rates driven by underlying demand for this asset class from occupiers, which is forecast to continue to outstrip supply, leading to rental rates growing faster than inflation. This can be seen in Knight Frank's average rental growth forecast from Q2 2024 below:

Knight Frank: Average Rental Growth forecast (%age) Q2 2024

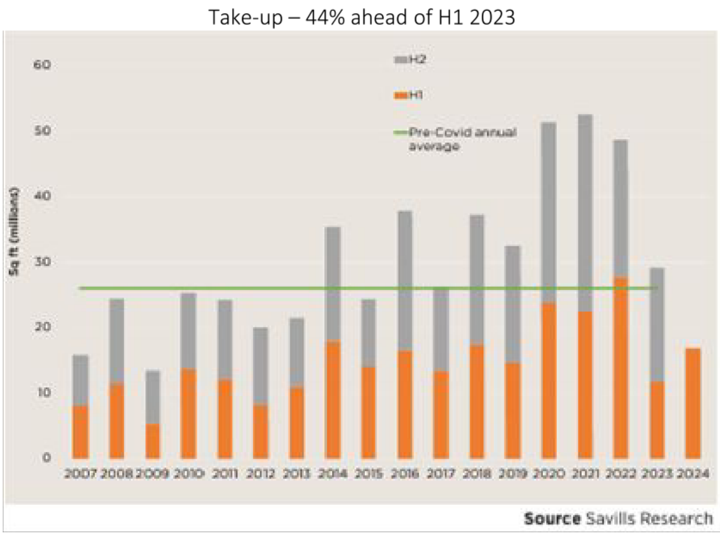
	2024	2025	2026	2027	2028	2024-28 CAGR
London	6.0	4.4	3.5	3.5	3.7	**4.2**
South East	4.4	3.3	2,7	2.9	3.1	**3.3**
South West	6.2	3.6	2.3	2.0	2.1	**3.2**
Eastern	4.8	3.5	2.9	3.0	3.3	**3.5**
East Midlands	4.3	3.2	2.3	2.3	2.4	**2.9**
West Midlands	5.3	3.5	2.6	2.6	2.7	**3.3**
North West	5.5	3.6	2.7	2.7	2.8	**3.5**
Yorks & Humber	4.6	2.9	2.1	2.2	2.3	**2.8**
North East	4.1	3.0	2.4	2.4	2.5	**2.9**
Scotland	4.2	2.6	1.9	2.0	2.2	**2.6**
Wales	4.0	2.6	2.0	2.2	2.4	**2.6**
UK	**4.7**	**3.4**	**2.7**	**2.8**	**3.0**	**3.3**

This forecast rental growth, and the increased activity in the investment market has seen prime yields come in slightly to 5.0%, according to Savills data.

Occupier Take up and vacancy

2023 saw significant uncertainty around interest rates and the broader economic picture. In that environment, occupiers as far as they could, chose not to make long term leasing decisions. The data from Savills shows that this has, to some extent rebounded, with take up in H1 2024 recorded at 16.8m sq ft in UK Logistics above 100k sq ft, 44% ahead of H1 2023, with 62% of that take up in Q2, reflecting improving economic confidence.

The mix of occupiers remains diversified, with manufacturing accounting for 28% of uptake, third party logistics 33%, with the remainder from a range of occupiers. Online retail was subdued at just 5%, showing the breadth of demand from the occupier market.



Despite this activity, additional supply coming onto the market, often in the form of speculatively built larger box sizes of 300-400,000 sq ft, is driving up headline vacancy rates to 6.95% (Savills). It is important to note however that there are significant variances within that figure depending on geographic location, asset size and building specification.

PORTFOLIO VALUATION

As previously announced the Company has chosen to rotate its valuers this year in the interests of good governance, and CBRE have been replaced by JLL.

The external property valuation over the last 6 months has been stable, with a like for like (LFL) property revaluation increase of 0.2% and 4 acquisitions helping to increase total portfolio value to £1.14 billion, from £1.10 billion at the year end.

Looking more closely at the LFL valuation change the Company saw a very strong increase in LFL Estimated Rental Values (ERV) of 3.5% in just 6 months, while the yield was largely flat, at 6.4% against 6.3% at 31 March 2024.

Breaking the valuation movement down, it is clear that while the Core properties have increased in value, there has been a small decline in the valuations of the Asset Management portion of the portfolio. This is consistent with the higher than usual vacancy and slower decision making in the occupational market holding back the Asset Management portion of the portfolio.

	As at 30 September 2024	As at 31 March 2024
Portfolio value[1]	**£1,140m**	£1,100m
Equivalent yield	**6.4%**	6.3%
WAULT (to expiry)	**7.6 years**	7.5 years
Area	**10.1 million sq ft**	9.7 million sq ft
Contracted rent	**£63m**	£62m
EPC ratings: A-B	**60%**	60%

1. As per JLL valuation, September 2024, (CBRE valuation, March 2024)

The Company continues 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. The Company's aim over the short to medium term is to rebalance the portfolio towards Asset Management opportunities.

	Core	Active Asset Management	Development Land[1]	**Total**
Capital Value	£549m	£584m	£7m	**£1,140m**
Percentage of portfolio	48%	51%	1%	**100%**
Area	4.4m sq ft	5.7m sq ft	n/a	**10.1m sq ft**
Contracted rent	£32.8m	£30.5m	n/a	**£63.3m**
ERV/Expected rent	£36.6m	£43.5m	n/a	**£80.1m**
Reversion to ERV	12%	43%	n/a	**27%**
WAULT	10.3 years	4.7 years	n/a	**7.6 years**
EPC A-B	80%	45%	n/a	60%
Equivalent yield/yield on cost	6.13%	6.56%	n/a	**6.35%**

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

At 31 March 2024, the portfolio was split 51% in Core assets and 48% in Active asset management. During the period the Company has used acquisitions and one disposal to rebalance the portfolio to 51% Active asset management and reduce the core exposure to 48%. Over the medium term we would like to see this percentage of the portfolio in Core Assets fall to circa 35%. The rebalancing will be achieved by further capital recycling, and will see opportunities for stronger rental growth, as evidenced by the 43% reversion to ERV in the Active Asset Management portion of the portfolio.

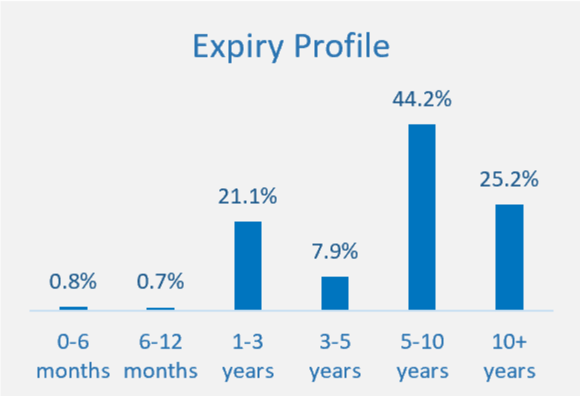
Also contained within the portfolio are a number of plots of development land, with or without planning permission, in the "Development" category. While these provide opportunities for outsized development returns, the Company has no current active developments given the attractiveness of the market for acquiring income producing assets and our desire to drive immediate rental growth to support the Company's dividend cover goals.

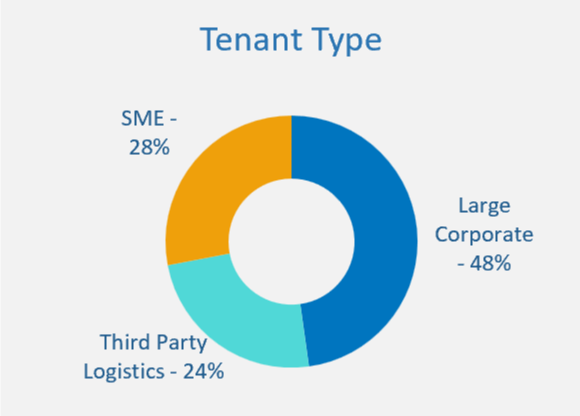
ASSET MANAGEMENT

Asset management is core to the business model and allows the Company to add value to properties at any time in the cycle, by extending leases, improving rental rates, improving tenant covenants, driving ESG change or refurbishing buildings. In the period the Company has completed 13 lease events, and weighted average like for like rental uplift of 21%.

