RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

Significant asset management and a strong occupational market creates a resilient position

Commenting on the results, Richard Moffitt, Manager CEO, said:

“Urban Logistics has the strength, strategy and sector positioning to perform well even in these current turbulent economic conditions. We continue to see consistency in the occupier markets, where the fundamentals of the demand and supply imbalance continue to play out to our advantage, leading to low vacancy rates, demand for space and the opportunity to increase rents.”

“Our portfolio has seen market driven yield erosion, however, our asset management initiatives have largely offset this leading to a reduction in NTA of just 3%. We maintain a low LTV of 22% and a low cost of debt of 3.3%. By sticking to our core strategy of investing in mid box, single let, logistics assets, to financially secure tenants, often with near term asset management opportunities, we have built a portfolio and a business model able to deliver underlying performance whatever the economic weather.”

“As an active asset manager we are not dependant on the property cycle or the vagaries of the capital markets to create value – instead we create value for our shareholders through our strategy of improving covenants, increasing lease lengths and increasing rental rates to improve our portfolio.”

“Therefore, our focus is, and will remain, on those long term drivers of value which are within our control. We are confident that our strategy will deliver.”

HIGHLIGHTS

Strong Financial Performance

- Net rental income of £25.4m +59.3% (Sep 2021: £16.0m)
- High gross to net rental income ratio 96.4% (Sep 2021: 96.0%)
- IFRS profit of £2.4m (Sep 2021: £50.3m)
- Adjusted EPS[1] of 3.38 pence (Sep 2021: 3.46 pence)
- Dividend per share of 3.25 pence (Sep 2021: 3.25 pence)
- 99.6% of H1 rents demanded were collected (Sep 2021: 100%)

Robust Balance Sheet

- EPRA net tangible assets (“NTA”) of 183.1 pence per share, -3% since March 2022, +11% since September 2021, (Mar 2022: 188.8 pence per share, Sep 2021: 164.3 pence per share)
- IFRS net assets of £871m (Sep 2021: £534m)
- Loan to value (“LTV”) of 22.3% (Sep 2021: 16.9%)
- £310m of long term debt with a weighted average maturity of 6.4 years (Sep 2021: £199m with a weighted average maturity of 3.0 years)
- Weighted average debt costs of 3.0% for the period, 97% hedged or fixed (Sep 2021: 2.5%, 69% hedged)
- No refinancing required until August 2025

High quality portfolio with significant asset management potential

- A well-balanced portfolio of 125 mid-box urban logistics assets covering 9.1 million sq ft with a valuation of £1,132m (Sep 2021: 91 assets, 5.8m sq ft, £660m), providing dependable income and asset management opportunities to drive value
- 13 properties acquired during the period for a combined consideration of £112 million (excluding purchaser costs), with NIY ranging from 4.1% to 7.0%; 4.8% on a blended basis
- WAULT of 8.3 years (Sep 2021: 7.9 years)
- 59% like-for-like rental increases across 21 lease events completed during the period
- Portfolio like-for-like (“LFL”) Estimated Rental Values (ERV) up by 5.4% in the period, as occupational market remains strong
- EPRA occupancy rate of 95.0% (Sep 2021: 99.4%)
- 40% of the portfolio with an EPC of A-B (H1 2021: 26%), and 85% A-C (Sep 2021: 80%)

Outlook: Resilient income flows with continued positive occupational market

- The occupational market remains very strong, with low national vacancies of 3% (Savills) driven by underlying supply/demand imbalance resulting in strong rental growth
- c.£60m available to deploy on new acquisitions opportunistically
- Robust balance sheet with no refinancing events until August 2025, and debt 97% hedged
- Significant asset management opportunities within the portfolio providing substantial near-term value drivers
- Strong tenant base focused on essential goods and less likely to be susceptible to broader economic headwinds – including Theo Muller Group, Unipart Group (NHS), XPO Logistics, Giant Booker (Tesco)

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

CHAIRMAN'S STATEMENT

NIGEL RICH CBE, Chairman

OVERVIEW

The expectation of higher interest rates to combat the effects of inflation has led to a significant fall in the value of property companies in all sectors of the market. Investors are presumably concerned that valuation yields will rise, putting pressure on the balance sheets of REITs.

We believe that our portfolio of properties, with its geographic spread across England and Scotland, proximate to cities, towns and motorways, a tenant base of largely logistics companies providing essential goods, and with opportunities for active asset management, is well placed to weather the economic storm. Occupancy sits at 95% and more than 99% of rents demanded were paid in respect of the last period.

Whilst we have used our debt facilities to purchase £112m of assets during the period our net LTV ratio at the end of September was 22%. Our manager felt it would be prudent to maintain an LTV below our stated range of 30-40% because of the economic climate.

RESULTS

Our adjusted earnings, before changes in the fair value of investment properties, increased to £16.0m, compared to £9.9m in the comparable period last year, largely reflecting the new assets acquired since December 2021 following the fundraising. Adjusted EPS at 3.38 pence per share vs 3.46 pence was only marginally lower, despite the share issuance associated with the raise.

IFRS profit after tax for the period was £2.4 million (30 September 2021: £50.3 million). The reduction in earnings was a result of the valuation deficit of £22.2 million (30 September 2021: surplus of £40.6 million).

Asset management has led to a fall in vacancy from 6.9% at the end of March to 5.0% at the end of September, and there have been 21 lease events which have resulted in significant rent increases.

NTA per share at 183.1 pence is down 3% from the end of March, when NTA was 188.8 pence. This reflects an increase in the valuation yield offset to some extent by the value of improvements as a result of active asset management.

DIVIDENDS

A first interim dividend of 3.25 per share will be paid on 16 December 2022 to shareholders of record on 25 November 2022. This is the same rate as last year despite the increase in shares.

It remains our intention to pay a second interim dividend in 2023 of 4.35 pence, also at the same rate as was paid earlier this year.

MANAGEMENT AND BOARD

Our management has navigated changing economic and market conditions with care and vigilance. We have started discussions with the manager about the contractual arrangements with the company bearing in mind the expiry of the existing contract in April 2024. We shall consult with shareholders in due course.

I reported in June that we were progressing the search for a new non-executive director. We have yet to make an appointment but the search is continuing and we would expect to make the appointment in the coming months.

OUTLOOK

We remain confident that our portfolio of properties and the strength of our balance sheet will enable us to withstand the economic headwinds. With our LTV at 22% we have the financial resources to purchase further assets as and when our manager sees value in the opportunities.

Nigel Rich CBE, Chairman

11 November 2022

MANAGER'S REPORT

OVERVIEW

The global economic outlook has changed significantly over the period. Inflation is not proving to be the transitory phenomenon many policy makers and commentators believed it would be post pandemic, and instead it is credible that central banks will be engaged in a multi-year battle to tame it, using the tools at their disposal – tight monetary policy. Interest rate changes have been wielded aggressively causing market volatility and economic uncertainty. As a listed business our share price is not immune to these macro economic conditions, albeit we continue to have measured confidence in Urban Logistics' prospects, not least given the high quality portfolio we have assembled, our strong cash flows from our resilient rental base and the visibility we have over increased rental levels coming through in a significant number of our assets

We have always had a focus on the strength of our tenant covenants, and a preference for tenants supplying essential goods. 94% of our tenants by rental value are rated as low to moderate risk by Dun & Bradstreet, and we have collected close to 100% of rent demanded in H1, which supports our cashflow and dividend. Our balance sheet is robust, with 97% of debt fixed or hedged with an all-in cost of 3.3%, giving us security against rising interest rates. Our rent reviews are overwhelmingly open market and/or CPI linked, meaning we can capture the inflationary uplift in rents quickly. Most importantly, our assets remain in high demand, as shown by our vacancy rate of 5% and our 59% like-for-like rental rate increase across 21 lease events completed in the period.

