RDI REIT P.L.C.

("RDI" or the "Company" or the "Group")

(Registration number 010534V)

LSE share code: RDI

JSE share code: RPL

ISIN: IM00BH3JLY32

LEI: 2138006NHZUMMRYQ1745

INTERIM RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2019

STRONG OPERATIONAL METRICS DESPITE HEADWINDS

RDI, the income focused UK-REIT, which has a primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange, today announces its results for the six months ended 28 February 2019.

Financial highlights	Six months ended 28 February 2019 (excluding Aviva portfolio)	**Six months ended 28 February 2019**	Six months ended 28 February 2018
Income statement			
Underlying earnings (£m)	22.7	**26.4**	27.4
Underlying earnings per share (p)	5.97	**6.94**	7.32[(1)]
Dividend per share (p)	4.00	**4.00**	6.75[(1)]
Balance sheet	As at 28 February 2019	**As at 28 February 2019**	As at 31 August 2018
EPRA NAV per share (p)	190.2	**204.4**	213.8
Portfolio valuation (incl. JV share) (£m)	1,440.4	**1,617.6[(2)]**	1,620.4
Loan-to-value (%)	45.4	**48.5**	46.2

The table above includes non-IFRS performance measures which are explained and reconciled in the Alternative Performance Measures table

(1) Prior period has been re-presented as a result of the 1 for 5 share consolidation

(2) 1.8 per cent like-for-like valuation decline on a constant currency basis

Strong operational performance and asset management

- Net rental income increased 0.2 per cent on a like-for-like basis or 1.9 per cent when excluding £0.7 million of hotel refurbishment charges
- EPRA occupancy remains high at 96.9 per cent (31 August 2018: 97.1 per cent)
- Long WAULT of 6.5 years to first break and 8.1 years to lease expiry (excluding hotels managed by RBH and the London serviced office portfolio)
- 100 lease events completed in the period, 3.4 per cent ahead of ERV
- UK retail occupancy and net income remained broadly stable with strong leasing activity across the retail parks portfolio
- Footfall across UK Shopping Centre portfolio increased 1.1 per cent, outperforming national average (down 3.3 per cent)

Financial highlights

- Underlying earnings per share of 6.94 pence (5.2 per cent down on H1 2018: 7.32 pence; 1.2 per cent up on H2 2018: 6.86 pence)
- EPRA diluted NAV per share ("EPRA NAV") declined by 4.4 per cent to 204.4 pence per share (31 August 2018: 213.8 pence per share)
- Like-for-like portfolio value declined by 2.5 per cent (1.8 per cent on a constant currency basis) impacted by lower values for UK Shopping Centres and strengthening of Sterling against the Euro
- Excluding UK Retail, valuations broadly stable
- First half dividend of 4.0 pence per share. Full year dividends to be weighted towards second half with expectation to revert to regular pay-out ratio alongside full year results

Robust demand from operational platforms

- RBH managed hotels continue to trade in line with expectations; occupancy increased marginally to 83.9 per cent and average room rates and revenue per available room increased by 1.4 per cent and 2.3 per cent respectively
- London serviced offices continue to trade ahead of expectations; occupancy improved to 94.5 per cent, EBITDA per sqft increased by 0.9 per cent over the period and EBITDA conversion remains high at 63.4 per cent

Focusing capital allocation to sectors backed by occupational demand

- £26.3 million acquisition of Southwood Business Park Industrial Estate, Farnborough reflecting a net initial yield of 6.2 per cent
- £26.0 million forward funding of two distribution units at Link 9 in Bicester; targeting a yield on cost of 6.5 per cent
- Material reduction to retail exposure targeted through the proposed disposal of four UK shopping centres financed by Aviva (£177.2 million, 11.0 per cent by market value) and the planned German retail portfolio disposal (£244.2 million, 15.1 per cent by market value)

Stronger capital structure to be prioritised

- LTV increased to 48.5 per cent (31 August 2018: 46.2 per cent)
- Pro-forma LTV of 45.4 per cent excluding the Aviva financed UK Shopping Centre portfolio – consensual sales process agreed
- Further reductions in LTV to be delivered through the disposal of the German portfolio, whilst enabling a single geographic focus
- Revised medium-term LTV target of 30 - 40 per cent in line with stronger capital structure
- £275.0 million UK debt facility extended for five years on favourable terms

Gavin Tipper, Chairman, commented:

"While this has been a challenging period on a number of fronts, operational performance has remained robust. Excluding the impact of the Aviva financed UK Shopping Centre portfolio, the core business delivered strong results and is well positioned for the future. I am confident that the current initiatives to further reduce retail exposure and facilitate a stronger capital structure will deliver sustained long term shareholder value."

Mike Watters, Chief Executive, commented:

"We have faced some challenging market conditions during the period which have emphasised the defensive nature of our income, following the progress made against our strategic objectives over the last three years. Strong operational results continue to be achieved across the majority of our portfolio which highlights the strength of the underlying business and the success of our asset management efforts.

"Following unprecedented weak sentiment towards the UK retail sector and the resulting negative impact on asset valuations, RDI has reached an inflexion point that will see us taking decisive action to accelerate delivery against our strategic priorities. These include a lower leverage capital structure, more focused capital allocation and continued reduction to retail exposure. These priorities will support a simplified, single geography investment proposition with an enhanced portfolio weighted towards our preferred sectors of beds, sheds and desks.

"Notwithstanding the near term impact on earnings, we remain confident that delivery against our strategic objectives will best position RDI for the future whilst enabling us to maximise shareholder returns from a more robust business that offers attractive income growth opportunities."

Results presentation, webcast and conference call

A meeting for analysts and investors will take place on Thursday, 25 April 2019 at 9.00 a.m. BST (10.00 a.m. SA time) at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. This will be accompanied by a live webcast, which can be accessed via the homepage of the Company's website: www.rdireit.com.

Conference call dial-in numbers and access code

Participant Access Code: 851879

United Kingdom Toll Free: 0800 640 6441

United Kingdom (Local): 020 3936 2999

South Africa Toll Free: 080 017 2952

South Africa (Local): 087 550 8441

All other locations: +44 20 3936 2999

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CHIEF EXECUTIVE'S REPORT

We have made significant progress against our strategic objectives over the last three and a half years which has resulted in a far higher quality portfolio. At the same time we have been subject to very challenging market conditions including heightened political and economic risks and significant uncertainty around the future of retail at many levels, including consumer behaviour, changing requirements for retailers' delivery channels and their future relationship with physical real estate.

These risks and uncertainties have resulted in difficulties during the last six months; principally in relation to the valuation of the UK Shopping Centre portfolio and more specifically in addressing the Aviva financing facility. However, outside of these largely retail issues, strong operational results continue to be achieved which highlights the strength of the underlying business when viewed in isolation to the negative impact and sentiment associated with a limited number of retail assets.

In order to address long-term shareholder value, we believe many of our existing strategic initiatives including reducing leverage and retail exposure, need to be delivered more aggressively. Further detail in this regard is set out below.

Earnings and dividend

Operational performance across the portfolio remained strong, including a resilient income performance from the UK Retail portfolio. EPRA occupancy remains high at 96.9 per cent (31 August 2018: 97.1 per cent) and occupational demand remains positive across the majority of the portfolio.

Proportionate net rental income totalling £50.5 million grew by 0.2 per cent on a like-for-like basis. Underlying earnings decreased by 3.7 per cent to £26.4 million (28 February 2018: £27.4 million), in part a reflection of the stronger first half results in 2018 which were supported by the phased acquisition of the IHL Hotel portfolio. Underlying earnings per share decreased by 5.2 per cent to 6.94 pence per share (28 February 2018: 7.32 pence per share) but were marginally higher when compared to the second half of the last financial year.

As previously announced, underlying earnings for the period have not been matched by cashflow as a result of the net operating cashflows from the Aviva financed UK Shopping Centre portfolio being retained within the facility. At period end, £11.6 million of cash, including cash previously injected into the facility, was restricted and retained within the facility. In this context, the Board has declared a first half dividend of 4.0 pence per share.

It is the Company's intention to continue to meet the UK REIT rules in respect of distributions, therefore, total dividends for the year can be expected to be weighted towards the second half and reflect a regular full year pay-out ratio of at least 90 per cent of underlying earnings, excluding earnings attributable to the Aviva financed UK Shopping Centre portfolio.

Balance sheet and financing

EPRA NAV decreased by 4.4 per cent to 204.4 pence per share (31 August 2018: 213.8 pence per share) largely as a result of a £22.3 million (7.7 per cent) valuation decline in the UK Shopping Centre portfolio. We have actively improved the quality of the overall portfolio by reducing exposure to UK shopping centres to 16.6 per cent (2015: 33.0 per cent) and increasing exposure to sectors and assets supported by structural change and occupier demand. Outside of UK Retail, representing 28.2 per cent of the portfolio, valuations were broadly stable on a constant currency basis.

Leverage increased slightly to 48.5 per cent (31 August 2018: 46.2 per cent) as a result of the lower portfolio valuation, but remains below 50 per cent following the ongoing focus on leverage and liquidity. Leverage excluding the Aviva financed UK Shopping Centre portfolio and financing facility was 45.4 per cent.

Early refinancing of AUK facility

As previously announced, the early extension of our principal UK loan facility was completed in January. The total facility commitments of £275.0 million includes a £137.5 million term loan and a £137.5 million revolving credit facility. The facility is currently drawn to £250.0 million with the revolving credit facility providing flexibility in managing the Company's capital and liquidity. The term of the facility has been extended to January 2024, extending the Group's average debt maturity profile and securing a key financing facility at attractive rates.

The early refinancing resulted in a non-recurring charge of £0.9 million which will be reflected as an increase in finance costs for the current financial year. The ongoing interest cost of the refinanced facility has increased by approximately 25 basis points.

Aviva shopping centre facility

Four of the Company's UK shopping centres namely Grand Arcade (Wigan), Weston Favell (Northampton), Birchwood (Warrington) and Byron Place (Seaham), are financed by a long-term fixed rate debt facility with Aviva. The facility is non-recourse to the Company and had an outstanding principal balance of £144.7 million at period end with a fixed rate of 5.5 per cent per annum and a maturity date in April 2042.

As announced on 8 April 2019, the lender instructed a valuation of the assets post period end which resulted in the loan to value covenant of 85 per cent being exceeded. A standstill period has subsequently been agreed to 11 October 2019 during which time Aviva has confirmed that it will not take any action to accelerate its security under the facility agreement (the "Standstill Agreement"). RDI and Aviva have agreed to progress a consensual sales process or restructuring of the facility during this standstill period. Notwithstanding the Standstill Agreement, Aviva will retain all of its rights under the facility agreement.

As is customary with long-dated fixed rate debt, material break costs are associated with early repayment and a disposal of one or all of the assets is not expected to result in any equity being realised from the net disposal proceeds. As previously disclosed, the Aviva financed UK Shopping Centre portfolio currently contributes approximately £6.5 million in net operating cashflows on an annualised basis and £54.1 million in EPRA net assets, or 14.2 pence per share. Until late April when the Standstill Agreement was finalised, these net operating cashflows continued to be retained in the facility.

A disposal would result in an improvement in the Group's LTV ratio which would reduce from 48.5 per cent to 45.4 per cent and reduce exposure to UK Retail from 28.2 per cent to 19.3 per cent, by value.

The Board has agreed not to commit further capital to the facility to reduce the loan to value ratio to below the covenant of 85 per cent. In arriving at the current position, the Board has carefully considered the options available including injecting additional capital into the facility and potential restructuring options. However, given the ongoing and potentially long-term structural challenges facing the retail sector, combined with concerns over certain department stores and mid-market fashion brands, a comprehensive restructuring of the facility including a material reduction in leverage would be necessary to ensure sufficient covenant headroom going forward. Given the strategic objectives of reducing leverage and retail exposure, utilising capital for new opportunities in our preferred sectors and maintaining lower leverage is expected to be of greater benefit to long term shareholder value.

Discussions with Aviva have been cooperative with the lender recognising RDI's constructive approach and strong asset management credentials.

Further details are contained in the Financial Review.

Strategic priorities

Despite near term challenges in the UK Shopping Centre portfolio, our strategic priorities remain unchanged with a focus on delivering sustainable and growing income returns to our shareholders.

Over the last three and a half years we have made material progress against a set of challenging strategic objectives. Acquisitions totalling £809.0 million have been successfully completed over that period delivering a significantly enhanced portfolio and crystallising disposal proceeds of £452.6 million at an average premium of 10.0 per cent to the prevailing book values. Recent acquisitions, accounting for over 45 per cent of the current portfolio by value, have delivered strong results improving the long-term growth prospects of the portfolio. Leverage has been reduced over this period and remains below 50 per cent LTV despite the recent valuation declines within the UK Shopping Centre portfolio.

Notwithstanding the progress that has been made, the Board is actively progressing options to accelerate the delivery of a lower leverage capital structure, a more focused allocation of capital and a reduction in exposure to retail assets.

Capital allocation

Our capital allocation strategy will continue to focus on increasing exposure to assets in stronger demographics and sectors benefiting from structural change. Over the last three and a half years we have successfully reduced overall exposure to retail assets from 59 per cent in 2015 to 43.2 per cent, in favour of stronger demographics and sectors benefiting from sustained occupier demand. These include the distribution and industrial sectors, London serviced offices and limited serviced hotels.

Reducing retail exposure

In order to deliver on our strategic priorities, a disposal of the German portfolio is being actively progressed. The assets make up 15.1 per cent of our portfolio and consist of 13 principally retail assets valued at €284.8 million (£244.2 million) at a relatively low net initial yield of 4.9 per cent; in part a reflection of the current strength of the German investment market. The portfolio is financed with debt totalling €162.3 million (£139.2 million) at a weighted average cost of 2.0 per cent and a gross LTV of 56.6 per cent. A disposal of the portfolio would support a material reduction in retail exposure and leverage, with the additional benefit of streamlining the portfolio and corporate structure.