	No. of deals	Additional rent	LFL rental Uplift	WAULT (to expiry)
New lettings	3	£1.1m	7%	10.0
Lease re-gears/assignments	4	£(0.1)m	-	4.9
Rent reviews	6	£0.2m	22%	-
Total	**13**	**£1.2m**	**21%**	**7.0**

In the coming months the Company has a low level of lease expiry and revenue at risk, giving a strong foundation for near term growth in rental rates. In addition, two of the vacant assets, with an ERV of £1.8 million, representing 2.3% of the 8.1% vacancy figure, have been put under offer, and leases are expected to complete in the coming months.





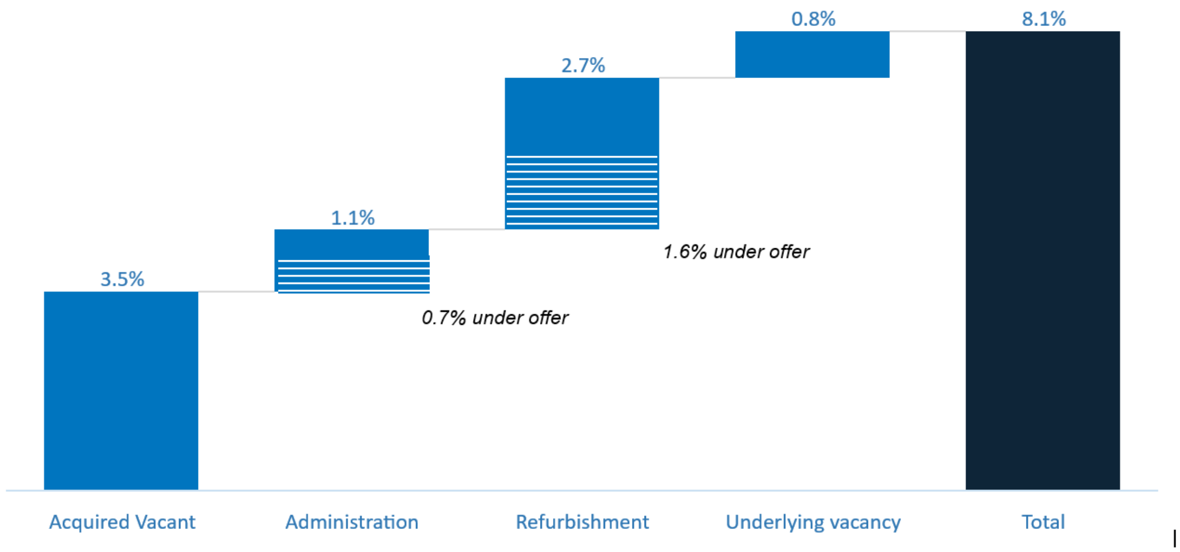
Tenant diversity and covenant strength are key to tenant selection, with the largest tenant providing just 5% of contracted rent roll, and the top ten tenants providing for 32%. The remaining 68% of contracted rent is made up of 110 different tenants, and Dunn and Bradstreet report that 80% of the Company's tenants are classified as Low to Low-Moderate risk.

Despite this, the smaller end of the 3PL market has been under pressure. This was caused by a market which expanded rapidly during Covid, followed by an extended period of higher interest rates, combined with more normalised package delivery numbers (down from the elevated volumes seen during the pandemic).

The Company has therefore seen four tenant administrations in the period and post period end, most notably Shift and Carlton Forest. These administrations have created vacancies at seven generally smaller assets with contracted rent of £1.1 million, representing 1.7% of the portfolio's contracted rent. At the date of this report, 48% of this contracted rent, or £0.5m, had either been relet or is under offer, at a new rent 10% above the previous contracted rent. These administrations therefore allow us to capture reversion significantly earlier than would otherwise have been achievable.

The remaining assets have a 20% reversion between previous contracted rent and ERV, again, allowing earlier capture of rental uplift. While administrations are never welcome, and act as a short term drag on earnings, the quality of the real estate is the ultimate backstop in the case of tenant failures, and we anticipate higher medium term earnings because of them.

The overall vacancy rate of 8.1% can be broken down as below:



New lettings in the period have been characterised by a strong number of enquiries, but a slower decision making processes. This has led to vacancy levels remaining elevated in the period.

DEVELOPMENTS

Since IPO, developments have been a small but important contributor to overall performance. In September 2023 the Company took the decision to pull back from future developments for the time being as we saw more risk than reward given land and construction costs, and the subdued state of the leasing market.

In due course we would expect the Company to return to its development model: Forward funding developers with strong balance sheets to protect investors from cost overruns, and taking only leasing risk in geographies where there is a clear undersupply of the type of property being developed.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We strive to ensure that the drivers of the Company's ESG performance are deeply woven into the business model. All of the Company's debt now has sustainability links, and we work closely with tenants to understand their ESG risks and opportunities.

The Company programme of installing solar on its assets both reduces occupier costs and increases asset value. The Company focus on EPC improvements allows it to stay ahead of MEES regulations as well as make its assets more attractive to future tenants and support corporate level targets around emissions.

Our guiding philosophy however is that it is better to buy a poor performing building and improve it over time than to shun poor performing buildings which offer significant opportunities for value creation due to improvements in ESG credentials. The Company's EPRA sBPR score remain gold, and our MSCI ESG rating was an "A". We are working through GRESB scoring changes in terms of standing assets, which has fallen from three stars to two, despite improved performance, and we will continue to work with GRESB to help them better reflect the Company's underlying performance which has remained strong, with increased data coverage, reduced CO_2 emissions per sq ft of the portfolio, improved EPCs and increased PV capacity.

EPC across the portfolio	Sept 2024	March 2024	Sept 2023
A	14%	15%	14%
B	46%	45%	41%
C	31%	30%	32%
D	9%	10%	13%
E	0%	0%	0%
F	0%	0%	0%
Total	**100%**	**100%**	**100%**

Based on percentage of the portfolio by floor area

In June the Company published its ESG targets and will execute against them and report on progress in the coming months. In September we also saw the Building Sector methodology published by the SBTi; we look forward to submitting the Company's SBTi aligned scope 3 reduction target in the coming months.

OUTLOOK

Urban Logistics is focused on controlling the controllable: implementing the asset recycling programme, managing debt, rebalancing the portfolio towards Asset Management opportunities and above all else achieving the reversionary potential in the existing portfolio. The portfolio under management today is capable of delivering significantly higher rental income in the short term through leasing up of vacant assets, while ongoing rental growth in the Company's sector supports longer term value enhancement. Costs, including interest costs, are largely fixed, meaning this rental growth supports higher ongoing earnings, and is at the core of the Company's drive for full dividend cover, and in time, dividend growth.