We approach the macro-economic uncertainty from a position of balance sheet strength and we are able to selectively take advantage of good acquisition opportunities where they present themselves and where our continued access to off market transactions enables us to buy assets at what we consider to be attractive prices. We have completed 13 investment transactions worth £112m in the period, but we have also chosen to keep funds in reserve, at the expense of short term cash drag, to give us the benefit of a cash balance to pick and choose where we see the best value over any protracted period of economic uncertainty.

What has been a constant is our active asset management, which is crucial for driving value in uncertain times. We have completed twelve new lettings over 469,941 sq ft of space, generating additional rental income of £4.0m per annum. At the same time we have settled six rent reviews and three regears, at an average uplift of 29% and 37% respectively, while improving the portion of our portfolio with an EPC of A-B from 27% in March to 38% in September, on a LFL basis. Our deep sector expertise, close relationship with our tenants and focus on the fundamentals allows us to add value to assets throughout the property cycle. This asset management has significantly offset an inevitable unwinding of yields from the highs of March 2022.

THE MARKET

In contrast to the equity markets, the underlying occupational market has shown few signs of weakening in the face of the broader macro economic conditions. The UK is moving from an economy featuring highly flexible globalised supply chains and in person retail, to one with international supply chain friction, and e-commerce focused retail. These structural changes require a higher level of warehouse space than currently exist in this country, resulting in some of the lowest vacancies on record, and increasing rental rates. This is reflected in our portfolio by the ERV growth – on a like for like basis over the six month period ERV has increased by over 5%.

We can see this in the statistics across the UK market. The first half of 2022 saw yet another record set for take-up of space - the third straight H1 record in a row at 29m sq ft (H1 2021: 25m sq ft). National vacancies remain very low at 3% (H1 2021: 4%). For context, the long term trend, consistent with stable rental rates is closer to 8%, and a five year average of 6% (source: Savills).

This take-up of space is driven by long term efforts to build resilient supply chains which can weather the unknown. The last few years of global events have taught supply chain managers the value in resilience, as they battle unpredictable transport and energy costs, reducing availability of labour and rolling lockdowns still evident in China causing havoc with just in time delivery business models. As companies onshore more of their operations, they need the capacity to hold more stock as required, causing demand for warehousing space to increase.

When we look at the current take-up of space in the market at large, we can see that this is not just driven by e-commerce businesses. Indeed, this record take up was achieved despite the well publicised exit of Amazon from the leasing market. Third Party Logistics firms ("3PLs") take the largest share: 25% of the new take-up in H1, with manufacturing representing 21% of new take-up. Online retail has fallen from 35% in H1 2021 to just 18% in H1 2022 (Source: Savills). This diversity of tenants shows the depth and strength of demand for logistics space. We have focused on the 3PLs and the manufacturers producing essential goods with strong covenants and resilient business models, avoiding exposure to the likes of fashion brands and tenants exposed to discretionary spend where there has always been the potential for volatility in their underlying markets

It is also worth understanding the type of space being taken up in the market. While 36% of take up consisted of "Build to Spec" (BTS) big boxes, the largest share by value (39%) was in our chosen mid bracket size of sub 300k sq ft (source: CBRE). With these levels of demand we see a continuing positive trend in rental levels.

On the supply side, for many years there have been significant bottlenecks in the provision of new space. Industrial use is often at the back of the queue when it comes to planning, and build costs touched stratospheric peaks during the pandemic. We have seen build costs begin to come back in, which we believe may give us an opportunity to build up our own development pipeline going forward.

Whenever we do look at development, we chose to forward fund experienced developers with strong balance sheets, allowing us to take lettings risk, but not development risk – a model which has served us well.

PORTFOLIO AND VALUATIONS

This period saw our portfolio grow to £1.13bn, up from £1.0bn in March 2022, and £660m in September 2021, driven by acquisitions following our December equity raise.

Our portfolio was valued at an equivalent yield of 5.5% at the period end. On a like-for-like basis this represents a 35bps erosion in yields since March 2022; this capital market driven yield erosion would normally imply a 7% decrease in capital values. In fact, on a like-for-like basis we have seen a dip of just 1.9%. The reason for this differential is the quality of our portfolio and the continued focus on improving portfolio income through asset management activity, as we have sought to increase lease length, improve rental rates and strengthen covenants.

The mismatch between the strong occupational market and the uncertain capital markets is best summed up in two statistics from our portfolio. On a like-for-like basis we saw market rents move on by more than 5% over the 6 month period. Despite this we saw like-for-like capital values decrease by 1.9%.

	As at 30 September 2022	As at 31 March 2022
Portfolio value[1]	**£1,132m**	£1,015m
Valuation NIY	**4.4%**	4.3%
Equivalent yield	**5.5%**	5.2%
WAULT (to expiry)[2]	**8.3 years**	7.7 years
Area	**9.1 million sq ft**	8.3 million sq ft
Contracted rent	**£56.8m**	£47.3m
EPC ratings: A-B	**40%**	27%

1. As per CBRE valuation as at 30 September 2022.
2. WAULT to first break is 6.6 years (March 2022: 6.2 years)

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

	Core	Active Asset Management	Developments	**Total**
Capital Value	£565m	£545m	£22m	£1,132m
Percentage of portfolio	50%	48%	2%	100%
Area	4.0m sq ft	5.1m sq ft	NA	9.1m sq ft
Contracted rent	£29m	£28m	NA	£57m
ERV/Expected rent	£31m	£35m	£1m	£67m
WAULT	12.8 years	3.6 years	NA	8.3 years
EPC A-B	56%	24%	NA	40%
Equivalent yield/yield on cost	5.1%	5.6%	7.0%	5.5%

Our £545m active asset management portfolio is well-positioned to benefit from the enhancements that will be driven through our value creation initiatives. With a WAULT of 3.6 years, and ERV 25% ahead of current contracted rent, there is clearly value to be derived from this portion of the portfolio as we increase rental rates to ERV. All things being equal, we would also expect to move yields from the 5.6% in this bracket to the 5.1% we see in the 'Core' bracket.

NEW ACQUISITIONS

In the period to 30 September 2022, we acquired 13 assets for a combined consideration of £112 million (excluding purchaser costs). 12 of these assets were immediately income producing and one was vacant on acquisition, but which has been let to a new tenant during the period.

	South East	Midlands	North East	North West	Scotland	**Total**
Purchase price[1]	£51m	£39m	£11m	£3m	£8m	**£112m**
WA NIY[2]	4.3%	4.7%	5.0%	6.4%	6.2%	**4.8%**
Area (sq ft)	118,447	275,949	73,987	19,664	83,126	**571,173**
Contracted rent	£2.3m	£1.9m	£0.4m	£0.2m	£0.5m	**£5.3m**
Rent per sq ft	£19.11	£6.92	£4.73	£10.43	£6.71	**£9.67**
Capital value per sq ft	£424	£142	£145	£154	£101	**£195**

1. This is stated as purchase price (excluding acquisition costs)
2. Yields for vacant properties are stated at target yields once let

Our low LTV at just 22.3%, with £51m of debt available to be drawn, gives us additional firepower to deploy capital should the right opportunities present themselves. We remain cautious however and will only invest where we genuinely believe that the assets represent good value for money on a standalone basis and where they are complementary and accretive in respect of the overall portfolio and the business we continue to build.