The potential disposal of the German retail portfolio and the Aviva financed UK Shopping Centre portfolio are aimed at accelerating a reduction in retail exposure and leverage. The combined effect of these potential disposals, and certain mature assets, would reduce retail exposure by approximately 20 per cent on a pro-forma basis resulting in retail assets comprising circa 22 per cent of the remaining portfolio prior to any reinvestment assumptions. The remaining retail assets are largely well-located retail parks with a proven track record of strong occupational demand and are currently operating at an occupancy rate of 96.5 per cent.

Lower leverage capital structure

The benefit of a lower leverage capital structure has become increasingly important and, in the Board's opinion, more highly valued by investors. We expect the near-term impact of disposals and lower leverage on income returns to be outweighed in the longer term by greater financial flexibility, enhanced access to capital and more consistent shareholder returns across real estate and economic cycles.

Leverage of between 30 - 40 per cent LTV will be targeted over the medium-term with an immediate focus on the Aviva facility, which would reduce the existing Group LTV to 45.4 per cent. The disposal of the €284.8 million (£244.2 million) German portfolio and approximately £88.2 million of mature assets would support a further material reduction in leverage.

Maintaining operational efficiency

The existing EPRA cost ratio target of below 15 per cent will be retained. A disposal of the German portfolio would result in a reduction in overhead and administration costs of approximately £1.4 million (approximately ten per cent of the gross rental income from the German portfolio) representing a proportionately higher ratio than the current Group average of seven per cent. A disposal of the Aviva financed UK Shopping Centre portfolio would also provide scope for a further reduction in overheads and administration costs.

2019 Annual General Meeting ("AGM") update statement

As required by Provision 4 of the 2018 UK Corporate Governance Code, the Company wishes to provide its update statement relating to the four resolutions which received substantial votes against.

Resolutions 15 and 16, relating to the Directors authority to issue shares. Although the authority levels were below standard UK recommendations, they exceeded South African guidelines. This position is not uncommon, with most of our dual listed peers receiving similar votes against. The Company will liaise with shareholders before the next AGM, to agree an authority level that may be more acceptable to our South African shareholder base.

Resolutions 10 and 12, concerning the re-appointment of two directors. The Company has engaged with the shareholders to understand their concerns.

Pursuant to Provision 4 of the Code, the Company will include a final statement in its Annual Report and in the AGM notice, of the actions taken or changes to the resolutions proposed.

Share consolidation

On 11 February 2019 every five ordinary shares were consolidated into one ordinary share of 40 pence each. The consolidation resulted in 380,089,923 new consolidated ordinary shares being in issue which trade under the new International Securities Identification Number code (ISIN) of IM00BH3JLY32. Historic per share metrics throughout this statement have been adjusted to reflect the consolidation in order that the current per share metrics for this period are comparable to historic figures.

Board Appointment

Following Bernie Nackan's retirement from the Board in January 2019, Pieter Prinsloo was appointed as a non-executive director of the Company, with effect from 24 April 2019 and represents Redefine Properties Limited, RDI's largest shareholder, on the Board, alongside Marc Wainer.

Pieter has over 30 years of experience in property development, management and finance. In the last five years he has held the post of CEO of Hyprop Investments Limited, a South African property REIT and this year accepted the position of CEO of Redefine Europe B.V., a subsidiary of Redefine Properties Limited.

Growing our business sustainably

Embedded within our core business strategy and operations is our firm commitment to measuring and benchmarking our environmental, social and governance performance via our annual response to the Global Real Estate Sustainability Benchmark ("GRESB") Real Estate Assessment. We continue to voluntarily collect and report data in accordance with the latest EPRA Sustainability Best Practices Recommendations ("SBPR") and in September 2018 we were awarded a Bronze Level Certificate for compliance with EPRA Sustainability Best Practices Recommendations for our 2017 CSR Annual Report. Our established building certification strategy promotes independent green ratings for our assets. We were pleased to be awarded a BREEAM In-Use rating of Very Good for the Holiday Inn Express Southwark and we are planning for further certifications across other asset classes this year. We have committed to introducing an Environmental Management System certified to ISO 14001 standard at St George's Shopping Centre, Harrow, as we continue to adopt a responsible approach to managing our environmental risks. Good progress has been made following completion of asset level energy, water and waste management audits which have identified various opportunities for progression toward our 25 per cent energy reduction target set last year.

Outlook

Notwithstanding the challenges during this interim period, we are confident about the future of our business and our ability to deliver on our strategic priorities of a lower leverage capital structure, reduced retail exposure and a simplified investment proposition. Our strategy of superior, sustainable and growing income remains unchanged but with a clearer focus on our preferred sectors of beds, sheds and desks.

Mike Watters

Chief Executive Officer

25 April 2019

OPERATING REVIEW

Portfolio overview

The portfolio has strong income characteristics with clear visibility of the medium-term income profile and growth opportunities.

Key portfolio characteristics include:

- a weighted average lease length, excluding serviced space, of 6.5 years to the first potential lease break and 8.1 years to expiry;
- 26.7 per cent of gross rental income subject to inflation-linked or fixed increases;
- rental growth potential with a reversionary yield of 6.2 per cent, 50 basis points higher than the current portfolio net initial yield;
- high and stable occupancy demonstrating robust occupier demand;
- RBH managed hotels and London serviced offices (excluding leases to gym operators) account for 30.2 per cent of the portfolio by annualised gross rental income and deliver robust income growth supported by strong occupier demand; and
- over 500 tenants with no single tenant accounting for more than 3.2 per cent of gross rental income.

Portfolio summary 28 February 2019	Market value £m	Annualised gross rental income £m[1]	ERV £m	EPRA NIY %	EPRA topped up yield %	Reversionary yield %	WAULT yrs[2]	EPRA occupancy by ERV %[2]	Indexed %
UK Commercial	553.0	31.6	33.9	5.1	5.2	5.6	4.6	96.9	15.4
UK Retail	455.5	39.2	34.6	6.8	7.3	7.0	7.3	95.9	22.1
UK Hotels	364.9	25.9	26.1	5.7	5.7	6.4	17.7	100.0	9.3
Total UK	**1,373.4**	**96.7**	**94.6**	**5.8**	**6.0**	**6.3**	**6.8**	**96.5**	**16.5**
Europe	244.2	14.5	14.2	4.9	5.0	5.4	5.1	98.9	94.9
Total	**1,617.6**	**111.2**	**108.8**	**5.7**	**5.9**	**6.2**	**6.5**	**96.9**	**26.7**
Controlled assets	1,593.0	109.4	107.0	5.7	5.9	6.2	6.5	96.9	26.3
Held in JVs (proportionate share)	24.6	1.8	1.8	6.5	6.5	6.8	5.0	99.9	51.8

(1) Annualised gross rental income for the London serviced office portfolio included as EBITDA net of management fees.

(2) Excluding the RBH managed hotels and London serviced office portfolios. Relevant operational metrics disclosed separately.

Capital allocation and portfolio strategy

To support the strategic objectives of a lower leverage capital structure and a continued reduction in retail exposure, a number of disposals are being actively considered or progressed. The targeted disposals of the German Retail portfolio and the Aviva financed UK Shopping Centre portfolio are aimed at accelerating a reduction in retail and leverage. Marketing of the German portfolio is well progressed and an agreement has been reached with Aviva to commence a consensual sales process. In addition, a number of mature assets, principally secondary retail and regional office assets, are being considered for sale subject to various ongoing asset management initiatives. A successful disposal of these assets has the potential to reduce overall retail exposure from 43 per cent to approximately 22 per cent. The remaining retail exposure, consisting predominantly of well-located and performing retail parks, would have an approximate 62 per cent weighting by value to Greater London.

The potential repositioning of the portfolio would provide a materially higher residual exposure to growth areas from within the existing portfolio including strong operational platforms across hotels and serviced offices, increased exposure to the distribution and industrial portfolio and a significant re-weighting of the overall portfolio to Greater London and the South East with approximately 79 per cent of the pro-forma portfolio located in these stronger economic locations.

Portfolio summary 28 February 2019[3]	%	Market value £m	Annualised gross rental income £m[1]	ERV £m	EPRA NIY	EPRA topped up yield %	Reversionary yield %	Weighted average lease length[2]	EPRA voids (by ERV) %[2]	Indexed %
UK Hotels	23.0	364.9	25.9	26.1	5.7	5.7	6.4	17.7	100.0	9.3
UK Offices	17.0	277.3	15.9	16.8	5.1	5.2	5.5	3.2	99.5	4.2
UK Industrial & distribution	13.0	216.5	11.3	12.3	4.9	4.9	5.3	5.3	98.5	28.5
UK Retail Parks & Other	15.0	249.3	17.5	16.3	5.6	6.3	6.1	6.0	97.5	12.2
	68.0	**1,108.0**	**70.6**	**71.5**	**5.4**	**5.5**	**5.9**	**6.2**	**98.3**	**12.0**
Identified for disposal										
Shopping centres - Aviva	11.0	177.2	18.1	14.8	8.0	8.3	7.6	8.7	94.5	36.1
Germany	15.0	244.2	14.5	14.2	4.9	5.0	5.4	5.1	98.9	94.9
Mature	6.0	88.2	8.0	8.3	7.3	7.6	8.7	5.5	91.6	12.1
Total	**100.0**	**1,617.6**	**111.2**	**108.8**	**5.7**	**5.9**	**6.2**	**6.5**	**96.9**	**26.7**

(1) Annualised gross rental income for the London serviced office portfolio included as EBITDA net of management fees and FF&E.

(2) Excluding the RBH managed hotels and London serviced office portfolios. Relevant operational metrics disclosed separately.

(3) Assuming no reinvestment.

Valuation overview

The like-for-like portfolio value decreased by £39.0 million or 2.5 per cent net of capital expenditure; impacted by further declines in UK Shopping Centre valuations and a 4.6 per cent decline in the Euro relative to Sterling. On a local currency basis, like-for-like valuations decreased by 1.8 per cent. The portfolio valuation reflects a 5.9 per cent EPRA topped up net initial yield and a 6.2 per cent reversionary yield.

UK valuation movements excluding shopping centres were broadly stable and resulted in a modest 0.6 per cent reduction in like-for-like values. The UK Commercial portfolio delivered modest growth increasing £1.2 million or 0.2 per cent, largely as a result of the strength of the Industrial and Distribution portfolio which increased 1.2 per cent or £2.2 million. Valuations for UK retail parks were down 2.5 per cent despite strong letting activity during the period. UK Hotels decreased by £2.8 million or 0.7 per cent.

UK Shopping Centres (16.6 per cent of the portfolio by market value) declined by £22.3 million or 7.7 per cent despite occupancy being maintained at 95.9 per cent (31 August 2018: 96.4 per cent) and triple net annualised rental income increasing 2.8 per cent since 31 August 2018. The valuation decline was driven by a 60 basis point outward shift in the topped up net initial yield reflecting an exceptionally weak investment market.

In Germany, the like-for-like portfolio value was largely unchanged in local currency terms but declined by £10.5 million or 4.7 per cent in Sterling terms.

Valuation Overview 28 February 2019	Market value %	Market value £m	Gain/(loss) £m	Local currency gain/(loss) %	EPRA topped up NIY %	Reversionary yield %
London serviced offices	10.1	163.4	-	-	5.8	5.8
London & regional offices	10.7	173.1	(1.0)	(0.6)	5.0	5.9
Distribution, industrial & automotive	11.2	180.6	2.2	1.2	4.9	5.3
UK Commercial	**32.0**	**517.1**	**1.2**	**0.2**	**5.2**	**5.7**
Shopping centres	16.6	269.1	(22.3)	(7.7)	7.9	7.6
Retail parks & other	11.5	186.4	(4.6)	(2.5)	6.4	6.1
UK Retail	**28.1**	**455.5**	**(26.9)**	**(5.6)**	**7.3**	**7.0**
Managed hotels	19.6	316.5	(3.6)	(1.1)	5.9	6.6
Travelodge portfolio	3.0	48.4	0.8	1.9	4.7	5.0
UK Hotels	**22.6**	**364.9**	**(2.8)**	**(0.7)**	**5.7**	**6.4**
Total UK	**82.7**	**1,337.5**	**(28.5)**	**(2.1)**	**6.1**	**6.3**
Shopping centres	9.3	150.7	(8.0)	(0.7)	4.7	5.1
Retail parks & other	3.8	62.2	(2.5)	0.6	5.8	6.5
Europe	**13.1**	**212.9**	**(10.5)**	**(0.3)**	**5.0**	**5.4**
Total (like-for-like)	**95.8**	**1,550.4**	**(39.0)**	**(1.8)**	**5.9**	**6.2**
Acquisitions	2.3	35.9				
Development	1.9	31.3				
Total property portfolio market value	**100.0**	**1,617.6**				

Leasing activity

It has been an active period with 100 leasing events being concluded totalling £6.8 million, a 31.2 per cent (£1.6 million) increase in annualised gross rental income, (including 19 previously vacant units), and a 3.4 per cent (£0.2 million) increase above ERV. Proactive asset management ensured that the portfolio occupancy remained high and stable at 96.9 per cent (31 August 2018: 97.1 per cent).

Lease events 28 February 2019	Number of lease events	Lettable area sqft	Annualised gross rental income 28 February 2019 £m	Annualised gross rental income 31 August 2018 £m	Relative to ERV £m
UK Commercial	8	191,116	2.2	+0.6	+0.4
UK Retail	36	140,961	2.6	+0.8	-0.2
Europe	56	133,774	2.0	+0.2	-
Total	**100**	**465,851**	**6.8**	**+1.6**	**+0.2**

- 41 rent reviews were completed in the period resulting in total rent of £4.0 million, a 9.6 per cent (£0.3 million) increase above the previous passing rent and 5.1 per cent (£0.2 million) ahead of ERV;
- 27 leases amounting to 50,727 sqft were renewed on break or expiry accounting for a total rent of £1.5 million, 15.7 per cent (£0.2 million) ahead of passing rent and 12.6 per cent (£0.2 million) ahead of ERV; and
- 32 new leases were signed, including new lettings of vacant space totalling 46,217 sqft across 19 units, generating an additional £1.3 million in gross annualised rent.