THE INVESTMENT ADVISER
6 November 2024

FINANCIAL REVIEW

Financial Review

IFRS profit

	30 Sep 2024 (unaudited) £'000	30 Sep 2023 (unaudited) £'000	31 Mar 2024 (audited) £'000
Revenue	**30,636**	29,731	59,951
Property operating costs	**(1,641)**	(1,218)	(2,511)
Net rental income	**28,995**	28,513	57,440
Other operating income	**310**	88	147
Administrative and other expenses	**(4,312)**	(4,487)	(9,191)
Net finance expense	**(8,130)**	(7,769)	(15,896)
Adjusted earnings	**16,863**	16,345	32,500
Long-term incentive plan charge	**-**	(11)	(11)
Loss on early extinguishment of debt	**(978)**	-	-
Exceptional items	**-**	(391)	(1,125)
Changes in fair value of investment property	**(3,369)**	940	(5,810)
(Loss)/profit on disposal of investment property	**(166)**	56	55
Changes in fair value of interest rate derivatives	**(2,102)**	(68)	(865)
Profit before taxation	**10,248**	16,871	24,744

Net rental income

Net rental income for the first half of the financial year ending 31 March 2025 totalled £29.0 million (30 September 2023: £28.5 million), an increase of £0.5 million or 1.8% compared to the prior period. Whilst there has been successful asset management during the period, it has taken longer to lease voids than anticipated. This, combined with a number of tenant administrations, has increased the vacancy rate to 8.1% (30 September 2023: 6.8%) which has impacted revenue growth, and has increase property operating costs by £1.4m, driven by increased security costs at vacant sites.

Despite this, the gross to net rental income ratio remains high at 95.2% (30 September 2023: 96.5%), illustrating the strength of our core strategy.

Administrative expenses

A reduced Net Asset Value (NAV), and the new advisory fee structure that came into effect from 12 May 2024, has led to a £0.2 million reduction in administrative expenses when compared to the prior period; these include all operational costs of running the business, and totalled £4.3 million for the first six months of the financial year (30 September 2023: £4.5 million).

Total cost ratio

Total cost ratio is used as a measure of the Company's operational efficiency, it has increased slightly to 18.8% (30 September 2023: 18.5%). Further detail on cost ratios can be found in EPRA supplementary information, note VI. This movement has been largely driven by rising vacant property costs, as shown by the cost ratio excluding vacant property costs falling to 14.9%.

	30 Sep 2024 (unaudited) £'000	30 Sep 2023 (unaudited) £'000	31 Mar 2024 (audited) £'000
Total costs including vacant property costs	**18.8%**	18.5%	18.9%
Total cost excluding vacant property costs	**14.9%**	16.0%	16.2%

Net finance costs

Net finance costs for the period, excluding fair value movement of our interest rate derivatives, totalled £8.1 million (30 September 2023: £7.8 million), an increase of £0.3 million compared to the prior period. The increased costs were primarily driven by the higher gross debt position during the period. At the period end gross debt was £407.2 million, compared with £353.7 million at 30 September 2023.

The weighted average cost of debt for the period was very marginally higher than the previous period at 3.99% (30 September 2023: 3.86%). This rise is driven by small changes in levels of unhedged debt during the period. Interest cover has remained stable at 3.2x (30 September 2023: 3.3x), while the weighted average debt maturity is 5.1 years (30 September 2023: 6.0 years), with the earliest refinance now pushed back to August 2027.

IFRS profit and adjusted earnings

IFRS profit after tax for the period was £10.2 million (30 September 2023: £16.9 million), representing a basic and diluted earnings per share of 2.17 pence (30 September 2023: 3.57 pence), with the change largely driven by portfolio valuation movements and changes in the fair value of interest rate derivatives.

Adjusted earnings for the period were £16.9 million representing an increase of £0.6 million when compared to the prior period (30 September 2023: £16.3 million), resulting in an improvement in adjusted earnings per share to 3.57 pence (30 September 2023: 3.46 pence).

The Directors consider adjusted earnings as a key measure of the Company's underlying operating results, and therefore exclude non-cash and exceptional items. A full reconciliation between IFRS profit and Adjusted earnings can be found in note 8 of the interim financial statements.

Dividend

In relation to the period to 30 September 2024, the Company paid and declared the following interim dividends:

Declared	Amount pence per share	In respect of financial year ended	Paid/ to be paid
19 June 2024	4.35p	31 March 2024	19 July 2024
6 November 2024	3.25p	31 March 2025	13 December 2024

An interim dividend of 3.25 pence per share will be paid on 13 December 2024 to shareholders on the register at the close of business 22 November 2024, and the full amount is a property income distribution ("PID").

IFRS net assets

	30 Sep 2024 (unaudited) £'000	30 Sep 2023 (unaudited) £'000	31 Mar 2024 (audited) £'000
Investment property	**1,140,033**	1,103,609	1,099,547
Bank and other borrowings	**(402,595)**	(348,970)	(348,986)
Cash	**29,260**	30,853	30,274
Other net liabilities	**(20,741)**	(22,373)	(24,380)
EPRA net tangible assets	**745,957**	763,119	756,455
Interest rate derivatives	**2,389**	2,966	2,169
Intangible assets	**16**	26	21
IFRS net assets	**748,362**	766,111	758,645

At 30 September 2024, IFRS net assets attributable to Ordinary Shareholders were £748.4 million (31 March 2024: £758.6 million), representing a basic and diluted net asset value per share of 158.56 pence (31 March 2024: 160.74 pence).

The Company considers EPRA net tangible assets ("NTA") a key measure of overall performance. At 30 September 2024, NTA was £746.0 million (31 March 2024: £756.5 million), representing an EPRA NTA per share of 158.05 pence (31 March 2024: 160.27 pence), a decrease of 1.4%. The reduction in the EPRA NTA primarily relates to the acquisition costs associated with the purchase of new properties in the year.

The Total Accounting Return ("TAR") for the period, which reflects change in EPRA NTA plus dividends paid in the period, was 1.3% (30 September 2023: 2.2%). The average annualised Total Accounting Return since IPO in 2016 has been 10.9%, including dividends paid and declared.

Portfolio valuation

The value of our portfolio at 30 September 2024, which includes land for future development, was £1,140 million, an increase £40.5 million, or 3.7%, over the six month period. This was driven by the acquisition of four assets in the period with a combined purchase price (excluding acquisition costs) of £42.2 million; the Company also disposed of one property with a net book value of £3.8m. The like-for-like property valuation increase was 0.2%. In addition, the Company incurred capital expenditure of £1.0 million, which was largely comprised of refurbishments at vacant assets.

The portfolio delivered a Total Property Return ("TPR") of 2.4% for the six-months to 30 September 2024 (30 September 2023: 2.3%).

Financing

At 30 September 2024, the Company had drawn debt totalling £407.2 million (30 September 2023: £353.7 million).

On 7 August 2024, the Group completed the refinancing of a £151.0 million loan facility. This resulted in the appointment of ING Bank N.V. as a lender, alongside existing lenders Barclays Bank plc and Santander Bank Plc. The new agreement provides a £190.0 million loan facility over a three-year term, with the option to extend for a further two years. Interest is charged at a fixed margin of 1.75% plus SONIA. Interest rate swaps have been entered into to fix SONIA at 2.73% until August 2025, and at 3.23% thereafter until August 2027.

Lender	Maturity Date	Loan Commitment (£m)	Drawn at 30 Sep 2024 (£m)	% Fixed / Hedged at 30 Sep 2024
Barclays, Santander and ING (syndicate of 3 banks)	Aug 2027	190.0	140.0	100.0%
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		**457.2**	**407.2**	**100.0%**

At 30 September 2024, the weighted average cost of debt across all drawn facilities is 4.0% (30 September 2023: 4.1%), of which 100.0% (30 September 2023: 96.9%) is either fixed or hedged to term.

Cash and net debt

The Company's cash balances decreased by £1.0 million to £29.3 million at 30 September 2024, as illustrated in the table below:

	30 Sep 2024 (unaudited) £m	30 Sep 2023 (unaudited) £m	31 Mar 2024 (audited) £m
Cash generated from operations	**20.9**	21.6	46.6
Cash (used in)/generated from investing activities	**(42.7)**	5.2	3.3
Cash generated from/(used in) financing activities	**20.8**	(26.1)	(49.8)
Net (decrease)/increase in cash	**(1.0)**	0.7	0.1
Opening cash balance	**30.3**	30.2	30.2
Closing cash balance	**29.3**	30.9	30.3

At 30 September 2024, the Company's cash balance was £29.3 million, of which £1.4 million is earmarked for committed capex and £6.1 million is restricted in the form of long-term rental deposits. Over the six-month period, debt increased by £53.5 million to £407.2 million, representing a loan to value ("LTV") of 33.2% (30 September 2023: 29.3%).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's assets are made up of UK commercial property. Its principal risks are therefore related to the commercial property market in general and also to the particular circumstances of the individual properties and the tenants within the properties. Taking this into account, the Company's risk appetite policies and procedures, alongside the appropriate controls and financial reporting, are regularly reviewed and updated to ensure they remain in line with regulation, corporate governance and expected industry practice.