Case Study: Downgate Drive, Sheffield

In August 2022, we acquired a 31,105 sq. ft. warehouse in a strong location 2 miles north of Sheffield. The property was vacant at acquisition, and a price of £3.1m was paid (excluding purchaser costs). The asset management plan at time of purchase was to let the unit for £6.50 per sq. ft., which would produce a NIY of 6.1%.

Shortly after acquisition, a new 15 year lease was signed with Driven Personnel Limited at a rate of £7.00 per sq.ft., which calculates back to an NIY of 6.6%.

At the period end, the asset was valued at £4.0m, an increase of 28%, and was valued at an equivalent yield of 5.0%, showing significant yield compression despite wider market movements, attributable to our asset management activities.

ASSET MANAGEMENT

Our asset management has always been a key driver of value, more important than ever in a period of economic turbulence, where our expertise enables us to offset the market driven movement in yields.

We own 125 assets, and during the period, we have successfully completed a further twelve new lettings, three lease re-gears and six rent reviews, which in total generated £4.7m of additional rental income.

	No. of deals	Rental uplift	LFL rental uplift	WAULT (to expiry)
New lettings	12	£4.0m	122%	16.6 years
Lease re-gears	3	£0.3m	37%	8.7 years
OMV rent reviews	6	£0.4m	29%	n/a
Total	**21**	**£4.7m**	**59%**	**15.4 years**

Case Study: Ellesmere Port

Unit 3, Vauxhall Supplier Park in Ellesmere Port is a 51,155 sq ft unit acquired by the Company in 2020. At the start of the period this was valued at £4.96m, at an equivalent yield of 5.25%.

In April 2022 we successfully completed a regear of a lease which was due to expire, adding five years to the term and increasing the rent by 28%, to £0.3m.

At the period end, we saw 48 bps of yield erosion, taking the yield to 5.73%, driven by external market movements. Despite this yield shift, we saw its value increase to £5.2m, an increase of 4.2% in 6 months.

DEVELOPMENTS

In the period a number of developments completed, and demand for them from occupiers has been strong. We have a number of developments in progress at the period end, and we believe there are opportunities in the future to fund more developments, some on land already owned by us.

Completed in year	GDC	Yield on Cost	Area sq ft	ERV
Blenheim Park, Nottingham	£18.0m	7.4%	120,815	£1.3m
Bridge Street, Golborne	£13.3m	7.0%	166,851	£0.9m
Total	**£31.3m**	**7.3%**	**287,666**	**£2.2m**

Under construction	GDC	Yield on Cost	Area sq ft	ERV
Unit 100, Colchester	£3.1m	7.8%	10,000	£0.2m
Kingsway, Rochdale	£12.4m	8.0%	118,749	£1.0m
Newhall Road, Sheffield	£13.8m	6.0%	131,500	£0.8m
Total	**£29.3m**	**7.0%**	**260,249**	**£2.0m**

Case Study: Edison Road, Bedford

At the start of the period, Edison Road was a vacant 24,380 sq ft warehouse. The Company launched a major refurbishment programme, involving a new roof, new yard space and reconfigured office space. The refurbishment cost a total of £1.5m, and was completed in May 2022, on time and on budget.

As part of this refurbishment, particular attention was paid to the environmental performance of the building and solar cells, electric vehicle charge points, LED lighting and additional insulation were installed. The combined effect of these changes was to move the EPC of the building from an E to an A.

In July a new lease was signed with UK Power Networks, for a term of 10 years, at a rent of £0.2m, 6% above the March 2022 ERV.

At the period end, the equivalent yield on the property moved in 42 bps on the March valuation driven by the asset improvements and the new lease, increasing the valuation to £4.4m by September, a 17% uplift over the 6 month period (after taking capex spend into account).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our environmental approach has always been that we prefer to acquire assets with an average or even poor environmental performance and improve them, rather than simply buying assets which already have strong ESG credentials. This aligns with both our overall strategy as an active manager of assets, and our ESG philosophy which is that as a country to hit net zero we need to invest in our existing buildings rather than just focus on new efficient buildings.

It is a cornerstone of our ESG strategy that we seek to make continuous improvement in the environmental quality of our estate. One of the ways in which this is measured is through the ratings awarded to assets and the portfolio by accredited ratings agencies. We are pleased to report to shareholders that Urban Logistics has improved its GRESB and EPRA sBPR scores. In terms of GRESB we now have two stars for standing assets and three stars for development assets, while we were singled out as one of the most improved REITS at the EPRA awards, moving from no award to Silver.

We are also pleased that GRESB rated us "A", on a scale of A-E for public disclosure, as a judgement on the transparency and completeness of disclosure.

EPCs continue to be a focus, and we have made significant improvements in the portfolio ratings, as seen in the table below.

	Sept 2022	March 2022
A	10.7%	5.3%
B	28.9%	20.6%
C	44.9%	49.6%
D	15.5%	23.9%
E	0.2%	0.6%
F	0.0%	0.0%
Total	**100%**	**100%**

Based on percentage of the portfolio by floor area

We also set 6 core ESG targets in the Annual Report, which we report on below:

Target	Goals for 2022	Progress to date
Bring EPCs to an A or B by 2028	Develop fully costed asset management plans across all buildings currently less than a B.	We currently have costed asset management plans in place for all assets currently rated D or below, and aim to have plans in place for the remaining assets by the year end
Achieve net zero in terms of Scope 1 and Scope 2 emissions by 2024	Ensure that all energy procured is zero carbon, where possible.	We have procured zero carbon energy in all new developments in the period, and have switched vacant properties across to zero carbon tariffs where possible
Engage with our tenants on decarbonising operations in our buildings	Develop engagement plans which will promote and support tenant decarbonisation in our estate. This is central to reducing our overall carbon footprint, as well as to improve the EPCs of buildings. Include green clauses in all new leases, supporting our aim of providing consistent sustainability standards across an estate with a diverse range of buildings and tenant needs.	We have established that 27% of our tenants by floor area have a net zero goal of their own. We plan to send out a tenant engagement survey in the second half of the year, and we are establishing carbon reduction goals with tenants. All new leases have green clauses
Increase on-site renewable energy	Increase our PV capacity. Our buildings can provide a platform for renewable energy, and we already have PV cells fitted to a number of our buildings, including our new developments. To support our objective of increasing renewable generation of energy, we will aim to fit PV cells to 10% of our buildings by floor area by 2024.	4% of our buildings by floor area have PV capacity installed, up from 2% at the start of the period. There is a further 7% where we are in active conversations with tenants about the potential to install. .
Make more space for nature on our sites	Develop a plan for further enhancing the biodiversity of the sites we operate. This is not only good for nature, but we know that it will promote wellbeing for the tenants who occupy our estates.	We have surveyed the portfolio, and identified 25 sites totalling 67 acres, which could be suitable for increasing biodiversity. Following this exercise we will establish a tree planting scheme on the first site in the second half of the year, to act as a pilot for the future.
Promote transparency on ESG disclosures	Achieve a GRESB score above 55, and a Gold rating on EPRA sBPRs. Review resilience and climate risk management within our operations, in line with the recommendations of the TCFD.	We have achieved a GRESB score of 67 on standing assets, and a Silver rating on the EPRA sBPRs. We have also achieved an A grade from GRESB in terms of public disclosures, a measure of transparency. We have engaged CBRE's ESG team to support our ambition of reporting in line with the TCFD at the year end.