Acquisitions

The Company increased its exposure to the industrial and distribution sector through the £26.0 million forward funding of a development of two modern distribution units in Bicester and the acquisition of a multi-let industrial estate in Farnborough for £26.3 million (excluding costs). Both investments are in line with the strategy of increasing exposure to assets underpinned by strong demographics and occupier demand supported by structural change.

Southwood Business Park, Farnborough

Southwood Business Park is within an established commercial area in Farnborough, Hampshire and conveniently located within the M3 corridor, approximately 41 miles from Central London. The nine-acre estate consists of 18 warehouse units totalling 154,849 sqft (14,385 sqm) with a low site cover of 37 per cent. On acquisition in September 2018 the asset was 91.9 per cent occupied with a weighted average lease length of over five years to expiry. There is limited available space within competing industrial units in the surrounding area with demand being driven by research & development occupiers linked to the aerospace and technology sectors.

The asset currently produces annualised net income of £1.8 million with average rents of £13.0 per sqft (£12.9 per sqft on acquisition). The acquisition provides an attractive net initial yield of 6.2 per cent and opportunities to support medium to long term income growth through identified asset management initiatives.

Bicester forward funding

Approximately 13.5 acres of land was acquired in Bicester as part of a £26.0 million forward funding opportunity with Albion Land to develop two high quality distribution units of 120,000 sqft and 168,000 sqft respectively. The site is part of the successful Link 9 industrial and distribution development with good access to the M40.

Unit 1a of 120,000 sqft was completed in April 2019 and unit 1b is anticipated to be completed in late 2019. The supply of modern distribution units along this section of the M40 corridor remains limited and current enquiries demonstrate healthy levels of interest. The transaction provides an opportunity to increase exposure to well-located modern distribution units and is anticipated to deliver a 6.5 per cent yield on total cost once fully let.

Development and capital expenditure

A number of successful developments and capital projects have been completed or have reached key milestones. Development activity is typically income-led and focused on redeveloping existing assets to provide space that meets modern occupier requirements. Total committed and outstanding capital expenditure at the period end was £22.7 million, including outstanding commitments in respect of the Bicester forward funding agreement.

Significant projects	Description	Completion	Outstanding capital expenditure £m	Total capital expenditure £m	Yield on cost %
City Arcaden, Ingolstadt	Phase 2 - office and residential development	September 2019	2.5	2.8	8.5(1)
UK Retail Park expansions	Drive through pods	October 2019	1.0	2.0	12.7

(1) Yield reflects overall scheme yield

City Arcaden, Ingolstadt

The completion of the 7,000 sqm (75,000 sqft) Primark unit in March 2018 has significantly de-risked the development. Of the total anticipated rent roll of €2.4 million, 87 per cent has been secured with the works to complete the remaining 3,000 sqm (22,000 sqft) of offices and residential units anticipated to complete in 2019.

UK retail park expansions

The construction of a new Costa 'drive-thru' unit at The Arches Retail Park, Watford is expected to complete in October 2019. The development will deliver additional rental income of £0.2 million reflecting a rental of over £85 per sqft and a highly accretive 15.0 per cent yield on cost. A further Costa 'drive-thru' unit at Milton Link, Edinburgh has received planning permission with construction expected to complete in May 2019 and is expected to yield approximately 8.5 per cent on cost.

Charing Cross Road, London

An application for planning permission has been submitted for an extension to the Charing Cross Road office in London in order to increase the existing lettable area of 40,000 sqft by approximately 50 per cent. The property remains fully occupied. Timing of any potential development will be subject to market conditions, but could commence in 2021 subject to planning.

Sustainability

Two significant awards have been received during the period as a result of initiatives commenced in 2017. The Holiday Inn Express, Southwark received a Very Good BREEAM In-Use ("BIU") rating, the first BIU operational green building certificate since RDI's long-term objective was set to improve portfolio certification in 2017, and the Company's CSR Annual Report for the 2017 financial year was awarded a Bronze Certificate for achieving compliance with EPRA Sustainability Best Practices Recommendations. The Company has improved disclosure of its environmental performance significantly; aligning to the EPRA Best Practice Reporting (3rd version) in the Company's 2018 and 2019 financial years, including social and governance measures in addition to environmental reporting.

Progress on the CSR objective to undertake third party verification of our EPRA environmental performance measures (utilities data for managed assets) is underway. Third party assurance of our sustainability data is of growing importance to the Company, its investors and the broader stakeholder community. To underpin this exercise, closer attention has been given to enabling the robust collation of energy, water and waste data. This has been combined with social and governance measures to align with EPRA and to support our annual response to the GRESB Real Estate assessment. The Group achieved an 11 per cent year on year improvement in its GRESB score.

Progress to date on the CSR objectives has been focused on meeting corporate energy targets including a commitment to reduce energy usage by 25 per cent by 2030. The Real Estate Environmental Benchmark (REEB) is a publicly available operational benchmark of environmental performance for commercial property in the UK. Good progress has been made following the completion of individual asset audits in order to ensure the asset managers and CSR Committee are aware of opportunities to reduce energy usage. REEB measures are one of the only benchmarks based on the performance of buildings 'in-use' are increasingly becoming the industry standard used by investors, fund managers and property owners to compare the performance of their assets with similar assets from portfolios across the UK.

UK Commercial (34.2 per cent of portfolio by market value)

The UK Commercial portfolio has been significantly repositioned over the last three years. The office portfolio, including the recently acquired serviced office portfolio, is now 82.4 per cent weighted to Greater London. The portfolio has positive exposure to locations benefiting from Crossrail, the regeneration of London's Southbank and the positive structural change taking place as a result of occupiers' requirements for highly serviced and flexible office space. Exposure to the distribution and industrial sector has been increased at attractive prices and through the forward funding of well located, modern distribution units in areas of limited supply.

UK Commercial 28 February 2019	Market value £m	Annualised gross rental income £m(1)	ERV £m	EPRA NIY %	EPRA topped up yield %	Reversionary yield %	WAULT yrs(2)	EPRA occupancy by ERV %(2)	Indexed %
Offices – Serviced	163.4	10.6	10.7	5.8	5.8	5.8	n/a	n/a	-
Offices – Greater London	113.9	5.3	6.1	4.1	4.2	4.9	3.2	99.5	12.8
Offices – Regions	59.2	4.4	4.8	6.4	6.5	7.7	4.6	89.6	22.0
UK Offices	336.5	20.3	21.6	5.3	5.4	5.9	3.8	95.1	8.1
Distribution & Industrial	172.8	8.4	10.0	4.5	4.5	5.4	3.4	98.2	3.6
Automotive	43.7	2.9	2.3	6.3	6.3	4.9	10.9	100.0	100.0
UK Commercial	553.0	31.6	33.9	5.1	5.2	5.6	4.6	96.9	15.4

(1) Annualised gross rental income for the London serviced office portfolio included as EBITDA net of management fees.

(2) Excluding London serviced office portfolio. Relevant operational metrics disclosed separately.

London Serviced Offices ("LSO"; 10.1 per cent of portfolio by value)

Demand for serviced office space continues to show strong growth in London. Demand for flexible, highly serviced space is being driven by multiple factors including the adoption of technology and its impact on flexible working arrangements, the strategic importance of real estate to large corporates in attracting and retaining talent and a general trend towards flexible lease arrangements that offer both value and service to clients. This is expected to represent a permanent structural change in the way in which offices are occupied.

The London serviced office portfolio has performed strongly despite a marked increase in supply of flexible office space in London. This is a function of the assets proximity to transport supported by a high quality and professional service for customers at mid-market desk rates. Unlike many competitors operating leasehold models, ownership of the assets allows direct benefit from and control over asset management initiatives and the cost base resulting in higher and more sustainable profit margins. The portfolio is highly cash generative with EBITDA as a percentage of total revenue at 63.4 per cent.

RDI's strategic operating partner Office Space in Town ('OSIT') prioritises client retention over short term profitability. Density is on average 80 sqft per available desk compared to certain competitors at approximately 50 sqft per desk. The design led offices provide high levels of amenity space, natural light, good sound insulation and industry leading IT.

Since acquisition in January 2018, the portfolio has maintained a high occupancy rate. Occupancy currently stands at 94.5 per cent (31 August 2018: 92.2 per cent) and total revenue per available desk has increased to £826, 0.9 per cent higher than the position at 31 August 2018. The average length of stay has increased to 30 months demonstrating the resilience of the income stream. Net service income representing approximately 25 per cent of EBITDA has delivered good growth largely as a result of improved meeting room occupancy and margin improvements from catering and café facilities. A number of operational improvements and marketing initiatives have also started to deliver measurable improvements across sales and marketing channels. The quality of the OSIT service is reflected in consistent five star customer ratings on Google.

The market value of the London serviced office portfolio held steady at £163.4 million.

London serviced office portfolio **Operational metrics**	**28 February 2019**	**31 August 2018**	**At acquisition**
Total EBITDA per sqft (£)	69.0	68.3	68.1
EBITDA conversion from total revenue (%)	63.4	63.4	63.4
Average total revenue per available desk (£)	826.2	819.1	815.2
Average monthly desk rate – license fee only (£)	685	685	695
Desk occupancy (%)	94.5	92.2	93.8
Average weighted stay (months) (1)	30	29(1)	28(1)

(1) Excluding St. Dunstan's which opened in 2015.

Greater London and regional offices (10.7 per cent of portfolio by value)

Outside of London serviced offices, the portfolio is well positioned to capture growth from locations benefiting from major regeneration and capital investment into infrastructure and transport projects. Further progress has been made on planning and development options at Charing Cross Road and strong rent reviews have been captured at both Newington Causeway, Southwark and Canbury Business Park, Kingston.

The portfolio decreased in value by 0.6 per cent on a like-for-like basis with a 10 basis point adverse shift in the topped up net initial yield, which was partly offset by a 1.9 per cent increase in ERVs.

Key asset management initiatives and leasing activity completed during the period:

- A new lease was completed at Newington Causeway, Southwark on the 5,950 sqft third floor generating £0.2 million of annualised gross rental income from a previously vacant unit; and
- An application for planning permission has been submitted for an extension to the Charing Cross Road office in London in order to increase the existing lettable area of 40,000 sqft by approximately 50 per cent. The property remains fully occupied.

Distribution, industrial and automotive (13.4 per cent of portfolio by value)

The industrial and distribution sector continues to see strong structural support as retailers adjust their business models to fewer stores and enhanced distribution networks. Rental growth prospects in the sector are driving strong investment demand with the weight of capital targeting the sector pushing yields lower. Despite strong occupational demand, some caution is required around pricing of new investments given the competitive nature of the investment market. In light of this, RDI has sought to increase exposure to the sector through forward funding arrangements or acquisitions providing higher yields.

The distribution portfolio continued to produce capital growth through a combination of rental uplifts, reversionary potential and tightening investment yields. The portfolio increased in value by 1.2 per cent on a like-for-like basis.

Key asset management initiatives and leasing activity completed during the period:

- Express Park in Bridgwater - a rent review was completed on a 133,651 sqft unit delivering £0.9 million of gross annualised rent; 13.6 per cent ahead of previous passing and 8.0 per cent above ERV;
- BP petrol filling station, Egerton Park – a rent review was completed with an agreed rent of £0.2 million, a 13.1 per cent increase on passing rent and 2.1 per cent lower than ERV; and
- Further, rent reviews across the distribution and industrial portfolio are progressing in line with expectations. Post period end a rent review was concluded at Camino Park, Crawley generating £2.5 million gross annualised rent (+£0.9 million or +55.4 per cent on previous passing rent). A further £0.4 million of rental income is subject to review at Camino Park, Crawley and is anticipated to conclude in 2019 and achieve an average increase of over 60 per cent.

UK Retail (28.1 per cent of portfolio by market value)

General investor sentiment towards the sector remains weak, influenced by the ongoing themes of structural change, the impact of online retailing, slowing retail sales and weaker consumer confidence. As a result, there is continued pressure on certain retailers to rationalise their physical store portfolios to fit the new retail landscape.

UK Retail **28 February 2019**	**Market value** **£m**	**Annualised gross rental income** **£m**	**ERV** **£m**	**EPRA NIY** **%**	**EPRA topped up yield** **%**	**Reversionary yield** **%**	**WAULT** **yrs**	**EPRA occupancy by ERV** **%**	**Indexed** **%**
Shopping centres - Aviva	177.2	18.1	14.8	8.0	8.3	7.6	8.7	94.5	36.1
Shopping centres - Other	91.9	8.2	7.6	7.1	7.3	7.5	4.5	98.6	9.3
Shopping centres	269.1	26.3	22.4	7.7	7.9	7.6	7.4	95.9	27.7
Retail parks	181.6	12.3	11.8	5.5	6.3	6.1	7.4	96.5	11.1
Other retail	4.8	0.6	0.4	6.4	9.8	8.4	3.6	79.7	-
UK Retail	455.5	39.2	34.6	6.8	7.3	7.0	7.3	95.9	22.1

Shopping centres (16.6 per cent of portfolio by value)

The majority of the UK Shopping Centre exposure outside Greater London is focused on food, discount and convenience retailing to local communities. This part of the market continues to be more resilient in terms of consumer spend, footfall and the impact of online retailing. This is evidenced by the ongoing high occupancy of 95.9 per cent (31 August 2018: 96.4 per cent) and a stable income position, with annualised gross rental income marginally down (0.2 per cent) compared to the position at 31 August 2018. Net rental income on an annualised basis improved by 2.8 per cent, supported by operating cost efficiencies across the portfolio and contracted rent free periods coming to an end. Footfall across the UK Shopping Centre portfolio increased by 1.1 per cent, significantly outperforming the national average over the same period which was down by 3.3 per cent (source: Springboard).

Despite maintaining net income and occupancy levels, the market value of the shopping centre portfolio declined 7.7 per cent on a like-for-like basis due to a 60 basis point outward yield shift in the topped up net initial yield, reflecting continued weak investor sentiment and concerns over certain retailers including department stores and certain mid-market fashion brands.