The Board has performed a robust assessment of the principal strategic, ESG and operational risks facing the Company as well as assessing identifiable emerging risks. The Board formally reviews its risk matrix twice yearly but is made aware of any risk exposure either as and when it happens or at the regular Board meetings. The Audit Committee, which I chair, reviews the matrix, and oversees the process of assigning operational responsibility for risk mitigation processes to Board Committees or the Investment Adviser.

Urban Logistics utilises a multi-layered defence in terms of risk management. The first line of defence comprises the management team at Logistics Asset Management LLP (the "Investment Adviser"), who take ownership of the risk, manage and report against the internal controls to mitigate it, and report to the Board or Board Committees against the agreed risk matrix. The second line of defence is built around oversight and challenge, which is the responsibility of the Board and reported on by the independent Directors who make up the Audit Committee.

In addition to these internal lines of defence, the Board also takes comfort from compliance reports delivered by a number of external professional advisers. These include our external auditors RSM, who provide a report on their audit of the Financial Statements and published accounts, our tax advisers BDO, who provide a report on tax status and REIT compliance, our external AIFM, G10, who report on regulatory compliance, our external Company Secretary, Link Company Matters, who provide a report on compliance with governance requirements and our depository, Indos, who provide a report on cash compliance.

Risks are measured based on probability and potential impact using a scoring matrix. I, as Chair of the Audit Committee review the risk matrix to establish movements in risks, and to identify new risks, before the Audit Committee and Board proposes any changes. The output from the discussion draws out the risks which the Committee and Board deem to be the principal risks facing the Company, the number of which will change from period to period, depending on the perceived severity of the risk. The commentary below discusses the six key risks, and how the Board sees both the potential impact of the risk, as well as actions being taken to mitigate the risk.

Bruce Anderson ACMA FCIOBS
Chair of the Audit Committee

Rank	Risk	Impact	Mitigation
1	Subdued UK macroeconomic environment impacting consumer confidence & tenant business plans, heightening default risk.	Impact on financial performance	In individual tenant failure scenario, asset quality and location mitigates risk as assets are able to be relet quickly. In the case of a sector specific downturn scenario the Company has a diverse tenant base and is not over exposed to any one tenant. In a systemic failure scenario the Company maintains a low LTV and high fixed debt proportion, allowing headroom in the case of significant numbers of tenant failures".
2	Inability to raise new money to develop the business.	Impact on ability to execute against pipeline and grow the business	LTV levels are currently below the maximum allowed for the REIT, giving headroom for further debt is needed or deemed desirable. We are able to stop all new development and new acquisitions, but could continue asset management within the existing portfolio to enable growth. We regularly review alternate methods of growing the business, included M&A and structures with private capital.
3	Increased costs as a result of vacant properties.	Impact on costs and reduced income	Where properties are acquired with vacant possession, rent guarantees have been negotiated where possible. Active marketing carried out on vacant sites by experienced asset managers and agents.
4	Failure to attract and retain talent in the LLP, including key personnel.	Impact on our ability to effectively manage the fund without the services	New investment advisory contract has been awarded, and Pacific Investments has been bought out of the adviser,

		of key personnel who are contracted to the advisor. Impact on our Adviser's ability to grow the team in line with the REIT.	meaning the day to day management team have full ownership of the Adviser. The Adviser has added additional staff in depth within the Company. Staff members are supported in the pursuit of professional qualifications. Regular informal feedback & annual reviews to focus on long-term career goals. Market aligned compensation and benefits packages. Staff satisfaction surveys conducted periodically.
5	Cyber security attack.	Risk of loss of Company funds or data following an attack.	The Adviser undergoes mandatory cyber security training on an annual basis. Phishing security tests are performed by Sereno IT. Any employees failing these random tests are required to undertake further training. Firewall in place as a defence against cyber attacks.
6	Risk of elevated interest rates affecting financial performance and banking covenants	Impact on financial returns.	Mitigated by use of long term debt and hedging of interest rates. Interest cover is monitored by the Board on a quarterly basis

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 2024 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
6 November 2024

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 2024 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 2024 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

6 November 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months to 30 September 2024 (unaudited) £'000**	Six months to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Revenue	5	**30,636**	29,731	59,951
Property operating expenses		**(1,641)**	(1,218)	(2,511)
Net rental income		**28,995**	28,513	57,440
Administrative and other expenses		**(4,312)**	(4,487)	(9,191)
Other operating income		**310**	88	147
Long-term incentive plan charge		**-**	(11)	(11)
Operating profit before changes in fair value of investment properties		**24,993**	24,103	48,385
Changes in fair value of investment property	6, 10	**(3,369)**	940	(5,810)
(Loss)/profit on disposal of investment property		**(166)**	56	55
Exceptional items		**-**	(391)	(1,125)
Operating profit		**21,458**	24,708	41,505
Finance income		**292**	71	243
Finance expense	7	**(8,422)**	(7,840)	(16,139)
Loss on early extinguishment of debt	7	**(978)**	-	-
Changes in fair value of interest rate derivatives		**(2,102)**	(68)	(865)
Profit before taxation		**10,248**	16,871	24,744
Tax charge for the period		**-**	-	-
Profit and total comprehensive income (attributable to the shareholders)		**10,248**	16,871	24,744
Earnings per share – basic	8	**2.17p**	3.57p	5.24p
Earnings per share – diluted	8	**2.17p**	3.57p	5.24p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 September 2024 (unaudited) £'000**	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Non-current assets				
Investment property	10	**1,142,216**	1,113,149	1,105,587
Intangible assets		**16**	26	21
Interest rate derivatives	12	**562**	876	1,436
Total non-current assets		**1,142,794**	1,114,051	1,107,044
Current assets				
Assets held for sale	10	**7,575**	-	3,770
Trade and other receivables		**7,946**	8,956	6,121
Interest rate derivatives	12	**1,827**	2,090	733
Cash and cash equivalents		**29,260**	30,853	30,274
Total current assets		**46,608**	41,899	40,898
Total assets		**1,189,402**	1,155,950	1,147,942
Current liabilities				
Trade and other payables		**(8,497)**	(12,393)	(11,300)
Deferred rental income		**(13,820)**	(12,688)	(13,198)
Total current liabilities		**(22,317)**	(25,081)	(24,498)
Non-current liabilities				
Long-term rental deposits		**(6,109)**	(5,989)	(6,049)
Lease liability	11	**(10,019)**	(9,799)	(9,764)
Bank borrowings	11	**(402,595)**	(348,970)	(348,986)
Total non-current liabilities		**(418,723)**	(364,758)	(364,799)
Total liabilities		**(441,040)**	(389,839)	(389,297)
Total net assets		**748,362**	766,111	758,645
Equity				
Share capital	14	**4,720**	4,720	4,720
Share premium		**438,418**	438,418	438,418
Capital reduction reserve		**228,760**	228,760	228,760
Retained earnings		**76,464**	94,213	86,747
Total equity		**748,362**	766,111	758,645
Net asset value per share – basic	16	**158.56p**	162.32p	160.74p
Net asset value per share – diluted	16	**158.56p**	162.32p	160.74p