There are always further improvements which can be made and we want to learn from best practise across the real estate industry. To that end we have appointed CBRE's ESG team to work with us on a number of projects, including engagement with the MSCI rankings, TCFD reporting and our continued progress against targets. Outside of our formal targets we continue to engage with our tenants on social issues that are important, as demonstrated by our support for Ukrainian refugees.

Social Case Study: Aid to Ukraine
At the outbreak of the war in Ukraine we contacted all tenants and asked them to join us in donating essential supplies to support those in need due to the ongoing conflict in Ukraine. A number of our tenants joined us, and Drac Logistics helped to connect us to a charity, Van Aid, who organised the transport and delivery of the donated goods to a monastery in Lviv, where they were distributed to six nunneries looking after women and children displaced due to the conflict.

OUTLOOK

Our focus on the one hand is how to best equip Urban Logistics to deal with the macro-economic challenges, and on the other, how best to take advantage of the opportunities presented to us in our market.

We have capital to deploy in the short-term. We will deploy this cautiously, into assets we believe we can add value to via our asset management skills. Given the make up of our portfolio, with an even split between Core Assets and Asset Management, there is an opportunity for us to realise some of the value created by our lettings activity by selling Core Assets and recycle the capital into properties with more asset management potential.

To weather the current macroeconomic storm commercial property owners need tenants who can continue to pay the rent, an ability to capture inflationary uplift through active asset management, low gearing and a low and secure cost of debt. At Urban Logistics we believe our base of larger tenants selling essential goods, our team's decades of experience in asset management, and our 97% hedged debt with no refinancings required until 2025 mean we face the future in the best possible shape.

THE MANAGER
11 November 2022

FINANCIAL REVIEW

Financial Review

IFRS profit

	30 Sep 2022 (unaudited) £'000	30 Sep 2021 (unaudited) £'000	31 Mar 2022 (audited) £'000
Revenue	**26,500**	16,665	37,811
Property operating costs	**(1,069)**	(701)	(1,262)
Net rental income	**25,431**	15,964	36,549
Other operating income	**41**	69	1,021
Administrative and other expenses	**(4,977)**	(2,851)	(7,159)
Net finance costs	**(4,545)**	(3,314)	(6,840)
Adjusted earnings	**15,950**	9,868	23,571
Long-term incentive plan	**3,503**	(956)	(4,114)
Exceptional items	**-**	-	(459)
Changes in fair value of investment property	**(22,162)**	40,552	149,892
Profit on disposal of investment property	**-**	-	220
Changes in fair value of interest rate derivatives	**5,102**	787	2,663
IFRS reported profit	**2,393**	50,251	171,773

Net rental income
In the financial period to 30 September 2022, the portfolio generated net rental income of £25.4 million (30 September 2021: £16.0 million), an increase of £9.5 million or 59.3% compared to the prior period. The increase was largely driven by the acquisitions made following the July and December 2021 equity fundraises.

On a like-for-like basis, EPRA net rental income increased by 5.5% when compared to the prior period, due to strong letting activity and capturing of reversion through settling rent reviews.

Property operating costs increased by £0.4 million or 52.5%, which reflects the increase in size of the portfolio. Our gross to net rental income ratio remains high at 96.4% (30 September 2021: 96.0%), illustrating the strength of our core strategy.

Administrative expenses
Administrative expenses, which include all operational costs of running the business, increased by £2.1 million to £5.0 million. This is primarily due to the increase in the investment management fee following the July and December 2021 equity fundraises, and the corresponding increase in EPRA net tangible assets ("EPRA NTA").

Total cost ratio
We continue to monitor the operational efficiency of the Group through the total cost ratio, which increased slightly to 21.6% from 20.1%. The Group's total cost ratio is expected to reduce in future periods, where gross rental income will benefit from a full period of rental income from acquisitions made in the current period.

	30 Sep 2022 (unaudited) £'000	30 Sep 2021 (unaudited) £'000	31 Mar 2022 (audited) £'000
Total costs including vacant property costs	**21.6%**	20.1%	21.8%
Total cost excluding vacant property costs	**18.8%**	17.5%	20.0%

Net finance costs

The net finance costs for the period, excluding fair value movement of our interest rate derivatives, were £4.5 million (30 September 2021: £3.3 million), an increase of £1.2 million compared to the prior period. The increased costs driven largely by higher gross debt position at the period end of £310.0 million, compared with £199.4 million at 30 September 2021.

The weighted average cost of debt for the period was 44bps higher than the previous period at 2.98% (30 September 2021: 2.54%) and the Group reported an interest cover of 5.1x (30 September 2021: 4.4x). The higher interest cover reflecting low gearing levels throughout the current period. The weighted average debt maturity is 6.4 years (30 September 2021: 3.0 years) following the drawdown of two tranches from our new 10-year loan facility with Aviva investors, and the extension of our Barclays facility by one year.

IFRS profit and adjusted earnings

IFRS profit after tax for the period was £2.4 million (30 September 2021: £50.3 million), representing a basic and diluted earnings per share of 0.51 pence, compared with 17.60 pence for the prior period. The reduction in earnings was a result of the valuation deficit of £22.2 million (30 September 2021: surplus of £40.6 million).

Adjusted earnings for the period were £16.0 million representing an increase of £6.1 million when compared to the prior period. However, on a per share basis, this reduced by 0.08 pence to 3.38 pence per share, which is largely due to a full period of the investment management fee and low gearing levels throughout the current period.

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

Dividend

In the period to 30 September 2022, the Company paid and declared the following interim dividends:

Declared	Amount pence per share	In respect of financial year ended	Paid/ to be paid
23 June 2022	4.35p	31 March 2022	22 July 2022
11 November 2022	3.25p	31 March 2023	16 December 2022

An interim dividend of 3.25 pence per share will be paid on 16 December 2022 to shareholders on the register at the close of business 25 November 2022, and the full amount is a property income distribution ("PID").

IFRS net assets

	30 Sep 2022 (unaudited) £'000	30 Sep 2021 (unaudited) £'000	31 Mar 2022 (audited) £'000
Investment property	**1,131,911**	660,485	1,014,697
Bank and other borrowings	**(305,316)**	(196,768)	(242,422)
Cash	**57,321**	90,681	127,379
Other net assets	**(19,669)**	(20,557)	(8,672)
EPRA net tangible assets	**864,247**	533,841	890,982
Interest rate derivatives	**6,705**	(273)	1,603
Intangible assets	**39**	54	47
IFRS net assets	**870,991**	533,622	892,632

At 30 September 2022, IFRS net assets attributable to Ordinary Shareholders were £871.0 million (31 March 2022: £892.6 million), representing a basic and diluted net asset value per share of 184.54 pence (30 September 2021: 164.23 pence).

The Group considers EPRA net tangible assets ("NTA") a key measure of overall performance. At 30 September 2022 were £864.2 million (31 March 2022: £891.0 million), representing an EPRA NTA per share of 183.11 pence (31 March 2022: 188.78 pence), a decrease of 3.0%.

On a per share basis, both IFRS and EPRA net assets decreased over the six-months to 30 September 2022, primarily due to revaluation deficit recognised in the period.

The Total Accounting Return for the period, which reflects growth in EPRA NTA plus dividends paid in the period, was -0.7% (30 September 2021: 10.7%). The average Total Accounting Return since IPO in 2016 has been 15.0%.