Key asset management initiatives and leasing events completed during the period:

- 8 rent reviews were agreed providing total rent of £1.0 million, 2.1 per cent above the passing rent however 4.0 per cent lower than ERV;
- 26 new lettings or renewals were completed in the period providing total rent of £0.9 million, 13.4 per cent (£0.2 million) below ERV. The underperformance against ERV was largely a result of one lease agreed at Grand Arcade, Wigan which does not reflect potential income from an agreed top-up rent above certain levels of turnover;
- Of the 26 new lettings and renewals, 10 new leases were signed on 15,629 sqft of previously vacant space amounting to £0.4 million of gross annualised rental income, which more than offset the gross annualised rent on 9 units (59,251 sqft) vacated during the period (loss of £0.2 million); and
- In-house commercialisation activities, many of which have a strong community and CSR foundation, resulted in £0.6m of rent received for the six months ended 28 February 2019, an increase of 2.8 per cent compared to the prior year. Demand remains robust from both national and local operators with three new long-term leases, 23 lease renewals and 239 short-term licences signed across the portfolio during the period.

Retail parks and other retail (11.5 per cent of portfolio by value)

RDI remains confident in the longer term demand for its well located retail parks, with over 80 per cent of its portfolio by value in London, Edinburgh and the Southern part of the UK underpinned by strong demographics. Occupancy in retail parks increased to 96.2 per cent (31 August 2018: 94.7 per cent). These assets present further high yielding development opportunities to fulfil strong demand from 'drive-thru' occupiers.

Despite successful letting activity during the period, the market value of the retail park portfolio decreased 2.5 per cent on a like-for-like basis. This was largely due to a 40 basis point outward shift in the topped up net initial yield and a modest 0.6 per cent decline in ERVs.

Key asset management initiatives and leasing events completed during the period:

- At Priory Retail Park in Merton, South West London two units, that were previously subject to a Company Voluntary Arrangement ("CVA"), were signed to Aldi and The Gym Group on long leases of 20 years and 15 years respectively. These new lettings have been agreed on more attractive terms and higher rents compared to the pre-CVA terms, with no void period in the interim. Priory Retail Park remains fully occupied and the new tenants complement the current mix of bulky goods retailers and F&B operators, continuing to drive footfall at this well-located asset;
- Bargain Buys, a new concept from the team behind Poundstretcher, has increased its unit size at Banbury Cross Retail Park in Oxfordshire, signing a seven year term on the 7,477 sqft adjoining unit increasing its store to 17,533 sqft; and
- At Queens Drive Retail Park in Kilmarnock, the gross annualised rent on a 10,000 sqft unit, which was previously subject to a CVA, has been reinstated to the previous passing rent of £0.2 million, resulting in a 33 per cent increase on the previously reported figure.

UK Hotels (22.6 per cent of portfolio by market value)

The UK hotel market has experienced a sustained period of growth supported by a rise in both business and leisure travel. PwC has forecast growth in the average rate per available room ("RevPar") for 2019 in London and the Regions of 0.3 per cent and 1.2 per cent respectively, driven by expectations of modest reductions in occupancy but continued nominal room rate growth. This lower growth outlook for London hotels reflects a forecast 2.8 per cent net increase in the number of rooms in 2019 following the strong increases in supply in previous years. Despite pressure from rising labour and operating costs, continued growth in London RevPars highlights the City's resilience as a leading global hotel market.

Following the IHL acquisition in 2018, the UK Hotels portfolio is weighted close to 90 per cent by value to Greater London, Edinburgh and Gatwick airport with 10.9 per cent of the total net rental income subject to uncapped CPI escalations, principally from the Travelodge portfolio. The RBH managed hotel portfolio, including 13 limited service hotels, has seen positive movements on all key operational metrics. This was largely driven by the seven London limited service hotels and the Hampton by Hilton hotel at Gatwick Airport which continues to produce trading results ahead of management expectations. Following a very strong 2018, the Edinburgh hotel market has slowed slightly and occupancy in the three smaller regional hotels has been affected by weaker trading conditions.

RBH managed hotel portfolio (excluding IHL)

Operational metrics	**28 February 2019**	**31 August 2018**	**28 February 2018**
Weighted average room rate (£)	95.5	96.6	94.2
Weighted average revenue per available room (RevPAR) (£)	81.3	82.4	79.5
Weighted average occupancy (%)	83.9	84.8	83.3

Like-for-like net income during the period decreased by £0.7 million, or 6.2 per cent, following additional refurbishment costs allocated to maintaining the quality of these assets. Underlying gross rental income, excluding the increased investment, was consistent with the prior period. The Travelodge portfolio is expected to show continued income growth over the next few years through upward only inflation linked rent reviews.

The portfolio was valued at £364.9 million, a like-for-like decrease of 0.7 per cent.

UK Hotels 28 February 2019	**Market value £m**	**Annualised gross rental income £m**	**ERV £m**	**EPRA NIY %**	**EPRA topped up yield %**	**Reversionary yield %**	**WAULT yrs[(1)]**	**EPRA occupancy by ERV %[(1)]**	**Indexed %**
Greater London	186.7	12.3	12.3	5.5	5.5	6.2	n/a	n/a	-
Regional	129.9	11.2	11.2	6.4	6.4	7.3	n/a	n/a	0.9
RBH managed portfolio	316.6	23.5	23.5	5.9	5.9	6.6	n/a	n/a	0.4
Travelodge[(2)]	48.3	2.4	2.6	4.7	4.7	5.0	17.7	100.0	95.3
UK Hotels	364.9	25.9	26.1	5.7	5.7	6.4	17.7	100.0	9.3

(1) Excluding RBH managed hotels portfolio. Relevant operational metrics disclosed separately.

(2) Three of the five hotels let to Travelodge carry landlord lease extension options of eight years or more.

Strategic operational partner – RBH

Operating performance from the managed portfolio is supported by the Company's strategic partnership with RBH (formerly RedefineBDL). RBH has established itself as the leading independent hotel operator in the UK. Alignment of interests is ensured through RDI's ownership of a 25.3 per cent stake in RBH.

The holding in RBH contributed £0.5 million to underlying earnings during the six months.

Europe (15.1 per cent of portfolio by market value)

The momentum in the German investment market has remained strong driven largely by domestic investors. However, investors are becoming increasingly discerning with a focus on rental levels, particularly in the retail sector. The portfolio is heavily weighted to Berlin and Hamburg, two of Europe's strongest investment destinations. The centres in these cities are integrally linked into the public transport network providing high levels of footfall.

The portfolio decreased in value by 0.1 per cent in local currency and on a like-for-like basis due to a 10 basis point adverse shift in topped up net initial yields whilst local currency ERVs were marginally down.

Europe 28 February 2019	**Market value £m**	**Annualised gross rental income £m**	**ERV £m**	**EPRA NIY %**	**EPRA topped up yield %**	**Reversionary yield %**	**WAULT yrs**	**EPRA occupancy by ERV %**	**Indexed %**
German shopping centres	182.0	10.2	9.9	4.6	4.7	5.1	5.1	99.2	95.0
German supermarkets and retail parks	62.2	4.3	4.3	5.8	5.8	6.5	5.1	98.3	94.7
Europe	**244.2**	**14.5**	**14.2**	**4.9**	**5.0**	**5.4**	**5.1**	**98.9**	**94.9**

Occupancy across the German portfolio remains high at 98.9 per cent (31 August 2018: 98.0 per cent) with annualised gross rental income 1.7 per cent higher on a like-for-like basis and in constant currency terms; largely due to a new retail letting to Action at Bremen on an 8,740 sqft unit delivering £0.1 million of gross annualised rent. Rental income from the portfolio benefits from high levels of indexation, with 94.9 per cent of annualised gross rental income subject to various forms of inflation linked rent reviews. Following a period of exceptionally low inflation, the benefit of index linked rents is expected to increase with consumer price inflation expected to reach 1.3 per cent in March 2019.

56 lease events were completed during the period, totalling £2.0 million of gross annualised rental income at an average premium of 13.7 per cent to the previous passing rent and 2.1 per cent above ERV. This included:

- 27 rent reviews providing total rent of £1.3 million, 6.4 per cent (£0.1 million) above the passing rent although 0.6 per cent below ERV. The largest rent review included a fixed rental uplift on the 40,273 sqft MediaMarkt lease at Hamburg, up 7.3 percent on the previous passing rent;
- 29 new lettings or renewals were completed in the period providing total rent of £0.8 million, 6.7 per cent above ERV; and
- Of the 29 new lettings and renewals, 7 new leases were signed on 13,235 sqft of previously vacant space amounting to £0.1 million, which more than offset gross annualised rent on 5 small units (3,499 sqft) vacated during the period (loss of less than £0.1 million).

FINANCIAL REVIEW

Overview

Despite a challenging first half, the Group's operational performance has remained robust across all segments in which we operate. Occupancy remains high at 96.9 per cent and was underpinned by strong leasing activity in the period which saw 100 lease events concluded at rental levels above both previous passing rent and ERV.

As indicated alongside our Full Year Results in October, the Group has prioritised leverage and liquidity in the short term. Although this resulted in a 3.7 per cent reduction in underlying earnings (versus the same period last year), we believe this was the right decision to have taken.

On a per share basis, underlying earnings fell 5.2 per cent to 6.94 pence, compared to 7.32 pence per share for the first half of 2018, albeit the first half of 2018 was particularly strong due to the phased acquisition of nine hotels comprising the International Hotel Properties Group, which concluded in November 2017. The second half of 2018 resulted in a more comparable 6.86 pence per share in underlying earnings.

EPRA Net Asset Value per share fell 4.4 per cent from 213.8 pence to 204.4 pence. This was the result of valuation decline, principally in the UK retail segment, and an adverse movement in the Euro relative to Sterling, recording a 4.6 per cent decline across the period.

The Group's principal debt facility, a £303.0 million term loan and revolving credit facility, was refinanced in January 2019 at a reduced level of £275.0 million. This resulted in a marginal increase to finance costs, but locked in a competitive rate for a new five-year term and removed the associated refinancing risk.

Share consolidation and subsequent re-presentation

Following Shareholder approval at the Company's Annual General Meeting, the Company completed a consolidation of its shares on a one for five basis, with the nominal value per share increasing from 8 pence to 40 pence per share. The Company's issued share capital on the record date for the consolidation, being Friday, 8 February 2019, was 1,900,449,536. On Monday, 11 February 2019, the first day of trading in the newly consolidated shares, the Company's issued share capital stood at 380,089,923. Where applicable throughout this review and the condensed consolidated financial statements which follow, the comparative 'per share' numbers have been re-presented accordingly.

Aviva financed UK Shopping Centre portfolio

Four of the Group's UK shopping centres, namely Grand Arcade, Wigan; Weston Favell, Northampton; Birchwood, Warrington and Byron Place, Seaham, are financed by a £144.7 million long-term fixed-rate debt facility with Aviva.

During the period, given the deterioration in values for UK Shopping Centres as well as concerns over certain key retailers, Aviva undertook a valuation of the four assets secured by the facility. The valuation resulted in a lender's LTV exceeding the 85 per cent loan to value covenant. The Group paid £9.7 million to cure the loan to value covenant and in addition all net operating cashflows from the portfolio were retained within the facility to reduce the outstanding facility balance.

Net operating cashflows from the four shopping centres, after interest costs, are approximately £6.5 million on an annualised basis.

In April, post period end, a further valuation was called by Aviva, resulting in a further 5.7 per cent decline in value and a lenders LTV of 89.4 per cent. After careful consideration, the level of capital required to maintain compliance was not considered to be in the best interests of long-term shareholder value. The Group therefore agreed with Aviva that a consensual disposal of the properties, or the introduction of third-party capital, would be in the best interests of both parties.

Given the facilities term and fixed rate of interest, a significant break cost would ordinarily become payable on early termination. Although the facility remains non-recourse to the Group, given the termination charge that will be applied by the lender on sale, no equity is expected to be returned to the Group following disposal. As a result, we set out below the pro-forma impact of the disposal on underlying earnings and net asset value, both at 28 February 2019.

28 February 2019	Underlying earnings (6 months) £m	Underlying earnings per share (6 months) pence	EPRA net asset value £m	EPRA net asset value per share pence	Loan to value %	Cost of debt %	UK retail portion of portfolio market value %
As reported	26.4	6.94	779.7	204.4	48.5	3.5	28.2
Aviva portfolio[1]	(3.7)	(0.97)	(54.1)	(14.2)	(3.1)	(0.4)	(8.9)
Excluding Aviva portfolio[1]	22.7	5.97	725.6	190.2	45.4	3.1	19.3

[1] Four Aviva financed UK Shopping Centre portfolio

The above illustrates a scenario where a disposal is concluded and no net disposal proceeds are received by the Group. This results in a decrease in net asset value of £54.1 million (14.2 pence per share) and a reduction in underlying earnings of approximately £6.5 million per year (1.7 pence per share). It should be noted that restricted cash, held by Aviva of £11.6 million at 28 February 2019, is included in the net asset value stated above.

Other planned disposals

As announced in the CEO's report, the Group has embarked on a marketing exercise for the sale of the Group's residual German portfolio. Although contemplated by the Board for some time, the decision to seek offers for this separately identifiable line of business was taken post period end and has therefore not been disclosed as held for sale within these condensed consolidated financial statements.

Acquisitions

In September 2018, the Group increased its exposure to the industrial and distribution sectors via the acquisition of two property interests located in the South East of England. The first, a £26.3 million (excluding costs) acquisition of an industrial estate in Farnborough, Hampshire; and the second, a £7.9 million (excluding costs), 13.5 acre land interest in Bicester, Oxfordshire. The land interest was consented for the development of two distribution units totalling 288,000 sqft in size. At the same time, the Group entered into a development agreement for the construction of the units and made a commitment to further payments on completion of the units of £7.8 million and £10.3 million. Completion of unit one took place in early April and unit two is due to complete in December 2019.