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	**Six months to 30 September 2024 (unaudited) £'000**	Six months to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Cash flows from operating activities				
Profit for the period (attributable to equity shareholders)		**10,248**	16,871	24,744
Add: amortisation and depreciation		**56**	55	113
Add/(less): changes in fair value of investment property	6, 10	**3,369**	(940)	5,810
Add: changes in fair value of interest rate derivatives		**2,102**	68	865
Add/(less): loss/(profit) on disposal of investment property		**166**	(56)	(55)
Add: finance expense	7	**8,422**	7,840	16,139
Add: loss on extinguishment of debt		**978**	-	-
Long-term investment plan charge		**-**	11	11
Movement in trade and other financial liabilities		**(2,604)**	(1,945)	(1,065)
Movement in trade and other financial assets		**(1,842)**	(263)	25
Cash generated from operations		**20,895**	21,641	46,587
Net cash flow generated from operating activities		**20,895**	21,641	46,587
Investing activities				
Purchase of investment properties		**(45,088)**	-	-
Capital expenditure on investment properties	10	**(1,185)**	(9,397)	(11,230)
Disposal of investment properties		**3,604**	14,556	14,555
Net cash flow (used in)/generated from investing activities		**(42,669)**	5,159	3,325
Financing activities				
Bank borrowings drawn	11	**53,500**	57,250	69,203
Bank borrowings repaid		**-**	(54,500)	(66,453)
Loan arrangement fees paid		**(1,926)**	(1,179)	(1,843)
Interest paid		**(8,422)**	(7,056)	(14,537)
Sale of interest rate derivative		**561**	-	-
Purchase of interest rate derivatives		**(2,285)**	-	-
Finance lease payments		**(137)**	(90)	(297)
Dividends paid to equity holders	9	**(20,531)**	(20,531)	(35,870)
Net cash flow generated from/(used in) financing activities		**20,760**	(26,106)	(49,797)
Net (decrease)/ increase in cash and cash equivalents for the period		**(1,014)**	694	115
Cash and cash equivalents at start of period		**30,274**	30,159	30,159
Cash and cash equivalents at end of period		**29,260**	30,853	30,274

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2024 (unaudited)	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2024	**4,720**	**438,418**	**228,760**	**-**	86,747	758,645
Profit for the period	-	-	-	**-**	**10,248**	**10,248**
Total comprehensive income	-	-	-	**-**	**10,248**	**10,248**
Transactions with shareholders in their capacity as owners						
Dividends to shareholders	-	-	-	**-**	**(20,531)**	**(20,531)**
30 September 2024	4,720	438,418	228,760	**-**	**76,464**	**748,362**
Six months ended 30 September 2023 (unaudited)						
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
Year ended 31 March 2024 (audited)						
1 April 2023	4,720	438,418	228,760	120	97,742	769,760
Profit for the year	-	-	-	-	24,744	24,744
Total comprehensive income	-	-	-	-	24,744	24,744
Transactions with shareholders in their capacity as owners						
Dividends to shareholders	-	-	-	-	(35,870)	(35,870)
Long-term incentive plan	-	-	-	11	-	11
Transfer between reserves	-	-	-	(131)	131	-
31 March 2024	4,720	438,418	228,760	-	86,747	758,645

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 Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL.

These condensed interim financial statements were approved for issue on 6 November 2024.

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 2024 were approved by the board of directors on 19 June 2024 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 2024 have been reviewed, not audited.

2. BASIS OF PREPARATION

This condensed interim financial report for the half-year ended 30 September 2024 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 2024, 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 10 to the interim 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 10.

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 2024.

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.

Amendments to existing debt facilities will be treated as a modification of existing debt or, where the changes in debt terms are considered substantial, as an extinguishment of the existing debt and issuance of new debt, in accordance with IFRS 9.

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.

On extinguishment, any remaining arrangement fees will be released to the statement of comprehensive income and recognised as a loss on extinguishment of debt.

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 transaction 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 changes in fair value are recognised in the Statement of Comprehensive Income in the period in which they arise.

In accordance with IAS 40, investment property held as a leasehold is stated gross of the recognised lease liability. Leasehold properties are classified as investment properties and included in the balance sheet at fair value. The obligation to the lessor for the leasehold is included in the balance sheet at the present value of minimum lease payments.

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. An investment property will be classified as held for sale, in line with IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, if its carrying value is expected to be recovered through a sale transaction rather than through continuing use.

An investment property will be classified in this way when a sale is highly probable, management are committed to selling the asset at the year-end date, the asset is available for immediate sale in its current condition and the asset is expected to be disposed of within twelve months after the date of the Consolidated Statement of Financial Position.

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 and equity 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 of interest rate 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.

LONG TERM RENT DEPOSITS

Long-term rent deposits are held by the Group in separate designated bank accounts where the use of the monies is restricted and defined in the lease agreements, however the access to these monies by the Group is not restricted. Rent deposits are typically held for the term of the lease, and recognised as a separate liability on the Statement of Financial Position. The rent deposit is classified as non-current until there is less than twelve months remaining on the lease, when the balance is then recognised as a current liability.

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.

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 include fixed payments. 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, it is initially recognised in accordance with IFRS 16, and then subsequently accounted for as if it was an investment property in accordance with the Group’s accounting policy.

ROU assets are included in investment properties and the lease liability included in the Statement of Financial Position.

TAXATION

Taxation on the profit or loss for the period that is 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.

STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

In the current year, the following amendments have been adopted which were effective for the periods commencing on or after 1 January 2023:

- Amendments to IAS 1: Non-current liabilities with covenants, and classification of liabilities as current or non-current,
- Amendments to IFRS 16 Lease liability in a sale and leaseback;
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements;

As a result to the adoption of the amendments to IAS 1, the Group changes its accounting policy for the classification of borrowings: ‘Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.’ This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make any retrospective adjustments as a result of adopting the amendments to IAS 1.

STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these Financial Statements there were standards and amendments which were in issue but not yet effective and which have not been applied.
The principal ones were:
• Amendments to IAS 21: Accounting where there is a lack of exchangeability (effective 1 January 2025); and
• IFRS 18: Presentation and Disclosure in Financial Statements (effective 1 January 2027 - subject to endorsement by the UKEB).

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

5. 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 2024 (unaudited) £’000	30 September 2023 (unaudited) £’000	31 March 2024 (audited) £’000
Rental income	**30,318**	29,292	59,263
Service charge income	**191**	197	347
Licence fee	**127**	242	341
Total revenue	**30,636**	29,731	59,951

6. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTY

	30 September 2024 (unaudited) £’000	30 September 2023 (unaudited) £’000	31 March 2024 (audited) £’000
Revaluation (deficit)/surplus	**(3,369)**	886	(5,841)
Movement in expected profit share	**-**	54	31
Total changes in fair value of investment property	**(3,369)**	940	(5,810)

7. FINANCE EXPENSE

	30 September 2024 (unaudited) £'000	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Interest paid on bank borrowings	**8,945**	8,624	17,153
Swap interest received	**(1,218)**	(1,568)	(2,616)
Loan arrangement fee amortisation	**540**	625	1,328
Interest on lease liabilities	**155**	159	274
Total	**8,422**	7,840	16,139

Loss on early extinguishment of debt

The refinancing of the £151.0 million loan facility has been treated as an extinguishment in accordance with IFRS 9. Costs associated with the original facility were net against the borrowings on the balance sheet and amortised over the life of the original facility. The £978k 'Loss on early extinguishment of debt' recognised in the statement of comprehensive income is made up of the costs left to be released and the loss on disposal of the interest rate SWAP that happened as part of the extinguishment.