Portfolio valuation

The value of our portfolio at 30 September 2022, which includes forward-funded developments was £1,132 million, an increase of £117.2 million, or 11.6% over the six-month period. In the period, the Group invested £115.3 million including costs in industrial and logistics properties and advanced £20.4 million across four forward-funded developments. In addition, the Group incurred capital expenditure of £3.0 million, the majority of which related to value-enhancing refurbishment works.

The Group recognised a valuation deficit (excluding provision for profit share) of £21.5 million upon revaluation of the portfolio. On a like-for-like basis, the portfolio recognised a valuation deficit of £19.0 million or -1.9%.

The portfolio delivered a Total Property Return ("TPR") of 0.3% for the six-months to 30 September 2022 (30 September 2021: 11.8%).

Financing

At 30 September 2022, the Group's has loan facilities totalling £310.0 million (30 September 2021: £199.4 million). During the period, the Group exercised its option to extend the £151 million loan facility with Barclays, Lloyds and Santander for one year, pushing out the expiry to August 2025.

In May 2022, the Group entered into a £46.6 million green loan facility with Aviva Investors, which provided a 10-year term and came at a fixed cost of 3.52%. In August 2022, the Group agreed a further £75.0 million interest-only facility with a term of 10-year at a fixed rate of 3.99%. This facility includes, inter alia, margin rate improvement available on hitting environmental targets across the assets charged.

Lender	**Maturity Date**	**Loan Commitment (£m)**	**Drawn at 30 Sep 2022 (£m)**	**% Fixed / Hedged at 30 Sep 2022**
Barclays (syndicate of 3 banks)	Aug 2025	151.0	100.0	89.3%
Aviva Investors (7-years)	Mar 2028	88.4	88.4	100.0%
Aviva Investors (10-years)	May 2032	121.6	121.6	100.0%
Total		**361.0**	**310.0**	**96.5%**

At 30 September 2022, the weighted average cost of debt across all drawn facilities is 3.3% (30 September 2021: 2.5%), of which 96.5% (30 September 2021: 69%) is either fixed or hedged and has a weighted average maturity date of 6.4 years (30 September 2021: 3.0 years).

Cash and net debt

During the period, the Group's cash balances decreased by £70.1 million, as illustrated in the table below:

	30 Sep 2022	30 Sep 2021	31 Mar 2022
	(unaudited)	(unaudited)	(audited)
	£m	£m	£m
Cash generated from operations	**27.5**	47.7	57.7
Cash used in investing activities	**(138.7)**	(109.7)	(353.4)
Cash generated from financing activities	**41.1**	92.2	362.6
Net (decrease)/increase in cash	**(70.1)**	30.2	66.9
Opening cash balance	**127.4**	60.5	60.5
Closing cash balance	**57.3**	90.7	127.4

At 30 September 2022, the Group's cash balance was £57.3 million, of which £13.9 million is earmarked for developments and £6.9 million is restricted in the form of tenant rent deposits. Over the six-month period, net debt increased by £137.6 million to £252.7 million, representing a loan to value ("LTV") of 22.3% (30 September 2021: 11.3%).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties associated with the Company's business are broadly unchanged from those set out in the 2022 Annual Report and include, but are not limited to:

- A significant fall in property valuation,
- Weakening macro-economic environment in the sector in which the Company operates
- Higher inflation in the UK and global markets
- Development projects not producing targeted financial returns
- Loss of key personnel and interest rate exposure.
- Increase CAPEX spend connected to hitting environmental legislation, and potential negative impact on distributable income
- Reluctance of tenants to take leases in buildings with a lower than average environmental performance
- Cyber security attack
- Non-compliance with the UK REIT regulations

Information on these risks and how they are managed is set out on pages 51 to 54 of the 2022 Annual Report. The Board regularly performs a high-level review of the principal risks to ensure that the risk assessment is correct and relevant, adjusting mitigating factors and procedures as appropriate.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

- that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency sourcebook of the United Kingdom's Financial Conduct Authority; and
- this Interim Report includes a fair review of the information required by:
  - A) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the period under review and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - B) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place during the period ended 30 September 2022 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
10 November 2022

INDEPENDENT REVIEW REPORT TO URBAN LOGISTICS REIT PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 September 2022 which comprises Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Cash Flow Statement and the Condensed Consolidated Statement of Changes in Equity and notes to the Interim Financial Statements. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' Responsibilities

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

As disclosed in note 2, the annual financial statements of the Group will be 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.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 September 2022 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.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board and for the purpose of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. 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
Statutory Auditor
Chartered Accountants

25 Farringdon Street
London
EC4A 4AB

10 November 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months to 30 September 2022 (unaudited) £'000**	Six months to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Revenue	6	**26,500**	16,665	37,811
Property operating expenses		**(1,069)**	(701)	(1,262)
Net rental income		**25,431**	15,964	36,549
Administrative and other expenses		**(4,977)**	(2,851)	(7,159)
Other operating income		**41**	69	1,021
Long-term incentive plan credit/(charge)	10	**3,503**	(956)	(4,114)
Operating profit before changes in fair value of investment properties		**23,998**	12,226	26,297
Changes in fair value of investment property	7, 12	**(22,162)**	40,552	149,892
Profit on disposal of investment property		**-**	-	220
Operating profit		**1,836**	52,778	176,409
Finance income		**42**	3	58
Finance expense	8	**(4,587)**	(3,317)	(6,898)
Changes in fair value of interest rate derivatives		**5,102**	787	2,663
Exceptional items		**-**	-	(459)
Profit before taxation		**2,393**	50,251	171,773
Tax charge for the period		**-**	-	-
Profit and total comprehensive income (attributable to the shareholders)		**2,393**	50,251	171,773
Earnings per share – basic	9	**0.51p**	17.60p	48.86p
Earnings per share – diluted	9	**0.51p**	17.60p	48.86p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 September 2022 (unaudited) £'000**	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Non-current assets				
Investment property	12	**1,148,395**	671,707	1,029,071
Intangible assets		**39**	54	47
Interest rate derivatives	14	**6,705**	-	1,603
Total non-current assets		**1,155,139**	671,761	1,030,721
Current assets				
Trade and other receivables		**9,669**	7,821	20,965
Cash and cash equivalents		**57,321**	90,681	127,379
Total current assets		**66,990**	98,502	148,344
Total assets		**1,222,129**	770,263	1,179,065
Current liabilities				
Trade and other payables		**(17,816)**	(17,323)	(23,752)
Deferred rental income		**(11,366)**	(6,949)	(9,065)
Total current liabilities		**(29,182)**	(24,272)	(32,817)
Non-current liabilities				
Long-term rental deposits		**(6,943)**	(4,641)	(5,698)
Lease liability		**(9,697)**	(7,718)	(8,720)
Interest rate derivatives	14	**-**	(273)	-
Other borrowings		**-**	(2,969)	(3,058)
Bank borrowings	13	**(305,316)**	(196,768)	(236,140)
Total non-current liabilities		**(321,956)**	(212,369)	(253,616)
Total liabilities		**(351,138)**	(236,641)	(286,433)
Total net assets		**870,991**	533,622	892,632
Equity				
Share capital	15	**4,720**	3,249	4,720
Share premium	16	**438,418**	194,999	438,418
Capital reduction reserve	17	**228,760**	228,760	228,760
Other reserves		**962**	1,307	4,465
Retained earnings		**198,131**	105,307	216,269
Total equity		**870,991**	533,622	892,632
Net asset value per share – basic	19	**184.54p**	164.23p	189.12p
Net asset value per share – diluted	19	**184.54p**	164.23p	189.12p