Performance against strategic financial targets

Strategic metrics	**Medium term target**	**28 February 2019**	31 August 2018	28 February 2018	31 August 2017	28 February 2017
Growth in underlying EPS (%)	3.0 - 5.0	**(5.2)**	3.3	8.2	n/a	n/a
Dividend pay-out ratio (%)	90.0 - 95.0	**57.6**	95.1	92.5	94.5	96.3
Income growth (like-for-like) (%)	2.0 - 5.0	**0.2**	2.1	2.1	3.7	3.3
Rent collection	>95% within 7 days	**95.3**	98.0	89.3	94.3	94.0
LTV (%)	Reduced to 30.0 - 40.0	**48.5**	47.3(1)	48.0	50.0(1)	49.9
Interest cover (times)	>3.0	**3.1**	3.5	3.5	3.2	3.1
Cost of debt (%)	3.2 - 3.4	**3.5**	3.4	3.3	3.1	3.3
EPRA cost ratio (excl. direct vacancy costs) (%)	<15.0	**16.2**	15.6	15.7	19.8	20.7

(1) Pro forma adjusted to reflect transactions post year end until the date of results announcements

Earnings decreased in the first half due to prioritising higher liquidity levels and maintaining a focus on leverage reduction.

The Group fell short of its like-for-like income growth target this period due the commitment of additional funds to the refurbishment of the UK Hotels portfolio, a sector that has performed well in recent years. Excluding the additional charge of £0.7 million, like-for-like growth of 1.9 per cent would have been achieved.

LTV increased during the period, driven by declining asset valuations, principally UK Retail portfolio valuations. Notwithstanding this, the Group's focus on leverage reduction has ensured LTV has remained within target range. The planned disposal of the European portfolio, and the consensual sale or restructure of the Aviva financed UK Shopping Centre portfolio, should materially reduce the Group's LTV. Once these disposals are concluded, the Group expects to adjust its LTV downwards and target gearing between 30 - 40 per cent.

Cost of debt has increased marginally above the target range at 3.5 per cent, but has reduced to 3.4 per cent post period end.

The EPRA cost ratio remains above target, notwithstanding the progress made in the past two years. The planned disposal of the European portfolio should result in a net improvement in the ratio due to the modest scale of the residual portfolio and the relatively high cost of maintaining the requisite operational platform in Germany.

The dividend pay-out ratio has fallen significantly below the Group's target of 90 – 95 per cent. This is discussed in more detail at the conclusion of this financial review. All other metrics remain within target.

Presentation of financial information

The Board reviews information and reports presented on a proportionately consolidated basis, which includes the Group's share of interests in joint ventures. To align with how the Group is managed, this financial review has been presented on the same basis.

Income statement	**28 February 2019**			**28 February 2018**		
	IFRS basis £m	**Joint Ventures £m**	**Group Total £m**	**IFRS basis £m**	**Joint Ventures £m**	**Group Total £m**
Gross rental income	55.8	0.9	56.7	54.6	0.9	55.5
Property operating expenses	(6.2)	-	(6.2)	(4.8)	(0.1)	(4.9)
Net rental income	**49.6**	**0.9**	**50.5**	**49.8**	**0.8**	**50.6**
Other income	1.3	-	1.3	0.6	-	0.6
Administrative expenses	(7.3)	0.1	(7.2)	(7.2)	(0.1)	(7.3)
Net operating income	**43.6**	**1.0**	**44.6**	**43.2**	**0.7**	**43.9**
Net finance costs	(15.9)	(0.5)	(16.4)	(14.3)	(0.3)	(14.6)
Joint venture profits (allocated to individual line items)	0.3	(0.3)	-	0.2	(0.2)	-
Tax and other	0.3	(0.2)	0.1	(1.2)	(0.2)	(1.4)
Non-controlling interest	(2.5)	-	(2.5)	(1.8)	-	(1.8)
EPRA earnings	**25.8**	**-**	**25.8**	**26.1**	**-**	**26.1**
Company Adjustments:						
Debt fair value accretion adjustments	0.4	-	0.4	0.4	-	0.4
Foreign exchange loss	0.2	-	0.2	0.9	-	0.9
Underlying earnings	**26.4**	**-**	**26.4**	**27.4**	**-**	**27.4**
Fair value (loss)/gain on investment property, assets held for sale and listed shares	(30.4)	(0.2)	(30.6)	8.5	(0.2)	8.3
(Loss)/gain on disposal of investment property and non-current assets held for sale	(0.2)	-	(0.2)	0.4	-	0.4
Gain on disposal of subsidiaries	-	-	-	14.3	-	14.3
Net gain on acquisition of subsidiaries	-	-	-	4.6	-	4.6
Fair value movement on derivatives	(2.2)	0.1	(2.1)	5.2	0.6	5.8
Deferred tax provision movement	1.7	-	1.7	0.1	(0.2)	(0.1)
Tax and other	(1.1)	0.1	(1.0)	(2.6)	(0.2)	(2.8)
Non-controlling interest	0.9	-	0.9	(2.7)	-	(2.7)
IFRS profit attributable to shareholders	**(4.9)**	-	**(4.9)**	**55.2**	-	**55.2**
Weighted average ordinary shares (millions)			**380.1**			**374.2**
EPRA earnings per share (pence)			**6.79**			**6.97**
Underlying earnings per share (pence)			**6.94**			**7.32**

Net rental income was broadly in line with the prior period, marginally down in absolute terms but 0.2 per cent higher on a like-for-like basis. The increase in property operating expenses is attributable to the operational nature of the Group's recently acquired London Serviced Office portfolio. This also accounts for the increase in Other Income, the result of the various additional services provided to licensees at a margin.

Administrative costs have fallen marginally, however, not yet at a rate sufficient to achieve the Group's EPRA cost ratio target, which recorded a deterioration from 15.7 per cent to 16.2 per cent.

Net finance costs increased by £1.8 million, £0.9 million of which relates to a charge on refinancing the Group's principal debt facility in January 2019. Compared to the prior period, the residual increase arises from capital recycled from Germany to the UK in January 2018 and the related finance cost differential across the two geographies.

Non-controlling interests reflects the share of income attributable to the minority shareholders, most notably within our UK Hotels portfolio and London Serviced Offices portfolio. The increase arises due to the timing of acquisitions in the prior period, which did not reflect a full six month period.

Like-for-like net rental income analysis

Net rental income	Six months ended 28 February 2019 £m	Six months ended 28 February 2018 £m	Change %	Local currency change %
UK Commercial	9.2	8.5	8.2	8.2
UK Retail	17.6	17.6	-	-
UK Hotels	10.9	11.6	(6.0)	(6.0)
UK Total	37.7	37.7	-	-
Europe	5.4	5.3	1.9	2.5
Like-for-like net rental income	**43.1**	**43.0**	**0.2**	**0.3**
Acquisitions	6.5	1.6		
Disposals	-	5.7		
Development and other	0.9	0.3		
Total net rental income	**50.5**	**50.6**		

Like-for-like income in the UK Commercial portfolio increased 8.2 per cent, largely due to successful rent reviews, principally at Camino Park, Crawley and Express Park, Bridgwater.

Despite headwinds, UK Retail net rents were stable. This was driven by focused asset management ensuring occupancy remained high and income was maximised through commercialisation of available space within the centres.

The decrease of 6.0 per cent in like-for-like income in UK Hotels is primarily due to additional funds being committed towards the refurbishment of the UK Hotels, a sector that has performed well in recent years. This ensures the portfolio is kept current and helps maintain occupancy levels. Refurbishment costs are recognised as tenant incentives and are charged to income.

Europe like-for-like net rent in local currency was up 2.5 per cent, primarily due to a number of lease events completed during the period. In Sterling terms, income was up 1.9 per cent, reflecting the weaker average EUR/GBP rate in the first six months of 2019.

Balance sheet	**28 February 2019**			**31 August 2018**		
	IFRS £m	**Joint Ventures £m**	**Group Total £m**	**IFRS £m**	**Joint Ventures £m**	**Group Total £m**
Property portfolio carrying value[1]	1,593.6	24.6	1,618.2	1,598.0	25.4	1,623.4
Investment in and loans to joint ventures	7.0	(7.0)	-	7.1	(7.1)	-
Net borrowings	(765.2)	(14.3)	(779.5)	(730.6)	(14.8)	(745.4)
Other assets and liabilities	(7.6)	(3.3)	(10.9)	(11.7)	(3.5)	(15.2)
Non-controlling interest	(59.8)	-	(59.8)	(59.5)	-	(59.5)
IFRS NAV	**768.0**	**-**	**768.0**	**803.3**	**-**	**803.3**
Fair value of derivatives			3.7			1.9
Deferred tax liabilities			8.0			9.8
EPRA NAV			**779.7**			**815.0**
Diluted number of shares (millions)			381.4			381.2
EPRA NAV per share (pence)			**204.4**			**213.8**

(1) Market value adjusted to reflect finance lease liabilities and lease incentives

Property portfolio

Market value of the property portfolio	28 February 2019 £m	31 August 2018 £m	Valuation [1] Gain/(loss) £m	Valuation [1] Gain/(loss) %	Local currency Gain/(loss) %
UK Commercial	517.1	515.9	1.2	0.2	0.2
UK Retail	455.5	481.0	(26.9)	(5.6)	(5.6)
UK Hotels	364.9	364.9	(2.8)	(0.7)	(0.7)
UK Total	1,337.5	1,361.8	(28.5)	(2.1)	(2.1)
Europe	212.9	223.0	(10.5)	(4.7)	(0.3)
Like-for-like property portfolio	**1,550.4**	**1,584.8**	**(39.0)**	**(2.5)**	**(1.8)**
Acquisitions	35.9	-			
Disposals	-	3.4			
Development	31.3	32.2			
Total property portfolio market value	**1,617.6**	**1,620.4**			

[1] Valuation includes the effect of capital expenditure, amortisation of head leases, tenant lease incentives and foreign currency translation where applicable

UK Commercial valuations were broadly flat across the half year, with the strongest performance in distribution and industrial assets and the weakest in regional offices.

The downward valuation in UK Retail of £26.9 million, driven by the UK Shopping Centres, reflects the broad negative investor sentiment towards this sector. As occupancy and income within the portfolio were high and stable relative to 31 August 2018, the valuation decline was almost entirely attributable to yield shift.

The Hotel portfolio value decreased by £2.8 million, primarily due to capital expenditure and tenant incentives in the period.

In local currency terms, the German portfolio held steady, down by 0.3 per cent. An adverse 4.6 per cent movement in the exchange rate reduced the Sterling value by £10.5 million, or 4.7 per cent.

Debt and gearing

	28 February 2019 (excluding Aviva portfolio) £m	**28 February 2019 £m**	31 August 2018 £m
Nominal value of drawn debt	(689.2)	**(833.9)**	(808.2)
Cash and short-term deposits	35.7	**49.4**	59.8
Net debt	(653.5)	**(784.5)**	(748.4)
Market value of the property portfolio	1,440.4	**1,617.6**	1,620.4
LTV (%)	45.4	**48.5**	46.2
LTV (%, pro forma)[1]	-	**-**	47.3
Weighted average debt maturity (years)	3.7	**7.1**	6.7
Weighted average interest rate (%)	3.1	**3.5**	3.4
Interest cover (times)	3.6	**3.1**	3.5
Debt with interest rate protection (%)	92.3	**93.6**	99.6

[1] Pro forma LTV adjusted for transactions completed between 31 August 2018 and 25 October 2018.

The increase in net debt of £36.1 million is principally due to the acquisition of two industrial and distribution property interests in Farnborough and Bicester in September 2018.

Loan to value increased to 48.5 per cent due to the reduction in valuation of the UK Retail portfolio but remains within the Group's previous target range of 45 – 50 per cent.

Debt maturity increased following refinancing activities completed in January, with interest cover falling due to costs associated with the refinancing which were incurred in the period.

Given the significance of the four Aviva financed UK Shopping Centres on the above debt and gearing metrics, these have been presented on a pro-forma basis to illustrate the position excluding these four shopping centres and their related net debt contribution.

Cash flow	28 February 2019			28 February 2018		
	IFRS £m	Joint Ventures £m	Group Total £m	IFRS £m	Joint Ventures £m	Group Total £m
Operating cash flows	**25.7**	**0.3**	**26.0**	**25.4**	**0.6**	**26.0**
Disposals	2.6	-	**2.6**	142.6	-	142.6
Acquisitions and development	(39.9)	-	**(39.9)**	(99.9)	-	(99.9)
Other	(0.8)	(0.1)	**(0.9)**	(0.7)	0.2	(0.5)
Investing cash flows	**(38.1)**	**(0.1)**	**(38.2)**	**42.0**	**0.2**	**42.2**
Net debt drawn/(repaid)	31.6	(0.2)	**31.4**	(44.1)	(0.4)	(44.5)
Dividends paid	(25.7)	-	**(25.7)**	(18.8)	-	(18.8)
Other	(3.7)	-	**(3.7)**	(2.4)	-	(2.4)
Financing cash flows	**2.2**	**(0.2)**	**2.0**	**(65.3)**	**(0.4)**	**(65.7)**
Impact of foreign exchange movement	(0.2)	**-**	**(0.2)**	(1.0)	-	(1.0)
Net cash flow	**(10.4)**	**-**	**(10.4)**	**1.1**	**0.4**	**1.5**

Operating cash flows are aligned to the Group's underlying earnings and are a key metric for ensuring dividend cover. The overall net cash outflow reflects reinvestment activity since 31 August 2018 which followed significant capital recycling activity in the prior year. The final dividend for the year ended 31 August 2018 was paid entirely in cash in December 2018. Cash on the balance sheet at 28 February 2019 was £49.4 million, of which £12.3 million was held in restricted accounts, principally with Aviva.

Dividend

As set out above, during the period cash totalling £11.6 million was applied or retained in the Aviva UK Shopping Centre facility. Consequently, this cash is restricted and is unavailable to the Group to fund its operations or to allocate to shareholders in the form of dividend.

The Board has had to carefully consider its liquidity requirements in the context of the above restriction. Given these circumstances, the Board has declared a more modest first half dividend of 4.0 pence per share, which will be payable on 25 June 2019 to shareholders on the register on 7 June 2019.

It remains the Company's intention to continue to meet the UK REIT rules in respect of distributions. These rules require the Company to pay a minimum of 90 per cent of its UK Group property rental profits to shareholders within 12 months of its financial year end. As a guide, in respect to this six-month period ended 28 February 2019, the Group could reasonably be expected to pay an additional £5 million to shareholders alongside its required distribution for the second half of the year.