8. 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 2024 (unaudited) £'000	Six months to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Profit attributable to Ordinary Shareholders			
Total comprehensive income	**10,248**	16,871	24,744
Weighted average number of Ordinary Shares in issue	**471,975,411**	471,975,411	471,975,411
Basic earnings per share	**2.17p**	3.57p	5.24p
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	**2.17p**	3.57p	5.24p
Adjustments to remove:			
Changes in fair value of investment property	**3,369**	(940)	5,810
Changes in fair value of interest rate derivatives	**2,102**	68	865
Loss on extinguishment of debt	**978**	-	-
Loss/(profit) on disposal of investment property	**166**	(56)	(55)
EPRA earnings	**16,863**	15,943	31,364
EPRA earnings per share	**3.57p**	3.38p	6.65p
Adjustments to add back:			
LTIP charge	**-**	11	11
Exceptional items	**-**	391	1,125
Adjusted earnings	**16,863**	16,345	32,500
Adjusted earnings per share	**3.57p**	3.46p	6.89p

9. DIVIDENDS

	30 September 2024 (unaudited) £'000	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Ordinary dividends paid			
2023: Second interim dividend: 4.35p per share	-	20,531	20,531
2024: First interim dividend: 3.25p per share	-	-	15,339
2024: Second interim dividend: 4.35p per share	20,531	-	-
Total dividends paid in the period	20,531	20,531	35,870
Total dividends paid in the period	**4.35p**	4.35p	7.60p

10. 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 JLL and has been prepared as at 30 September 2024, 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 2024	1,092,862	6,685	**1,099,547**
Property acquisitions	45,088	-	45,088
Capital expenditure	1,184	1	1,185
Property disposal	(3,770)	-	(3,770)
Movement in tenant lease incentives	1,352	-	1,352
Revaluation (deficit)/surplus	(3,578)	209	(3,369)
Investment property valuation at 30 September 2024	**1,133,138**	**6,895**	**1,140,033**
Transfer of asset held for sale	(7,575)	-	(7,575)
Add: right-of-use asset	9,758	-	9,758
Carrying value at 30 September 2024	**1,135,321**	**6,895**	**1,142,216**

At 30 September 2024, the development properties category represented land plots, there are no active developments.

Assets held for sale

	30 September 2024 (unaudited)	30 September 2023 (unaudited)	31 March 2024 (audited)
Assets held for sale	**7,575**	**-**	**3,770**

Assets held for sale represent one investment property that was under offer at the period end. The asset has been classified as held for sale due to meeting the criteria detailed in the Group's accounting policy, which can be found under 'Investment properties' within note 4. On 1 November 2024, the Company unconditionally exchanged on the disposal of the asset. See note 17: Post balance sheet events.

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 values based on recent market transactions.

For investment properties under development, properties are valued using a residual values 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 tables below illustrate the impact of changes in key unobservable inputs, in isolation, on the fair value of the Group's portfolio:

30 September 2024:		ERV (pa)			Equivalent yield		
	Fair Value	Min	Max	Average	Min	Max	Average
	£'000	£	£	£	%	%	%
Completed investment property	1,133,138	50,463	3,604,200	589,091	4.9%	9.7%	6.4%
Development property	6,895	n/a	n/a	n/a	n/a	n/a	n/a
Total	**1,140,033**						

		ERV (pa)			Equivalent yield		
Asset size	**Fair Value**	**Min**	**Max**	**Average**	**Min**	**Max**	**Average**
(Sq ft)	**£'000**	**£**	**£**	**£**	**%**	**%**	**%**
0 - 50,000	211,832	5.00	16.75	9.27	5.5%	9.7%	6.4%
50,001 - 100,000	308,095	4.00	25.00	8.70	4.9%	9.1%	6.2%
100,001 - 150,000	319,046	4.25	12.76	7.39	5.5%	9.7%	6.5%
150,001+	278,420	3.50	15.75	6.98	5.7%	7.6%	6.4%
Developments	6,895	n/a	n/a	n/a	n/a	n/a	n/a
Other	15,745	8.50	8.50	19.90	5.4%	6.0%	5.7%
Total	**1,140,033**						

		ERV per sq ft			Equivalent yield		
	Fair Value	**Min**	**Max**	**Average**	**Min**	**Max**	**Average**
Region	**£'000**	**£**	**£**	**£**	**%**	**%**	**%**
Midlands	411,905	4.25	12.79	7.13	5.4%	8.3%	6.4%
South East	320,038	6.75	25.00	12.20	4.9%	8.0%	5.8%
South West	66,610	4.50	14.24	8.26	6.0%	8.2%	6.6%
North East	117,835	3.50	11.00	5.94	5.8%	7.4%	6.6%
North West	151,160	4.63	12.50	7.56	5.5%	8.5%	6.4%
Scotland	63,520	5.00	12.09	7.30	6.7%	9.7%	7.8%
Wales	2,070	8.25	8.25	8.25	6.7%	6.7%	6.7%
Developments	6,895	n/a	n/a	n/a	n/a	n/a	n/a
Total	**1,140,033**						

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.

Asset size	Fair Value at 30 September 2024	ERV	Impact on valuations + 5% ERV	Impact on valuations - 5% ERV	Impact on valuations -25bps EY	Impact on valuations +25bps EY
(Sq ft)	£'000	£'000	£'000	£'000	£'000	£'000
0 - 50,000	211,832	14,882	10,592	(10,592)	8,360	(7,749)
50,001 - 100,000	308,095	21,242	15,405	(15,405)	12,400	(11,476)
100,001 - 150,000	319,046	23,233	15,952	(15,952)	12,131	(11,274)
150,001+	278,420	19,847	13,921	(13,921)	10,824	(10,043)
Developments	6,895	n/a	n/a	n/a	n/a	n/a
Other	15,745	913	787	(787)	760	(693)
Total	**1,140,033**	**80,116**	**56,657**	**(56,657)**	**44,475**	**(41,235)**

Region	Fair Value at 30 September 2024	ERV	Impact on valuations + 5% ERV	Impact on valuations - 5% ERV	Impact on valuations -25bps EY	Impact on valuations +25bps EY
	£'000	£'000	£'000	£'000	£'000	£'000
Midlands	411,905	29,630	20,595	(20,595)	15,863	(14,728)
South East	320,038	20,536	16,002	(16,002)	13,881	(12,773)
South West	66,610	4,832	3,331	(3,331)	2,543	(2,363)
North East	117,835	8,565	5,892	(5,892)	4,489	(4,171)
North West	151,160	10,754	7,558	(7,558)	5,888	(5,463)
Scotland	63,520	5,672	3,176	(3,176)	1,956	(1,842)
Wales	2,070	127	104	(104)	94	(86)
Developments	6,895	-	n/a	n/a	n/a	n/a
Total	**1,140,033**	**80,116**	**56,657**	**(56,657)**	**44,715**	**(41,427)**

31 March 2024:	Fair Value	ERV (pa) Min	ERV (pa) Max	ERV (pa) Average	Equivalent yield Min	Equivalent yield Max	Equivalent yield Average
	£'000	£	£	£	%	%	%
Completed investment property	1,092,862	66,984	3,441,936	588,745	5.3%	12.5%	6.3%
Development property	6,685	30,000	30,000	30,000	4.0%	6.4%	5.2%
Total	**1,099,547**						

Asset size	Fair Value	ERV (pa) Min	ERV (pa) Max	ERV (pa) Average	Equivalent yield Min	Equivalent yield Max	Equivalent yield Average
(Sq ft)	£'000	£	£	£	%	%	%
0 - 50,000	214,380	4.99	15.32	8.64	5.5%	12.5%	6.0%
50,001 - 100,000	313,791	4.50	14.82	7.54	5.3%	9.2%	6.0%
100,001 - 150,000	277,095	0.88	10.92	5.93	5.5%	9.1%	6.5%
150,001+	252,126	3.38	23.27	8.18	5.5%	7.3%	6.0%
Developments	6,685	n/a	n/a	n/a	n/a	n/a	n/a
Other	35,470	7.61	15.92	10.08	5.5%	6.0%	5.7%
Total	**1,099,547**						

Region	Fair Value £'000	ERV per sq ft Min £	ERV per sq ft Max £	ERV per sq ft Average £	Equivalent yield Min %	Equivalent yield Max %	Equivalent yield Average %
Midlands	400,015	5.25	23.27	8.08	5.5%	9.0%	6.1%
South East	319,086	6.00	15.34	10.51	5.3%	6.5%	5.6%
South West	66,445	4.50	15.92	7.39	5.5%	7.1%	6.1%
North East	114,323	0.88	11.00	3.98	5.5%	7.5%	6.3%
North West	127,930	4.99	11.83	7.31	5.5%	6.8%	6.1%
Scotland	63,208	5.25	11.51	6.86	6.5%	12.5%	7.8%
Wales	1,855	8.25	8.25	8.25	7.0%	7.0%	7.0%
Developments	6,685	n/a	n/a	n/a	4.0%	6.4%	5.2%
Total	**1,099,547**						

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.