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	**Six months to 30 September 2022 (unaudited) £'000**	Six months to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Cash flows from operating activities				
Profit for the period (attributable to equity shareholders)		**2,393**	50,251	171,773
Add: amortisation and depreciation		**71**	43	97
Add/(less) changes in fair value of investment property	7, 12	**22,162**	(40,552)	(149,892)
Less: changes in fair value of interest rate swaps		**(5,102)**	-	(2,663)
Less: profit on disposal of investment property		**-**	-	(220)
Add: finance expense	8	**4,587**	2,530	6,898
Long-term investment plan (credit)/charge	10	**(3,503)**	956	4,114
Decrease in trade and other receivables		**10,952**	25,128	9,024
(Decrease)/Increase in trade and other payables		**(3,999)**	9,329	18,636
Cash generated from operations		**27,561**	47,686	57,767
Net cash flow generated from operating activities		**27,561**	47,686	57,767
Investing activities				
Purchase of investment properties	12	**(34,877)**	(97,991)	(315,788)
Capital expenditure on investment properties	12	**(20,920)**	(11,688)	(44,754)
Disposal of investment properties		**-**	-	8,380
Acquisition of a subsidiary, net of cash acquired	12	**(82,925)**	-	(1,270)
Net cash flow used in investing activities		**(138,722)**	(109,679)	(353,432)
Financing activities				
Proceeds from issue of Ordinary Share capital		**-**	108,300	358,300
Cost of share issue		**-**	(2,246)	(7,356)
Bank borrowings drawn	13	**121,600**	-	40,000
Bank borrowings repaid	13	**(51,000)**	-	-
Loan arrangement fees paid	13	**(2,019)**	-	(1,300)
Other borrowings repaid		**(3,104)**	-	-
Interest paid		**(3,843)**	(2,744)	(5,405)
Dividends paid to equity holders	11	**(20,531)**	(11,094)	(21,654)
Net cash flow generated from financing activities		**41,103**	92,216	362,585
Net (decrease)/increase in cash and cash equivalents for the period		**(70,058)**	30,222	66,920
Cash and cash equivalents at start of period		**127,379**	60,459	60,459
Cash and cash equivalents at end of period		**57,321**	90,681	127,379

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2022 (unaudited)	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2022	4,720	438,418	228,760	4,465	216,269	892,632
Profit for the period	**-**	**-**	**-**	**-**	**2,393**	**2,393**
Total comprehensive income	**-**	**-**	**-**	**-**	**2,393**	**2,393**
Transactions with shareholders in their capacity as owners						
Dividends to shareholders	**-**	**-**	**-**	**-**	**(20,531)**	**(20,531)**
Long-term incentive plan	**-**	**-**	**-**	**(3,503)**	**-**	**(3,503)**
30 September 2022	**4,720**	**438,418**	**228,760**	**962**	**198,131**	**870,991**
Six months ended 30 September 2021 (unaudited)						
1 April 2021	2,550	89,644	228,760	351	66,150	387,455
Profit for the period	-	-	-	-	50,251	50,251
Total comprehensive income	-	-	-	-	50,251	50,251
Transactions with shareholders in their capacity as owners						
Dividends to shareholders	-	-	-	-	(11,094)	(11,094)
Long-term incentive plan	-	-	-	956	-	956
Issue of Ordinary Shares	699	105,355	-	-	-	106,054
30 September 2021	3,249	194,999	228,760	1,307	105,307	533,622
Year ended 31 March 2022 (audited)						
1 April 2021	2,550	89,644	228,760	351	66,150	387,455
Profit for the period	-	-	-	-	171,773	171,773
Total comprehensive income	-	-	-	-	171,773	171,773
Transactions with shareholders in their capacity as owners						
Dividends to shareholders	-	-	-	-	(21,654)	(21,654)
Long-term incentive plan	-	-	-	4,114	-	4,114
Issue of Ordinary Shares	2,170	348,774	-	-	-	350,944
31 March 2022	4,720	438,418	228,760	4,465	216,269	892,632

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

These condensed interim financial statements were approved for issue on 10 November 2022.

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 2022 were approved by the board of directors on 22 June 2022 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.

2. BASIS OF PREPARATION

This condensed interim financial report for the half-year ended 30 September 2022 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 2022, 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 market value of 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 2020 (the "Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths and location.

JUDGEMENT OF BUSINESS COMBINATIONS

The directors assess whether the acquisition of a property through the purchase of a corporate vehicle should be accounted for as an asset purchase or business combination. Where the acquired vehicle is an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors, the transaction is accounted for as a business combination. Where this is not the case the transaction is treated as an asset purchase. The directors assess when the risks and rewards associated with an acquisition or disposal have transferred.

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 2022.

BASIS OF CONSOLIDATION

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

INVESTMENT IN SUBSIDIARIES

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

BORROWINGS

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

BORROWING COSTS

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

SEGMENTAL REPORTING

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

INVESTMENT PROPERTIES

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

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

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

FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS

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

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost, and are subsequently measured at cost less impairment due to their short-term nature. A provision for impairment is established based on twelve-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

FINANCIAL LIABILITIES

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

REVENUE RECOGNITION

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

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

LEASES

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

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

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

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

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

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

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

LONG-TERM INCENTIVE PLAN

There is a long-term incentive plan ("LTIP") in place whereby Pacific Industrial LLP, an affiliate of PCP2 Limited (the "Manager") has subscribed for C Ordinary Shares issued in Urban Logistics Holdings Limited, a subsidiary of Urban Logistics REIT plc (the "Company"). Under the terms of the LTIP, the Company is obliged to acquire the C Ordinary Shares in Urban Logistics Holdings Limited, in return for services provided by Pacific Industrial LLP, subject to certain conditions.

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

At each year end, the Directors make an assessment of the fair value EPRA NTA element of the LTIP award based on Company forecasts. The resulting cost is charged to the Statement of Comprehensive Income over the vesting period.

Further details have been provided in note 10.

TAXATION

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

DIVIDENDS

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

CASH AND CASH EQUIVALENTS

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

5. STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

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

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

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

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

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

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

6. REVENUE

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

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Rental income	**25,675**	16,480	36,626
Service charge income	**154**	36	193
Licence fee	**671**	149	992
Total revenue	**26,500**	16,665	37,811

7. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTY

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Revaluation (deficit)/surplus	**(21,508)**	43,236	153,474
Provision for profit share	**(654)**	(2,684)	(3,582)
Total	**(22,162)**	40,552	149,892

8. FINANCE EXPENSE

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Interest on bank borrowings	**3,810**	2,551	5,405
Amortisation of loan arrangement fees	**594**	574	1,086
Other interest payable	**-**	87	178
Interest on lease liabilities	**183**	105	229
Total	**4,587**	3,317	6,898

9. EARNINGS PER SHARE

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

	Six months to 30 September 2022 (unaudited) £'000	Six months to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Profit attributable to Ordinary Shareholders			
Total comprehensive income	**2,393**	50,251	171,773
Weighted average number of Ordinary Shares in issue	**471,975,411**	285,590,418	351,533,233
Basic earnings per share (pence)	**0.51p**	17.60p	48.86p
Number of diluted shares under option/warrant	**-**	-	-
Weighted average number of Ordinary Shares for the purpose of dilutive earnings per share	**471,975,411**	285,590,418	351,533,233
Diluted earnings per share (pence)	**0.51p**	17.60p	48.86p
Adjustments to remove:			
Changes in fair value of investment property	**22,162**	(40,552)	(149,892)
Changes in fair value of interest rate derivatives	**(5,102)**	(787)	(2,663)
Profit on disposal of investment properties	**-**	-	(220)
EPRA earnings	**19,453**	8,912	18,998
EPRA earnings per share	**4.12p**	3.12p	5.40p
Adjustments to add back:			
LTIP (credit)/charge	**(3,503)**	956	4,114
Exception items	**-**	-	459
Adjusted earnings	**15,950**	9,868	23,571
Adjusted earnings per share	**3.38p**	3.46p	6.71p

10. LONG-TERM INCENTIVE PLAN

The Company has an LTIP, accounted for as an equity-settled share-based payment. At 30 September 2022, Pacific Industrial LLP, an affiliate of PCP2 Limited, has subscribed for 1,000 C Ordinary Shares of £0.01 each issued in Urban Logistics Holdings Limited, a subsidiary of the Company.