Donald Grant

Chief Financial Officer

25 April 2019

Alternative Performance Measures

An alternative performance measure (APM) is a financial measure of historical or future financial performance, position or cash flows of an entity which is not a financial measure defined or specified in IFRS. APMs are presented to provide a balanced view and useful information to the readers of the Group's results and are consistent with industry standards. The Group has considered the European Securities and Markets Authority (ESMA) 'Guidelines on Alternative Performance Measures' in disclosing additional information on its APMs.

All APMs are prepared on a proportionate basis to align with how the Group is managed. Further discussion of these measures can be found in the Financial review. The table below summarises the APMs included in these results, each of which has been reconciled to the appropriate IFRS measure as referenced in the table.

Measure	Definition of measure	Note/ Reference	28 February 2019	28 February 2018	31 August 2018
Underlying earnings	EPRA earnings adjusted for the impact of non-cash debt accretion charges and FX gains and losses reflected in the income statement	**Note 30**	£26.4m	£27.4m	£53.5m
Headline earnings	An earnings per share measure required by the JSE, which excludes separately identifiable remeasurements in accordance with Circular 04/2018	**Note 30**	£23.6m	£28.9m	£57.1m
Net debt	Total nominal value of the Group's proportionate bank borrowings less cash and cash equivalents	**Note 19**	£784.5m	£789.8m	£748.4m
Loan-to-value	The ratio of net debt divided by the market value of investment property	**Financial review**	48.5%	48.0%	46.2%(1)
Interest Cover	The Group's net rental income divided by net finance expenses	**Financial review**	3.1	3.5	3.5
Dividend pay-out ratio	Total dividend per share paid out to shareholders relative to the underlying earnings per share during the year	**Financial review**	57.6%	92.5%	95.1%

(1) Pro forma adjusted to 47.3% to reflect transactions between 31 August 2018 and 25 October 2018

PRINCIPAL RISKS

Below are the key risks to which the Group is exposed, along with their potential impact and mitigation factors.

Strategic risk

Risk	Impact potential	Mitigation factors
Failure to formulate and execute appropriate investment strategy, including but not limited to gearing levels and diversification	• Declining net asset value and total property return (income and capital), particularly with respect to UK Shopping Centres • Declining total shareholder returns and increased share price volatility	• Annual review of investment strategy • Defined asset appraisal process • Investment Committee reviews all opportunities against pre-determined criteria • Monitoring of macro economic and property market trends • Flexible and agile decision making • Dedicated investor relations resource • Clear messaging of Group strategy to the market and to analysts • Ongoing dialogue and communication with lenders and brokers
Continuing uncertainty surrounding the political and economic climate, for example, negotiations on the UK exit from the European Union results in increased uncertainty over future policy and legislation	• Ongoing and heightened economic and political uncertainty leading to general market dislocation, increased volatility with potential impact on property valuations, share price and delayed strategic decision making of investors, lenders and occupiers • Constrained access to debt or capital markets impacting ability to address liquidity or covenant concerns	• Close relationships with key shareholders and lenders • Close monitoring of loan covenants and required cash cures • Ongoing monitoring of proposals and emerging policy and legislation • Balance sheet structure provides a degree of flexibility
Significant business interruption or terrorist event	• Inability to access or operate properties • Operational interruption and disruption • Significant reduction in footfall • Injury or loss of life of occupier, customer, employee or contractor • Loss of key employee or supplier	• Close relationships with key shareholders and lenders • Close monitoring of loan covenants and required cash cures • Ongoing monitoring of proposals and emerging policy and legislation • Balance sheet structure provides a degree of flexibility
Change in investment strategy of significant shareholder or joint venture partner	• Adverse movement in share price • Perceived loss of confidence	• Close relationships maintained with key shareholders and partners • Dedicated investor relations resource • Clear income focused total return strategy targeting upper quartile performance • Actively target new investors

Financial Risks

Risk	Impact potential	Mitigation factors
Decline in market conditions and structural changes in retail consumer behaviour	• Reduced availability of financing and refinancing at acceptable cost • Inability to fund property investments • Increased cost of finance • Declining valuations leading to covenant breaches • Pressure on income and dividend sustainability	• Mix of lenders and maturities of facilities • Non-recourse debt structure • Early refinancing of debt • Sufficient liquidity to meet commitments and plausible stress scenarios • Regular assessment of market conditions including bi-annual external valuations and monitoring of covenants

		• Detailed capital planning and forecasting • Portfolio diversified across sectors and geography
Adverse interest rate movements and inflationary pressures	• Increased cost of borrowing and hedging reducing financial and operational flexibility • Adverse impact on property valuations	• Interest rate hedging policy providing interest rate protection • Target staggered debt maturities • Early refinancing where economically viable to lock in lower rates for longer
Adverse foreign currency movements	• Decreased asset values • Reduced operating income • Reduced liquidity	• Debt facilities arranged in the currency of the related investment act as a partial hedge • Exchange rates continuously monitored • Amounts converted to Sterling at earliest opportunity • Foreign currency forward contracts entered into prior to significant transactions

Operational risks

Risk	Impact potential	Mitigation factors
Failure to anticipate changes in the property cycle	• Reduced investment demand and declining property values • Potential pressure on banking covenants	• Bi annual external valuation of properties • Diversified portfolio • Active asset management • Regular monitoring of covenants, including scenario modelling
Reduced occupier demand for space, increased supply, or occupier defaults	• Reduced rental income and cash flow • Loss of key tenants • Increased void costs • Declining property values	• Diverse tenant base • Long leases and strong tenant covenants • Open dialogue with tenants and property managers • Review consumer trends • Regular monitoring of tenants at risk • Reputable property managers and efficient rent collection procedures
Inappropriate cladding or construction materials	• Increased devastation in case of fire	• Annual fire risk assessment • Comprehensive review of cladding and insulation in place across portfolio and close liaison with national Health & Safety Executive

Legal & regulatory risks

Risk	Impact potential	Mitigation factors
Health, safety and environmental risk	• Loss or injury to employees, tenants or contractors • Impact on reputation, adverse publicity or financial impact	• Policies in place with audit and risk assessments undertaken • Environmental programme in place • All properties actively managed • Appointed dedicated Health & Safety Manager • Comprehensive tendering process for contractors
Changes in or breach of regulatory or legislative requirements	• Financial or reputational impact	• Sound governance and internal policies

	• Reduced financial returns as a result of increased taxes across non-REIT business • Adverse tenant behaviour	• Appointment of appropriately qualified employees, corporate advisers and administrators in all jurisdictions with active engagement • Regular review of compliance e.g. REIT legislation • Proactive identification of changes in legal and regulatory environment with planned response to changes prior to implementation

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the condensed consolidated interim financial statements, in accordance with applicable laws and regulations.

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

- the interim management 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 first six months of the financial year 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 in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The operating and financial review refers to important events which have taken place during the period.

Related party transactions are set out in Note 29 to the condensed consolidated interim financial statements.

By order of the Board

Mike Watters
Chief Executive

Donald Grant
Chief Financial Officer

25 April 2019

Independent Review Report to RDI REIT P.L.C.

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 28 February 2019 which comprises condensed consolidated balance sheet, condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 28 February 2019 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

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 UK. 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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 reached.

Richard Kelly
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
25 April 2019

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 28 February 2019

Continuing operations	Note	**Unaudited Six months ended 28 February 2019 £m**	Unaudited Six months ended 28 February 2018 £m	Audited Year ended 31 August 2018 £m
Revenue	3	**57.1**	55.2	112.0
Rental income	4	**55.8**	54.6	110.2
Rental expense	5	**(6.2)**	(4.8)	(11.1)
Net rental income		**49.6**	49.8	99.1
Other income	6	**1.3**	0.6	1.8
Administrative costs and other fees	7	**(7.3)**	(7.2)	(14.2)
Net operating income		**43.6**	43.2	86.7
(Loss)/gain on revaluation of investment property	13	**(30.4)**	8.5	10.8
Gain on revaluation of investment property held for sale	13	**-**	-	0.9
(Loss)/gain on disposal of investment property	13	**(0.2)**	0.6	1.5
(Loss)/gain on disposal of investment property held for sale		**-**	(0.1)	1.8
Net gain on disposal of subsidiaries	8	**-**	14.3	15.4
Net (loss)/gain on business combinations	9	**(0.1)**	4.6	4.4
Other income and expense	16	**(0.1)**	(0.3)	(0.4)
Foreign exchange loss		**(0.2)**	(0.9)	(0.8)
Profit from operations		**12.6**	69.9	120.3
Finance income	10	**0.3**	0.4	0.6
Finance expense	10	**(16.2)**	(14.5)	(29.3)
Other finance expense	11	**-**	(0.6)	(0.6)
Change in fair value of derivative financial instruments		**(2.2)**	5.2	6.1
		(5.5)	60.4	97.1
Loss on sale of joint venture interests		**-**	-	(0.1)
Net impairment reversal on loans to joint ventures		**0.1**	0.1	0.1
Share of post-tax profit from joint ventures		**0.2**	-	-
Share of post-tax profit from associate	15	**0.5**	0.3	0.3
(Loss)/profit before tax		**(4.7)**	60.8	97.4
Taxation	12	**1.4**	(1.1)	(1.1)
(Loss)/profit for the period		**(3.3)**	59.7	96.3
(Loss)/profit attributable to:				
Equity holders of the Parent		**(4.9)**	55.2	88.9
Non-controlling interests		**1.6**	4.5	7.4
		(3.3)	59.7	96.3
Earnings per share (re-presented)				
Weighted average number of shares (millions)	30	**380.1**	374.2[(1)]	377.3[(1)]
Diluted weighted average number of shares (millions)	30	**381.4**	375.1[(1)]	378.5[(1)]
Basic earnings per share (pence)	30	**(1.3)**	14.8[(1)]	23.6[(1)]
Diluted earnings per share (pence)	30	**(1.3)**	14.7[(1)]	23.5[(1)]

(1) As a result of the share consolidation approved at the Annual General Meeting on 24 January 2019, the comparative weighted average number of shares and related earnings per share have been re-presented for comparability (refer to note 23).

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 28 February 2019

Continuing operations	**Unaudited Six months ended 28 February 2019 £m**	Unaudited Six months ended 28 February 2018 £m	Audited Year ended 31 August 2018 £m
(Loss)/profit for the period	**(3.3)**	59.7	96.3
Other comprehensive expense			
Items that may be transferred to the income statement			
Foreign currency translation on subsidiary foreign operations	**(4.8)**	(6.7)	(5.3)
Foreign currency translation on joint ventures held by subsidiary foreign operations	**-**	(0.3)	(0.2)
Total other comprehensive expense	**(4.8)**	(7.0)	(5.5)
Total comprehensive (expense)/income for the period	**(8.1)**	52.7	90.8
Total comprehensive (expense)/income attributable to:			
Equity holders of the Parent	**(9.7)**	48.2	83.4
Non-controlling interests	**1.6**	4.5	7.4
	(8.1)	52.7	90.8

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

as at 28 February 2019

	Note	**Unaudited 28 February 2019 £m**	Audited 31 August 2018 £m
Non-current assets			
Investment property	13	**1,593.6**	1,598.0
Investment in joint ventures	14	**2.0**	1.9
Loans to joint ventures	14	**5.0**	5.2
Investment in associate	15	**9.2**	9.1
Other non-current assets	16	**1.1**	1.3
Derivative financial instruments	20	**0.2**	1.1
Trade and other receivables	17	**12.6**	11.2
Total non-current assets		**1,623.7**	1,627.8
Current assets			
Trade and other receivables	17	**9.3**	7.1
Cash and cash equivalents	18	**48.6**	59.0
Total current assets		**57.9**	66.1
Total assets		**1,681.6**	1,693.9
Non-current liabilities			
Borrowings, including finance leases	19	**(774.1)**	(784.2)
Derivative financial instruments	20	**(3.9)**	(2.9)
Deferred tax	21	**(7.4)**	(9.5)
Trade and other payables	22	**(0.1)**	(0.2)
Total non-current liabilities		**(785.5)**	(796.8)
Current liabilities			
Borrowings, including finance leases	19	**(39.7)**	(5.4)
Trade and other payables	22	**(27.9)**	(26.9)
Tax liabilities		**(0.7)**	(2.0)
Total current liabilities		**(68.3)**	(34.3)
Total liabilities		**(853.8)**	(831.1)
Net assets		**827.8**	862.8
Equity			
Share capital	23	**152.0**	152.0
Share premium	23	**534.6**	534.6
Other components of equity		**81.4**	116.7
Total attributable to equity holders of the Parent		**768.0**	803.3
Non-controlling interests	25	**59.8**	59.5
Total equity		**827.8**	862.8

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors on 25 April 2019 and were signed on its behalf by:

Mike Watters
Chief Executive Officer

Donald Grant
Chief Financial Officer

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 28 February 2019

	Note	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Foreign currency translation reserve £m	Total attributable to equity holders of the Parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 September 2018		**152.0**	**534.6**	**95.5**	**3.3**	**17.9**	**803.3**	**59.5**	**862.8**
(Loss)/profit for the period		-	-	(4.9)	-	-	(4.9)	1.6	(3.3)
Foreign currency translation on subsidiary foreign operations		-	-	-	-	(4.8)	(4.8)	-	(4.8)
Total comprehensive income for the period		**-**	**-**	**(4.9)**	**-**	**(4.8)**	**(9.7)**	**1.6**	**(8.1)**
Transactions with equity holders of the Parent									
Dividends paid	23	-	-	(25.7)	-	-	(25.7)	-	(25.7)
Release of share-based payments reserve	24	-	-	1.7	(1.7)	-	-	-	-
Release of non-distributable reserve	24	-	-	1.0	(1.0)	-	-	-	-
Additional payment in relation to restricted stock plan	24	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Fair value of share-based payments		-	-	-	0.3	-	0.3	-	0.3
		-	**-**	**(23.2)**	**(2.4)**	**-**	**(25.6)**	**-**	**(25.6)**
Changes in ownership interests in subsidiaries									
Dividends paid to non-controlling interests	25	-	-	-	-	-	-	(1.3)	(1.3)
		-	**-**	**-**	**-**	**-**	**-**	**(1.3)**	**(1.3)**
Balance at 28 February 2019		**152.0**	**534.6**	**67.4**	**0.9**	**13.1**	**768.0**	**59.8**	**827.8**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 28 February 2019