Asset size (Sq ft)	Fair Value at 31 March 2024 £'000	ERV £'000	Impact on valuations + 5% ERV £'000	Impact on valuations - 5% ERV £'000	Impact on valuations -25bps EY £'000	Impact on valuations +25bps EY £'000
0 - 50,000	214,380	13,847	10,719	(10,719)	9,235	(8,502)
50,001 - 100,000	313,791	20,359	15,690	(15,690)	13,455	(12,392)
100,001 - 150,000	277,095	19,920	13,855	(13,855)	10,678	(9,914)
150,001+	252,126	17,458	12,606	(12,606)	10,102	(9,353)
Developments	6,685	30	334	(334)	9,797	(2,492)
Other	35,470	3,157	1,774	(1,774)	1,096	(1,032)
Total	**1,099,547**	**74,771**	**54,978**	**(54,978)**	**54,363**	**(43,685)**

Region	Fair Value at 31 March 2024 £'000	ERV £'000	Impact on valuations + 5% ERV £'000	Impact on valuations - 5% ERV £'000	Impact on valuations -25bps EY £'000	Impact on valuations +25bps EY £'000
Midlands	400,015	27,793	20,001	(20,001)	15,971	(14,790)
South East	319,086	20,226	15,954	(15,954)	14,018	(12,886)
South West	66,445	4,438	3,322	(3,322)	2,764	(2,552)
North East	114,323	7,797	5,716	(5,716)	4,653	(4,303)
North West	127,930	8,738	6,397	(6,397)	5,199	(4,809)
Scotland	63,208	5,622	3,160	(3,160)	1,954	(1,840)
Wales	1,855	127	93	(93)	75	(70)
Developments	6,685	30	334	(334)	9,797	(2,492)
Total	**1,099,547**	**74,771**	**54,977**	**(54,977)**	**54,431**	**(43,742)**

11. 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 2024	353,714	10,043	363,757
Bank borrowings drawn in period	53,500	-	53,500
Rental payments	-	(137)	(137)
Non-cash movements:			
Interest on lease liability	-	113	113
Total	407,214	10,019	417,233
Less: unamortised loan arrangement fees	(4,619)	-	(4,619)
	402,595	**10,019**	**412,614**

On 7 August 2024, the Group completed the refinancing of a £151.0 million loan facility. This resulted in the appointment of ING Bank N.V. as a lender, alongside existing lenders Barclays Bank plc and Santander Bank Plc. The new agreement provides a £190.0 million loan facility over a three-year term, with the option to extend for a further two years. Interest is charged at a fixed margin of 1.75% plus SONIA. This facility includes, inter alia, margin rate improvement available on achieving environmental targets across the assets charged.

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

12. 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 2024 (unaudited) £'000	Six months to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Interest rate swaps:			
At beginning of period	2,169	3,034	3,034
Acquisition of interest rate derivative	2,285	-	-
Disposal of interest rate derivative	(561)	-	-
Reclassification of interest rate derivative premium	598	-	-
Change in fair value in the period	(2,102)	(68)	(865)
Total	**2,389**	2,966	2,169
Current derivative interest rate swaps	1,827	2,090	733
Non-current derivative interest rate swaps	562	876	1,436
Total	**2,389**	2,966	2,169

13. 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 2024 (unaudited) £'000	Fair value 30 September 2024 (unaudited) £'000	Book value 31 March 2024 (audited) £'000	Fair value 31 March 2024 (audited) £'000
Financial assets				
Trade and other receivables	4,109	4,109	3,239	3,239
Cash and short-term deposits	29,260	29,260	30,274	30,274
Interest rate derivatives	2,389	2,389	2,169	2,169
Financial liabilities				
Trade and other payables	(8,497)	(8,497)	(9,180)	(9,180)
Bank loans	(407,214)	(382,718)	(353,714)	(339,123)
Lease liabilities	(10,030)	(10,030)	(10,043)	(10,043)
Rent deposits	(6,109)	(6,109)	(6,049)	(6,049)

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.

14. SHARE CAPITAL

	30 September 2024 (unaudited) Number	30 September 2024 (unaudited) £'000
Issued and fully paid up at 1p each		
At beginning of period	471,975,411	4,720
At 30 September 2024	**471,975,411**	**4,720**

	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

	31 March 2024 (audited) Number	31 March 2024 (audited) £'000
Issued and fully paid up at 1p each		
At beginning of period	471,975,411	4,720
At 31 March 2024	471,975,411	4,720

15. RELATED PARTY TRANSACTIONS

During the interim period, the amount paid for services provided by Logistics Asset Management LLP (the current Investment Adviser) or PCP2 Limited (the former AIFM) totalled £3,197,454 (30 September 2023: £3,408,445).

M1 AGENCY LLP

During the interim period, the Group incurred fees totalling £380,469 (30 September 2023: £266,554) from M1 Agency LLP, a partnership in which Richard Moffitt is a member. These fees were incurred in relation to the acquisitions & lettings of investment properties. £99,600 was due to M1 Agency LLP at 30 September 2024.

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 the fee payable to M1 Agency LLP, and ensures the fees are in line with market rates and on standard commercial property terms.

16. 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 2024 (unaudited)	30 September 2023 (unaudited)	31 March 2024 (audited)
Net assets per Condensed Consolidated Statement of Financial Position (£'000)	**748,362**	766,111	758,645
Adjustments for:			
Fair value of interest rate derivatives (£'000)	**(2,389)**	(2,966)	(2,169)
Intangible assets (£'000)	**(16)**	(26)	(21)
EPRA net tangible assets (£'000)	**745,957**	763,119	756,455
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)	**158.56p**	162.32p	160.74p
EPRA NTA per share	**158.05p**	161.69p	160.27p

17. POST BALANCE SHEET EVENTS

On 16 October 2024, the Company acquired a 19,317 sq ft property in Dunstable for consideration of £3.6 million, at a 7.11% NIY.

On 1 November 2024, the Company unconditionally exchanged on the disposal of an asset in Peterborough for £7.7 million, representing an NIY of 4.85%.

On 6 November 2024, the Company declared an interim dividend for the six months to 30 September 2024 of 3.25 pence per Ordinary Share. The dividend will be paid as a property income distribution on 13 December 2024 to shareholders on the register on 22 November 2024.