Date granted	Class of share	Fair value £'000	Charge/(Credit) for the period £'000
August 2017			
– Share price element	C Ordinary	131	11
– EPRA NTA element	C Ordinary	1,173	(3,514)
		1,304	**(3,503)**

An independent valuation of the fair value of these shares was carried out at the grant date. The valuation was prepared in accordance with International Financial Reporting Standard 2 ("IFRS 2"): Share-based Payments. These shares were subsequently revalued at the modification date, in March 2020, with no material change. The Monte Carlo valuation model has been used to estimate the fair value of the share price element of the award.

The Directors have made an assessment of the EPRA NTA element based on Company forecasts. An assessment will be made at each period end, with any adjustment to expected value being charged as an expense in the Statement of Comprehensive Income.

From 7 February 2020 (the "Revised First Calculation Date") to 30 September 2023 (the "Second Calculation Date") the LTIP will be assessed as follows:

- the EPRA NAV element is 5% of the amount by which the Company's EPRA NAV at the Second Calculation Date exceeds the Company's EPRA NAV as at the Revised First Calculation Date and an annualised 10% hurdle thereon (adjusted for any new issue of shares, all distributions including inter alia dividends and any returns of capital); and
- the share price element is 5% of the amount by which the market capitalisation of the Company at the Second Calculation Date exceeds the market capitalisation of the Company as at the Revised First Calculation Date and an annualised 10% hurdle thereon (adjusted for any new issue of shares, all distributions including inter alia dividends and any returns of capital).

The LTIP payment is capped at three times the average annual management fees paid from 7 February 2020 to the Second Calculation Date.

If there is a change of control, the LTIP will be assessed by applying the relevant offer price to the EPRA NAV element and the share price element calculations at the date of the change of control.

The LTIP will be settled, at the Board's discretion, in either shares of Urban Logistics REIT plc, or cash, or a combination of both.

11. DIVIDENDS

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Ordinary dividends paid			
2021: Second interim dividend: 4.35p per share	-	11,094	11,094
2022: First interim dividend: 3.25p per share	-	-	10,560
2022: Second interim dividend: 4.35p per share	20,531	-	-
Total dividends paid in the period (£'000)	20,531	11,094	21,654
Total dividends paid in the period	4.35p	4.35p	7.60p

On 11 Novembers 2022, the Company declared an interim dividend for the six months to 30 September 2022 of 3.25 pence per Ordinary Share. The dividend will be paid as a property income distribution on 16 December 2022 to shareholders on the register on 25 November 2022.

12. INVESTMENT PROPERTIES

In accordance with IAS 40: Investment Property, investment property is carried at its fair value as determined by an external valuer. This valuation has been conducted by CBRE and has been prepared as at 30 September 2022, in accordance with the RICS Valuation – Professional Standards UK January 2020 (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 2022	979,962	34,735	1,014,697
Property acquisitions through corporate transactions	82,925	-	82,925
Property acquisitions	32,404	2,473	34,877
Capital expenditure	3,014	17,906	20,920
Revaluation (deficit)/surplus in period	(22,761)	1,253	(21,508)
Transfer of completed development properties	39,082	(39,082)	-
At 30 September 2022	**1,114,626**	**17,285**	**1,131,911**
Add: tenant lease incentives	6,934	-	6,934
Investment properties excluding head lease	**1,121,560**	**17,285**	**1,138,845**
ROU assets at 30 September 2022			
Add: right-of-use asset	9,550	-	9,550
Total investment properties at 30 September 2022	**1,131,110**	**17,285**	**1,148,395**

Total rental income for the interim period recognised in the Condensed Consolidated Statement of Comprehensive Income amounted to £26.5 million (30 September 2021: £16.7 million).

Tenant lease incentives at 30 September 2022 totalled £6.93 million (30 September 2021: £3.55 million).

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

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

	Bank borrowings £'000
Balance at 1 April 2022	236,140
Bank borrowings drawn in period	121,600
Bank borrowings repaid in period	(51,000)
Loan arrangement fees paid	(2,019)
Non-cash movements:	
Amortisation of loan arrangement fees	595
Total bank borrowings per the Condensed Consolidated Statement of Financial Position	**305,316**
Being:	
Drawn debt	309,964
Unamortised loan arrangement fees	(4,648)
Total bank borrowings per the Condensed Consolidated Statement of Financial Position	**305,316**

On 31 May 2022, the Group drew £46.6 million from the Aviva loan facility. This facility provides a ten-year term at a fixed cost of 3.52%.

On 20 August 2022, the Group drew £75.0 million from the Aviva loan facility. This facility provides a ten-year term at a fixed cost of 3.99%.

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

14. INTEREST RATE DERIVATIVES

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

	Six months to 30 September 2022 (unaudited) £'000	Six months to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Non-current liabilities: derivative interest rate swaps:			
At beginning of period	1,603	(1,060)	(1,060)
Change in fair value in the period	5,102	787	2,663
Total	6,705	(273)	1,603

15. SHARE CAPITAL

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

	30 September 2021 (unaudited) Number	30 September 2021 (unaudited) £'000
Issued and fully paid up at 1p each		
At beginning of period	255,045,821	2,550
Issued and fully paid 13 July 2021	69,870,766	699
At 30 September 2021	324,916,587	3,249

	31 March 2022 (audited) Number	31 March 2022 (audited) £'000
Issued and fully paid up at 1p each		
At beginning of period	255,045,821	2,550
Issued and fully paid 13 July 2021	69,870,766	699
Issued and fully paid 7 December 2022	147,058,824	1,471
At 31 March 2022	471,975,411	4,720

16. SHARE PREMIUM

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

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Balance brought forward	**438,418**	89,644	89,644
Share premium on the issue of Ordinary Shares	**-**	107,601	356,130
Share issue costs	**-**	(2,246)	(7,356)
Total	**438,418**	194,999	438,418

17. CAPITAL REDUCTION RESERVE

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Balance brought forward	228,760	228,760	228,760
Total	228,760	228,760	228,760

18. RELATED PARTY TRANSACTIONS

During the interim period, the amount paid for services provided by PCP2 Limited (the "Manager") totalled £3,950,500 (30 September 2021: £2,086,900).

LONG-TERM INCENTIVE PLAN

Under the terms of the Company's long-term incentive plan, at 30 September 2022 Pacific Industrial LLP, an affiliate of PCP2 Limited, has subscribed for shares in Urban Logistics Holdings Limited, a subsidiary of Urban Logistics REIT plc. Further details have been provided in note 10.