	Note	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Foreign currency translation reserve £m	Total attributable to equity holders of the Parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 September 2017		**146.2**	**511.8**	**54.8**	**4.2**	**23.4**	**740.4**	**21.8**	**762.2**
Profit for the period		-	-	55.2	-	-	55.2	4.5	59.7
Foreign currency translation on subsidiary foreign operations		-	-	-	-	(6.7)	(6.7)	-	(6.7)
Foreign currency translation on joint venture interests held by subsidiary foreign operations		-	-	-	-	(0.3)	(0.3)	-	(0.3)
Total comprehensive income for the period		**-**	**-**	**55.2**	**-**	**(7.0)**	**48.2**	**4.5**	**52.7**
Transactions with equity holders of the Parent									
Issue of shares		4.9	19.4	-	-	-	24.3	-	24.3
Dividends paid		-	-	(18.8)	-	-	(18.8)	-	(18.8)
Scrip dividends	23	1.3	4.4	(5.7)	-	-	-	-	-
Release of share-based payments reserve	24	-	-	1.9	(2.0)	-	(0.1)	-	(0.1)
Fair value of share-based payments		-	-	-	0.5	-	0.5	-	0.5
		6.2	**23.8**	**(22.6)**	**(1.5)**	**-**	**5.9**	**-**	**5.9**
Changes in ownership interests in subsidiaries									
Dividends paid to non-controlling interests	25	-	-	-	-	-	-	(1.7)	(1.7)
Non-controlling interests on business combinations	25	-	-	-	-	-	-	33.8	33.8
Net gain on acquisition of non-controlling interests	25	-	-	0.1	-	-	0.1	0.1	0.2
		-	**-**	**0.1**	**-**	**-**	**0.1**	**32.2**	**32.3**
Balance at 28 February 2018		**152.4**	**535.6**	**87.5**	**2.7**	**16.4**	**794.6**	**58.5**	**853.1**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 28 February 2019

	Note	Share capital £m	Share premium £m	Retained profit £m	Other reserves £m	Foreign currency translation reserve £m	Total attributable to equity holders of the Parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 September 2017		**146.2**	**511.8**	**54.8**	**4.2**	**23.4**	**740.4**	**21.8**	**762.2**
Profit for the year		-	-	88.9	-	-	88.9	7.4	96.3
Items that may be transferred to the income statement									
Foreign currency translation on subsidiary foreign operations		-	-	-	-	(5.3)	(5.3)	-	(5.3)
Foreign currency translation on joint venture interests held by subsidiary foreign operations	14	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Total comprehensive income for the year		**-**	**-**	**88.9**	**-**	**(5.5)**	**83.4**	**7.4**	**90.8**
Transactions with equity holders of the Parent									
Issue of shares	23	4.9	19.4	-	-	-	24.3	-	24.3
Scrip dividends	23	2.0	7.5	(9.0)	-	-	0.5	-	0.5
Buy-back of shares	23	(1.1)	(4.1)	-	-	-	(5.2)	-	(5.2)
Dividends paid		-	-	(41.1)	-	-	(41.1)	-	(41.1)
Release of share-based payment reserve		-	-	1.8	(1.9)	-	(0.1)	-	(0.1)
Fair value of share-based payments		-	-	-	1.0	-	1.0	-	1.0
		5.8	**22.8**	**(48.3)**	**(0.9)**	**-**	**(20.6)**	**-**	**(20.6)**
Changes in ownership interests in subsidiaries									
Dividends paid to non-controlling interests	25	-	-	-	-	-	-	(3.4)	(3.4)
Recognition of non-controlling interest on acquisition of subsidiaries	25	-	-	-	-	-	-	33.8	33.8
Net gain on acquisition of non-controlling interests	26	-	-	0.1	-	-	0.1	(0.1)	-
		-	**-**	**0.1**	**-**	**-**	**0.1**	**30.3**	**30.4**
Balance at 31 August 2018		**152.0**	**534.6**	**95.5**	**3.3**	**17.9**	**803.3**	**59.5**	**862.8**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 28 February 2019

Continuing operations	Note	**Unaudited Six months ended 28 February 2019 £m**	Unaudited Six months ended 28 February 2018 £m	Audited Year ended 31 August 2018 £m
Cash generated from operations	27	**40.2**	40.3	87.0
Interest received		**0.3**	0.2	0.4
Interest paid		**(14.8)**	(14.0)	(27.7)
Capitalised interest paid (1)		**-**	(0.3)	(0.7)
Net tax paid		**-**	(0.8)	(0.9)
Net cash inflow from operating activities		**25.7**	25.4	58.1
Cash flows from investing activities				
Net cash acquired on acquisition of subsidiaries		**-**	7.8	7.8
Acquisition of subsidiaries		**(0.3)**	(80.7)	(80.6)
Net cash disposed on sale of subsidiaries	8	**-**	(1.6)	(1.8)
Net proceeds on sale of subsidiaries		**(0.3)**	112.7	126.2
Net proceeds on sale of investment property		**2.9**	20.7	22.7
Net proceeds on sale of investment property held for sale		**-**	10.8	39.6
Purchase and development of investment property		**(39.6)**	(28.5)	(33.6)
Acquisition of property, plant and equipment	16	**(0.1)**	(0.5)	(0.6)
Additional costs on sale of joint venture interests		**-**	-	(0.1)
Movement in loans to joint ventures	14	**0.1**	(0.3)	(0.3)
Distributions from associate (including held for sale)		**0.3**	0.3	0.7
Disposal of other non-current assets held for sale		**-**	1.3	1.3
Settlement of taxes relating to investment held at fair value		**(1.1)**	-	-
Net cash (outflow)/inflow from investing activities		**(38.1)**	42.0	81.3
Cash flows from financing activities				
Buy-back of shares	23	**-**	-	(5.2)
Share issue costs paid		**-**	(0.1)	(0.1)
Proceeds from borrowings	19	**38.7**	10.0	10.0
Repayment of borrowings	19	**(7.1)**	(54.1)	(91.9)
Other finance expense		**(2.3)**	(0.5)	(0.6)
Derivative financial instruments purchased and settled		**(0.1)**	-	-
Dividends paid to equity holders		**(25.7)**	(18.8)	(41.1)
Dividends paid to non-controlling interests		**(1.3)**	(1.7)	(3.4)
Acquisitions from non-controlling interests	25	**-**	(0.1)	0.1
Movement in restricted cash and cash equivalents		**(11.6)**	-	-
Net cash outflow from financing activities		**(9.4)**	(65.3)	(132.2)
Net (decrease)/increase in unrestricted cash and cash equivalents		**(21.8)**	2.1	7.2
Effect of exchange rate fluctuations on cash and cash equivalents		**(0.2)**	(1.0)	(1.0)
Unrestricted cash and cash equivalents at 1 September		**58.3**	52.1	52.1
Unrestricted cash and cash equivalents at end of the period		**36.3**	53.2	58.3
Restricted cash and cash equivalents	18	**12.3**	0.7	0.7
Cash and cash equivalents at end of the period		**48.6**	53.9	59.0

(1) Investment property under development is now substantially complete and there is no capitalised interest during the period to 28 February 2019.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 28 February 2019

1. GENERAL INFORMATION

RDI REIT P.L.C. was incorporated in the Isle of Man on 28 June 2004 (Registered Number: 111198C) and was re-registered under the Isle of Man Companies Act 2006 on 3 December 2013 (Registered Number: 010534V).

On 4 December 2013, the Company converted to a UK-REIT and transferred its tax residence from the Isle of Man to the United Kingdom ("UK").

The Company holds a primary listing on the Main Market of the London Stock Exchange ("LSE") and a secondary listing on the Main Board of the Johannesburg Stock Exchange ("JSE").

The financial information contained in these interim financial statements does not constitute a complete set of financial statements and does not include all of the information required for full annual financial statements (including all comparative figures and all required notes) prepared in accordance with International Financial Reporting Standards ("IFRS"). The comparative figures for the financial year ended 31 August 2018 are not in the same format as the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The interim financial statements should therefore be read in conjunction with the consolidated financial statements as at and for the year ended 31 August 2018 which are available on the Company's website (www.rdireit.com).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements ("interim financial statements") for the six months ended 28 February 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The relevant new standards, amendments and interpretations that have been adopted during the period are set out in the following table:

International Financial Reporting Standard
IFRS 9 'Financial Instruments' ("IFRS 9")
IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15")
IAS 40 'Investment Property' (amendment)

The adoption of these amendments is considered below. The accounting policies applied by the Group are the same as those applied in the audited consolidated financial statements as at and for the year ended 31 August 2018, as set out on pages 125-130 of the 2018 Annual Report, with the exception of the application of two new standards IFRS 9 and IFRS 15 and the amendment to IAS 40 from 1 September 2018.

IFRS 9 applies to the recognition, classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets and is effective for the Group from 1 September 2018. The changes required to the recognition and classification of financial instruments do not have a quantitative impact on the financial statements and the Group does not apply hedge accounting. The changes required in assessing substantial modification of financial liabilities, namely consideration of the transaction as a whole, will not result in adjustments to the treatment of debt restructurings that have been recognised in the Group's financial statements. The introduction of the expected credit losses model replaces the incurred loss model but does not have a material impact on the net asset position of the Group as it applies primarily to trade receivables and loans to joint ventures. As at 28 February 2019, trade receivables, before impairment, accounted for £1.6 million or 0.2 per cent of total net assets of £827.8 million. At 28 February 2019, the Group's recognised joint venture was in a net asset position, had serviced all payment obligations under the loan advanced and the loan was not considered impaired. The introduction of the credit loss model would not result in an impairment of this loan on transition to IFRS 9 as the probability of default is low. The expanded disclosure requirements and changes to presentation change the nature and extent of the disclosures made by the Group.

IFRS 15 is the new standard for the recognition of revenue, replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and is effective for the Group from 1 September 2018. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer and sets out a five-step model for revenue recognition. IFRS 15 does not apply to rental income (which is currently measured in accordance with IAS 17, to be replaced by IFRS 16 as discussed below) which is the Group's primary revenue stream but does apply to other sources of income generated by the Group such as: service and management fee income and income from corporate and property disposals. The Group has considered the criteria of IFRS 15, in particular with reference to the income generated from several ancillary services offered to the customers in the serviced offices (£2.6 million for the year annualised) and has determined that the new standard does not have a material quantitative impact on the Group and has resulted in minimal qualitative changes to revenue disclosures.

The Group adopted the amendments to IAS 40 using the prospective application method permitted by the standard. The Group has assessed the impact of the amendment to IAS 40 on the classification of existing property as at 1 September 2018 and has concluded that no reclassifications are required on adoption of the amendment.

Disclosed in the table below are the relevant new standards, amendments and interpretations that have been issued by the IASB but are not yet effective or have not been early adopted.

International Financial Reporting Standards	Effective annual periods beginning on or after:
Annual improvements to IFRSs 2015-2017 cycle	
IFRS 3 'Business combinations' (amendment) (“IFRS 3”)	1 January 2019
IFRS 11 'Joint arrangements' (amendment) (“IFRS 11”)	1 January 2019
IAS 12 ‘Income Taxes’ (amendment) (“IAS 12”)	1 January 2019
IAS 23 'Borrowing costs' (amendment) (“IAS 23”)	1 January 2019
Other amendments	
IFRS 9 ‘Financial Instruments’ (amendment) (“IFRS 9”)	1 January 2019
IFRS 16 ‘Leases’ (“IFRS 16”)	1 January 2019
IAS 19 'Employee benefits' (amendment) (“IAS 19”)	1 January 2019
IAS 28 ‘Investments in Associates and Joint Ventures’ (amendment) (“IAS 28”)	1 January 2019

The Group has assessed the impact of the new standards and those standards which could be expected to have an impact on the consolidated financial statements are discussed in further detail below.

IFRS 16 is the new leasing standard and will be effective for the Group from 1 September 2019. Accounting for leases whereby the Group is the lessor will not significantly change under the new leasing standard. Changes required to leasing arrangements whereby the Group acts as lessee, however, will result in the recognition of operating leases as a liability on the Group’s balance sheet with a corresponding right-of-use asset. The Group holds long leasehold interests in certain hotel and serviced office properties acquired during 2018 that have been treated as operating leases. At the effective date, additional estimated lease liabilities of £40.9 million and corresponding right-of-use assets which will be disclosed within Investment Property, could be expected to be recognised.

2.2 BASIS OF PREPARATION

The interim financial statements are presented in Great British Pounds, which is the functional currency of the Company and the presentational currency of the Group and rounded to the nearest hundred thousand pounds. They are prepared using the historical cost basis except for investment property, derivative financial instruments and financial instruments designated at fair value through profit and loss, all of which are carried at fair value.

GOING CONCERN

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason the interim financial statements have been prepared on a going concern basis.

SHARE CONSOLIDATION AND SUBSEQUENT RE-PRESENTATION

Following Shareholder approval at the Company’s Annual General Meeting, the Company completed a consolidation of its shares on a one for five basis, with the nominal value per share increasing from 8 pence to 40 pence per share. The Company’s issued share capital on the record date for the consolidation, being Friday 8 February 2019, was 1,900,449,536. On Monday 11 February 2019, the first day of trading in the newly consolidated shares, the Company’s issued share capital stood at 380,089,923. Where applicable throughout the condensed consolidated financial statements, the comparative ‘per share’ numbers have been re-presented accordingly.

2.3 KEY JUDGEMENTS AND ESTIMATES

The preparation of the interim financial statements in conformity with IFRS requires the use of judgements and estimates that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the period. Although these estimates are based on the Directors’ best knowledge of the amount, event or actions, actual results may differ materially from those estimates.