SUPPLEMENTARY INFORMATION

I. EPRA PERFORMANCE MEASURES SUMMARY

	Six months to 30 September 2024 (unaudited) £'000	Six months to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
EPRA EPS (diluted)	**3.57p**	3.38p	6.65p
EPRA net tangible asset value	**158.05p**	161.69p	160.27p
EPRA net reinstatement value	**174.24p**	177.36p	175.89p
EPRA net disposal value	**158.56p**	162.32p	160.74p
EPRA net initial yield	**5.1%**	4.9%	5.0%
EPRA "topped up" net initial yield	**5.2%**	5.0%	5.1%
EPRA vacancy rate	**8.1%**	6.8%	5.8%
EPRA cost ratio (including vacant property costs)	**18.8%**	18.5%	18.9%
EPRA cost ratio (excluding vacant property costs)	**14.9%**	16.0%	16.2%
EPRA LTV	**34.1%**	30.3%	30.4%

II. INCOME STATEMENT

	Six months to 30 September 2024 (unaudited) £'000	Six months to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Gross rental income	**30,636**	29,731	59,951
Property operating costs	**(1,641)**	(1,218)	(2,511)
Net rental income	**28,995**	28,513	57,440
Administrative expenses	**(4,312)**	(4,487)	(9,191)
Other operating income	**310**	88	147
Long-term incentive plan charge	**-**	(11)	(11)
Operating profit before interest and tax	**24,993**	24,103	48,385
Finance income	**292**	71	243
Finance expense	**(8,422)**	(7,840)	(16,139)
Exceptional items	**-**	(391)	(1,125)
Adjusted earnings before tax	**16,863**	15,943	31,364
Tax on EPRA earnings	**-**	-	-
EPRA earnings	**16,863**	15,943	31,364
Weighted average number of Ordinary Shares	471,975,411	471,975,411	471,975,411
EPRA earnings per share	**3.57p**	3.38p	6.65p

III. BALANCE SHEET

	30 September 2024 (unaudited) £'000	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Investment properties	**1,142,216**	1,113,149	1,105,587
Other net assets	**8,741**	1,932	2,044
Net borrowings	**(402,595)**	(348,970)	(348,986)
Total shareholders' equity	**748,362**	766,111	758,645
Adjustments to calculate EPRA NTA:			
Fair value of interest rate derivatives	**(2,389)**	(2,966)	(2,169)
Intangible assets	**(16)**	(26)	(21)
EPRA net tangible assets	**745,957**	763,119	756,455
Ordinary Shares in issue at year end (basic and diluted)	471,975,411	471,975,411	471,975,411
EPRA NTA per share	**158.05p**	161.69p	160.27p

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 2024	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS equity attributable to shareholders	**748,362**	**748,362**	**748,362**
Fair value of interest rate derivatives	**(2,389)**	**(2,389)**	**-**
Intangible assets	**(16)**	**-**	**-**
Real estate transfer tax	**-**	**76,382**	**-**
EPRA net asset value	**745,957**	**822,355**	**748,362**
Diluted shares (number)	471,975,411	471,975,411	471,975,411
EPRA net asset value per share	**158.05p**	**174.24p**	**158.56p**

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

31 March 2024	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS equity attributable to shareholders	758,645	758,645	758,645
Fair value of interest rate derivatives	(2,169)	(2,169)	-
Intangible assets	(21)	-	-
Real estate transfer tax	-	73,670	-
EPRA net asset value	756,455	830,146	758,645
Diluted shares (number)	471,975,411	471,975,411	471,975,411
EPRA net asset value per share	160.27p	175.89p	160.74p

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

	30 September 2024 (unaudited) £'000	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Total properties per Financial Statements	**1,142,216**	1,113,149	1,105,587
Add assets held for sale	**7,575**	-	-
Less head lease right-of-use asset	**(9,758)**	(9,540)	(9,810)
Less development properties	**(6,895)**	(6,796)	(6,685)
Completed property portfolio	**1,133,138**	1,096,813	1,089,092
Add notional purchasers' costs	**75,920**	73,486	72,969
Gross up completed property portfolio valuation (A)	**1,209,058**	1,170,299	1,162,061
Annualised passing rent	**62,996**	58,767	60,574
Less irrecoverable property outgoings	**(1,349)**	(1,760)	(2,023)
Annualised net rents (B)	**61,647**	57,007	58,551
Contractual rental increases for rent-free period	**659**	1,366	744
"Topped up" annualised net rent (C)	**62,306**	58,372	59,295
EPRA net initial yield (B/A)	**5.1%**	4.9%	5.0%
EPRA "topped up" net initial yield (C/A)	**5.2%**	5.0%	5.1%

V. EPRA VACANCY RATE

	30 September 2024 (unaudited) £'000	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Annualised potential rental value of vacant properties	**6,476**	5,013	4,364
Annualised potential rental value for the completed property portfolio	**80,116**	73,782	74,770
EPRA vacancy rate	**8.1%**	6.8%	5.8%

VI. TOTAL COST RATIO/EPRA COST RATIO

Total cost ratio	**Six months to 30 September 2024 (unaudited) £'000**	Six months to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Costs			
Property operating expenses[1]	**1,641**	1,218	2,511
Administrative expenses	**4,312**	4,487	9,191
Less: service charge income	**(191)**	(197)	(347)
Less: ground rents	**(51)**	(50)	(104)
Total costs including vacant property costs (A)	**5,711**	5,458	11,251
Group vacant property costs	**(1,195)**	(748)	(1,623)
Total costs excluding vacant property costs (B)	**4,516**	4,710	9,628
Gross rental income			
Gross rental income	**30,636**	29,731	59,951
Less: ground rents paid	**(51)**	(50)	(104)
Less: service charge income	**(191)**	(197)	(347)
Total gross rental income (C)	**30,394**	29,484	59,500
Total cost including vacant property costs (A/C)	**18.8%**	18.5%	18.9%
Total cost excluding vacant property costs (B/C)	**14.9%**	16.0%	16.2%
EPRA cost ratio			
Total costs (A)	**5,711**	5,458	11,251
EPRA total costs including vacant property costs (D)	**5,711**	5,458	11,251
Vacant property costs	**(1,195)**	(748)	(1,623)
EPRA total costs excluding vacant property costs (E)	**4,516**	4,710	9,628
EPRA cost ratio (including vacant property costs (D/C)	**18.8%**	18.5%	18.9%
EPRA cost ratio (excluding vacant property costs (E/C)	**14.9%**	16.0%	16.2%

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

VII. EPRA LTV

	30 September 2024 (unaudited) £'000	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Gross drawn debt	**407,214**	353,714	353,714
Net payables	**13,733**	14,663	13,713
Cash and cash equivalents	**(29,260)**	(30,853)	(30,274)
Net debt (A)	**391,687**	337,524	**337,153**
Investment property (excluding ROU asset)	**1,140,034**	1,103,609	1,099,547
Head lease ROU asset	**9,758**	9,540	9,810
Intangible assets	**16**	26	21
Total property value (B)	**1,149,808**	1,113,175	1,109,378
EPRA LTV (A/B)	**34.1%**	30.3%	30.4%

VIII. EPRA capital expenditure analysis

	Six months to 30 September 2024 (unaudited) £'000	Six months to 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Acquisitions	**45,088**	-	-
Development	**-**	4,317	4,359
Capital expenditure			
- no incremental lettable space	**1,185**	5,080	6,871
Total	**46,273**	9,397	11,230

IX. EPRA like-for-like net rental income

	Six months to 30 September 2024 (unaudited) £'000	Six months to 30 September 2023 (unaudited) £'000	Change
Like-for-like net rental income	**28,390**	27,584	2.9%
Other	**108**	541	
Like-for-like net rental income (and other)	**28,498**	28,125	1.3%
Development lettings	**289**	83	
Like-for-like net rental income plus developments	**28,787**	28,208	2.0%
Properties acquired	**202**	-	
Properties sold	**6**	305	
Net rental income	**28,995**	28,513	1.7%

X. Total accounting return

	30 September 2024 (unaudited) £'000	30 September 2023 (unaudited) £'000	31 March 2024 (audited) £'000
Opening EPRA NTA	**160.27p**	162.44p	162.44p
Closing EPRA NTA	**158.05p**	161.69p	160.27p
Change in EPRA NTA	**(2.22)p**	(0.75p)	(2.17)p
Dividends paid	**4.35p**	4.35p	7.60p
Total growth in EPRA NTA plus dividends	**2.13p**	3.60p	5.43p
Total return	**1.3%**	2.2%	3.3%

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 LVO DL	Director
Lynda Heywood FCA FCT	Director
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