ACQUISITION OF INVESTMENT PROPERTIES

During the interim period, the Group incurred fees totalling £1,075,937 (30 September 2021: £1,352,801) from M1 Agency LLP, a partnership in which Richard Moffitt is a member. These fees were incurred in the acquisition and letting of investment properties.

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

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

19. 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 2022 (unaudited)	30 September 2021 (unaudited)	31 March 2022 (audited)
Net assets per Condensed Consolidated Statement of Financial Position (£'000)	870,991	533,622	892,632
Adjustments for:			
Fair value of interest rate derivatives (£'000)	(6,705)	273	(1,603)
Intangible assets (£'000)	(39)	(54)	(47)
EPRA net tangible assets (£'000)	864,247	533,841	890,982
Ordinary Shares in issue at period end (basic and diluted)	471,975,411	324,916,587	471,975,411
IFRS NAV per share (basic and diluted)	184.54p	164.23p	189.12p
EPRA NTA per share	183.11p	164.30p	188.78p

SUPPLEMENTARY INFORMATION

I. EPRA PERFORMANCE MEASURES SUMMARY

	Six months to 30 September 2022 (unaudited) £'000	Six months to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
EPRA EPS (diluted)	**4.12p**	3.12p	5.40p
EPRA net tangible asset value	**183.11p**	164.30p	188.78p
EPRA net reinstatement value	**199.19p**	177.94p	203.19p
EPRA net disposal value	**184.54p**	164.23p	189.12p
EPRA net initial yield	**4.5%**	4.8%	4.4%
EPRA "topped up" net initial yield	**4.6%**	5.0%	4.5%
EPRA vacancy rate	**5.0%**	0.6%	6.9%
EPRA cost ratio (including vacant property costs)	**21.6%**	20.1%	21.8%
EPRA cost ratio (excluding vacant property costs)	**18.8%**	17.5%	20.0%

II. INCOME STATEMENT

	Six months to 30 September 2022 (unaudited) £'000	Six months to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Gross rental income	**26,500**	16,665	37,811
Property operating costs	**(1,069)**	(701)	(1,262)
Net rental income	**25,431**	15,964	36,549
Administrative expenses	**(4,977)**	(2,851)	(7,159)
Other operating income	**41**	69	1,021
Long-term incentive plan credit/(charge)	**3,503**	(956)	(4,114)
Operating profit before interest and tax	**23,998**	12,226	26,297
Net finance costs	**(4,545)**	(3,314)	(6,840)
Profit before tax	**19,453**	8,912	18,998
Tax on EPRA earnings	**-**	-	-
EPRA earnings	**19.453**	8,912	18,998
Weighted average number of Ordinary Shares	**471,975,411**	285,590,418	351,533,233
EPRA earnings per share	**4.12p**	3.12p	5.40p

III. BALANCE SHEET

	Six months to 30 September 2022 (unaudited) £'000	Six months to 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Investment properties	**1,148,395**	671,707	1,029,071
Other net assets	**27,912**	58,683	99,701
Net borrowings	**(305,316)**	(196,768)	(236,140)
Total shareholders' equity	**870,991**	533,622	892,632
Adjustments to calculate EPRA NTA:			
Fair value of interest rate derivative	**(6,705)**	273	(1,603)
Intangible assets	**(39)**	(54)	(47)
EPRA net assets	**864,247**	533,841	890,982
Ordinary Shares in issue at year end (basic and diluted)	**471,975,411**	324,916,587	471,975,411
EPRA NTA per share	**183.11p**	164.30p	188.78p

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

30 September 2021	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS equity attributable to shareholders	533,622	533,622	533,622
Fair value of interest rate derivatives	273	273	-
Intangible assets	(54)	-	-
Real estate transfer tax	-	44,252	-
EPRA net asset value	534,841	578,147	533,622
Diluted shares (number)	324,916,587	324,916,587	324,916,587
EPRA net asset value per share	164.30p	177.94p	164.23p

31 March 2022	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS equity attributable to shareholders	892,632	892,632	892,632
Fair value of interest rate derivatives	(1,603)	(1,603)	-
Intangible assets	(47)	-	-
Real estate transfer tax	-	67,985	-
EPRA net asset value	890,982	959,014	892,632
Diluted shares (number)	471,975,411	471,975,411	471,975,411
EPRA net asset value per share	188.78p	203.19p	189.12p

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

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Total properties per Financial Statements	**1,148,395**	671,707	1,029,071
Less head lease right-of-use asset	**(9,550)**	(7,677)	(8,953)
Less development properties	**(17,285)**	(10,109)	(34,735)
Completed property portfolio	**1,121,560**	653,921	985,383
Add notional purchasers' costs	**75,145**	43,813	66,021
Gross up completed property portfolio valuation (A)	**1,196,705**	697,734	1,051,404
Annualised passing rent	**54,832**	33,738	46,315
Less irrecoverable property outgoings	**(516)**	(477)	(390)
Annualised net rents (B)	**54,316**	33,261	45,925
Contractual rental increases for rent-free period	**530**	1,657	936
"Topped up" annualised net rent (C)	**54,846**	34,918	28,326
EPRA net initial yield (B/A)	**4.5%**	4.8%	4.4%
EPRA "topped up" net initial yield (C/A)	**4.6%**	5.0%	4.5%

V. EPRA VACANCY RATE

	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Annualised potential rental value of vacant properties	**3,289**	219	3,753
Annualised potential rental value for the completed property portfolio	**65,581**	38,132	54,529
EPRA vacancy rate	**5.0%**	0.6%	6.9%

VI. EPRA COST RATIO

Total cost ratio	Six months to 30 September 2021 (unaudited) £'000	Six months to 30 September 2020 (unaudited) £'000	Year ended 31 March 2021 (audited) £'000
Costs			
Property operating expenses[1]	**1,069**	701	1,262
Administrative expenses	**4,977**	2,851	7,159
Less: service charge income	**(154)**	(36)	(193)
Less: service charge costs recovered through rents but not separately invoiced	**(208)**	(200)	-
Less: ground rents	**(71)**	(43)	(83)
Total costs including vacant property costs (A)	**5,613**	3,273	8,145
Group vacant property costs	**(734)**	(424)	(685)
Total costs excluding vacant property costs (B)	**4,879**	2,849	7,460
Gross rental income			
Gross rental income	**26,500**	16,665	37,811
Less: ground rents paid	**(182)**	(105)	(229)
Less: service charge income	**(154)**	(36)	(193)
Less: service charge costs recovered through rents but not separately invoiced	**(208)**	(200)	-
Total gross rental income (C)	**25,956**	16,324	37,389
Total cost including vacant property costs (A/C)	**21.6%**	20.1%	21.8%
Total cost excluding vacant property costs (B/C)	**18.8%**	17.5%	20.0%
EPRA cost ratio			
Total costs (A)	**5,613**	3,273	8,145
Long-term incentive plan crystallisation	**-**	-	-
EPRA total costs including vacant property costs (D)	**5,613**	3,273	8,145
Vacant property costs	**(734)**	(424)	(685)
EPRA total costs excluding vacant property costs (E)	**4,879**	2,849	7,460
EPRA cost ratio (including vacant property costs (D/C)	**21.6%**	20.1%	21.8%
EPRA cost ratio (excluding vacant property costs (E/C)	**18.8%**	17.5%	20.0%

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

GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMPANY INFORMATION

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Nigel Rich CBE FCA	Chairman
Jonathan Gray	Director
Richard Moffitt	Director
Bruce Anderson ACMA FCIOBS	Director
Mark Johnson	Director
Heather Hancock	Director

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