The principal areas where such judgements and estimates have been made are detailed below:

INVESTMENT PROPERTY VALUATION

Accounting estimate

The Group uses valuations determined by independent valuers in accordance with IFRS 13 ‘Fair Value Measurement’ (“IFRS 13”) as the fair value of its investment property. The valuations are based upon assumptions including estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate market yields. The valuers also make reference to market evidence of transaction prices for similar properties. Where there is a lack of comparable transactional evidence then the degree of potential variability in valuations may widen. Further details in respect of assumptions and estimation uncertainties are provided in Note 13.

CORPORATE AND PROPERTY ACQUISITIONS

Accounting judgement

When control is obtained over an entity or group of entities, judgement is required in determining whether the transaction constitutes a business combination with reference to the inputs, processes and outputs of the subsidiary or subsidiary group acquired. If it is determined that the transaction is a business combination, the requirements of IFRS 3 are applied.

In addition, when a property is acquired directly, the Directors have regard to the substance of the transaction and whether related processes and activities have been assumed which would represent a business. When such an acquisition is considered to be the acquisition of a business, the requirements of IFRS 3 apply as above, otherwise the transaction is treated as an acquisition of a property asset in line with IAS 40.

CLASSIFICATION OF UK HOTELS AS INVESTMENT PROPERTY

Accounting judgement

The UK Hotels are held for capital appreciation and to earn rental income. Apart from five Travelodge branded hotels, the hotels have been let to wholly-owned subsidiaries of RBH Hotel Group Limited (collectively "RBH" - formerly named RedefineBDL Hotel Group Limited), on lease terms which are subject to annual review. At each review, the revised rent is set with reference to the forecast EBITDA of each hotel. RBH runs the hotels' operating businesses and is therefore exposed to fluctuations in the underlying trading performance of each hotel under management. RBH is responsible for the key decision making of the business operations and the day-to-day upkeep of the properties. The Group is not involved with the operation of the hotel management business and there are limited transactions between RDI and RBH. As a result, the hotels are classified as investment property in accordance with IAS 40.

The Group cumulatively holds a 25.3 per cent shareholding in RBH. Having considered the guidance in IFRS 10 'Consolidated Financial Statements' ("IFRS 10"), the respective rights of each of the shareholders in RBH and the relative size of the Group's shareholding, the Directors have determined that the Group has the ability to exercise significant influence over but does not control RBH. The investment in RBH has therefore been classified as an associate.

FAIR VALUE OF RESTRUCTURED LIABILITIES

Accounting judgement

New borrowings or existing borrowings which have been substantially modified are recognised at fair value. The determination of fair value involves the application of judgement. The Group determines fair value by discounting the cash flows associated with the liability at a market discount rate. The key judgement surrounds the determination of an appropriate market benchmark. Management determine the discount rate on a loan by loan basis having regard to the term, duration and security arrangements of the new liability and an estimation of the current rates charged in the market for similar instruments issued to companies of similar sizes.

This judgement is made more difficult given the bespoke nature of certain loans obtained by the Group. Any difference between the nominal value of the loan and its fair value equivalent is recognised immediately in the income statement insofar as the fair value measurement is based on observable inputs. The deemed fair value adjustment will subsequently be accreted through the income statement over the term of the loan using the effective interest rate method.

LEASE CLASSIFICATION

Accounting judgement

The Group considers the appropriateness of the classification of its leasehold interests in investment property as operating or finance leases on a property-by-property basis, based on the terms and conditions of each lease on inception. The assessment is based on a balanced evaluation of both the specific contractual terms and substance of each arrangement, such as: the lease term constituting a major part of the economic life of the property; the fair value of each asset relative to the present value of the minimum lease payments; a qualitative review of the transfer of the significant risks and rewards of ownership; and the allocation of the lease payments to the land and building elements of each property.

2.4 SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

Rental income, including fixed stepped rent, is recognised in the income statement on a straight-line basis over the lease term. Tenant lease incentives, including rent-free periods granted and cash contributions paid, which are an integral part of securing leases, are amortised as a reduction of rental income over the lease term. Surrender premiums that are paid by the Group to tenants to vacate a property are also treated as lease incentives if the surrender results in an enhanced future rental income stream. Licence fee income from customers of the London Serviced Office portfolio is recognised on a basis consistent with rental income from other tenants of the Group, albeit shorter term in nature. Room-hire income of this portfolio is recognised at the fair value of the consideration receivable once the room has been used.

Contingent rents are recognised as they arise. Rent reviews are recognised as income or as a reduction thereof from the date it is probable that the revised terms will be agreed. Surrender premiums paid by the tenant to terminate a lease early are recognised immediately in the income statement.

Other income includes service fees, management fees and other general property related income. Service fee income is recognised when the services have been rendered by the Group, the associated costs and recharge margin on those costs can be measured reliably and with reference to the stage of completion of the service. Management fees receivable from joint ventures are recognised in other income during the year in which the services are rendered and specific performance fees are recognised when the conditions are satisfied. All sources of other income are only recognised when it is probable that the economic benefits will flow to the Group.

Dividends from listed property investments are recognised on the date the Group's right to receive payment is established.

Interest earned on loans receivable and on cash invested is recognised on an accruals basis using the effective interest rate method.

FINANCIAL INSTRUMENTS – RECOGNITION, CLASSIFICATION AND MEASUREMENT

Non-derivative financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from those assets expire or when the Group transfers the assets to another party without retaining control or substantially all risks and rewards of ownership. Regular way purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised when the Group's obligations specified in the contract expire.

Non-derivative financial instruments are recognised initially at fair value plus, for those instruments not designated at fair value through profit or loss, any directly attributable transaction costs. Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Loan receivables and payables are subsequently measured at amortised cost using the effective interest rate method.

Investments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial instruments at fair value through profit or loss comprise equity securities and are measured at fair value with changes therein at each reporting date recognised in the income statement. Fair values are determined by reference to their quoted bid price at the reporting date.

Derivative financial instruments

The Group holds derivative financial instruments to manage its interest rate risk exposures. Derivatives are recognised initially at fair value on the date the Group becomes party to the contract; any attributable transaction costs are recognised in the income statement as incurred. Derivatives are subsequently re-measured to fair value at each reporting date, and changes therein are accounted for in the income statement and presented under change in fair value of derivative financial instruments. The Group does not apply hedge accounting.

Impairment of financial assets

The Group assesses the expected credit losses associated with its financial assets carried at amortised cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Financial assets are specifically impaired when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible. For general provisioning, the Group's financial assets are subject to the expected credit loss model. The Group applies the simplified approach permitted by IFRS 9 to trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Expected loss rates are based on the historic payment profiles of customers and the corresponding historical credit losses experienced over the same period. The resulting loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors: namely economic, regulatory, technological and environmental factors, (industry outlook, GDP, employment and politics); external market indicators; and the current tenant base.

INVESTMENT PROPERTY

In accordance with IAS 40, Paragraph 14, judgement may be required to determine whether a property qualifies as investment property. The Group has developed criteria so that it can exercise judgement consistently in recognising investment property, namely: property held for long-term capital appreciation; property owned (or held under finance leases) and leased out under one or more operating leases; and property that is being developed for future use as investment property. The recognition and classification of property as investment property principally assumes that the Group:

- does not retain significant exposure to the variation in cash flows arising from the underlying operations of tenants; and
- will recover the carrying value through continuing rental income streams and longer-term capital appreciation.

Investment properties are initially recognised at cost, including directly attributable transaction costs, and subsequently measured at fair value. The portfolios are valued on a bi-annual basis by external, independent and professionally qualified valuers, having recent experience in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which the property could be exchanged on a highest and best use basis between a willing buyer and seller in an arm's length transaction.

The valuations are determined by considering comparable and timely market transactions for sales and lettings and having regard for the current leases in place. In the case of lettings, this includes consideration of the aggregate net annual market rents achievable for the property and associated costs. A yield which reflects the risks inherent in the future cash flows is applied to the net annual rents to arrive at the property valuation.

The bi-annual valuations of investment property are based upon estimates and subjective judgements that may vary materially from the actual values and sales prices that may be realised by the Group upon ultimate disposal. The critical assumptions made in determining the valuations have been included in Note 13 to the financial statements.

In determining fair value, the market value of the property as determined by the independent valuers is reduced by the carrying amount of tenant lease incentives and increased by the carrying amount of fixed head leases.

Gains or losses arising from changes in the fair value of investment property are included in the income statement in the year in which they arise.

Subsequent expenditure is capitalised to investment property when the expenditure incurred enhances the future economic benefits associated with the property, such as enhanced future rental income, capital appreciation or both. Contributions to tenant refurbishments under lease arrangements are treated as tenant lease incentives and amortised against rental income over the term of the lease.

As the fair value model is applied, property under construction or redevelopment for future use as investment property continues to be measured at fair value unless the fair value cannot be measured reliably and the property is measured at cost. All finance costs directly associated with the acquisition and construction of a qualifying development property are capitalised during the period of active development until practical completion. The rate applied is the actual rate payable on specific borrowings or the weighted average cost of debt of the Group for development spend that is financed out of general funds.

Acquisitions and disposals of investment property are recognised when the significant risks and rewards attached to the property have transferred to, or from, the Group. This will ordinarily occur on exchange of contracts unless there are significant conditions to be met prior to completion. Such transactions are recognised when these conditions are satisfied. The profit or loss on disposal of investment property is recognised separately in the income statement and is the difference between the net sales proceeds and the opening fair value asset plus any capital expenditure during the period to disposal.

A property ceases to be recognised as investment property and is transferred at its fair value to property held for sale when it meets the criteria of IFRS 5.

Property held by the Group under long term leases is also treated as investment property in line with IAS 40 'Investment Property' ("IAS 40"). The Group's leasehold interests are classified as either finance or operating leases dependent on whether the risks and rewards of ownership of the property have substantially transferred to the Group. Finance leases are recognised as both an asset and a liability and are measured at the lower of fair value and the present value of any future minimum lease payments. The finance lease obligation to the superior leaseholder is recognised within borrowings on the balance sheet. Lease payments are apportioned between the finance charges and the capital reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability over the lease term. Finance charges are charged through profit or loss as they arise. Operating lease payments are charged to the income statement as a rental expense on a straight-line basis over the lease term.

SHARE CAPITAL

Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, net of tax, are shown as a deduction from any recognised share premium.

Where the Company's own equity instruments are purchased as the result of a share buy-back, the consideration paid by the Group, including any directly attributable incremental costs net of tax, is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or reissued.

Where the Company performs a share consolidation the number of shares is reduced for the current period and re-presented for the prior period comparative.

Dividends

Dividends to shareholders are recognised when they become legally payable. In the case of interim dividends, this is when the dividends are declared by the Board.

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Where the Company performs a share consolidation the weighted average number of shares is reduced without any consideration for time apportionment so that the effect of the share consolidation on EPS is constant for current and prior period comparatives and subsequent periods. The prior period comparative weighted average number of shares is also reduced for comparability.

In line with the JSE Listing Requirements, the Group also presents headline earnings per share.

3. SEGMENTAL REPORTING

As required by IFRS 8 'Operating Segments' ("IFRS 8"), the information provided to the Board, which is the Chief Operating Decision Maker, has been classified into the following segments:

UK Commercial: The Group's portfolio of Greater London and regional offices, London serviced offices, roadside service stations and logistics distribution centres;

UK Retail: The Group's portfolio of shopping centres, retail parks and other high street retail assets;

UK Hotels: The Group's hotel portfolio comprising 18 predominantly limited-service branded hotels:

- five Travelodge branded and externally managed hotels; and
- thirteen RBH managed hotels, of which ten are Holiday-Inn Express, two Hilton branded and one Crowne Plaza.

The Group's hotel interests also include the 25.3 per cent investment in RBH. RBH is an independent hotel management company engaged in developing and managing a diverse portfolio of hotels in partnership with reputable international hotel brands;

Europe: The Group's portfolio in Germany, comprised of shopping centres, discount supermarkets and retail parks. On 29 December 2017, the Group disposed of its interests in the Leopard Portfolio which comprised 66 retail properties, being a mixture of stand-alone supermarkets, food-store anchored retail parks and cash & carry stores; and

Other: The Group's holding and management companies that carry out the head office and centralised asset management activities of the Group.

Management information, as presented to the Chief Operating Decision Maker, is prepared on a proportionately consolidated basis. Segmental reporting is therefore reported in line with management information, with the Group's share of joint ventures presented line-by-line. Joint venture adjustments are disclosed to reconcile segmental performance and position to the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 28 February 2019

Segmental income statement for the six months ended 28 February 2019	**UK Commercial £m**	**UK Retail £m**	**UK Hotels £m**	**Europe £m**	**Other £m**	**Total £m**	**Joint Venture Adj £m**	**IFRS Total £m**
Continuing operations								
Revenue								
Rental income	18.7	19.3	11.5	7.2	-	**56.7**	(0.9)	**55.8**
Other income	0.8	-	-	-	0.5	**1.3**	-	**1.3**
Total revenue	**19.5**	**19.3**	**11.5**	**7.2**	**0.5**	**58.0**	**(0.9)**	**57.1**
Rental income	18.7	19.3	11.5	7.2	-	**56.7**	(0.9)	**55.8**
Rental expense	(3.0)	(1.7)	(0.6)	(0.9)	-	**(6.2)**	-	**(6.2)**
Net rental income	**15.7**	**17.6**	**10.9**	**6.3**	**-**	**50.5**	**(0.9)**	**49.6**
Other income	0.8	-	-	-	0.5	**1.3**	-	**1.3**
Gain/(loss) on revaluation of investment property	0.3	(27.0)	(2.7)	(1.2)	-	**(30.6)**	0.2	**(30.4)**
Loss on disposal of investment property	-	-	-	(0.2)	-	**(0.2)**	-	**(0.2)**
Net loss on business combinations	-	-	(0.1)	-	-	**(0.1)**	-	**(0.1)**
Foreign exchange gain/(loss)	0.3	0.2	-	(0.5)	(0.2)	**(0.2)**	-	**(0.2)**
Other underlying finance income	-	-	-	-	0.1	**0.1**	0.2	**0.3**
Finance expense	(5.0)	(7.1)	(2.7)	(1.7)	-	**(16.5)**	0.3	**(16.2)**
Change in fair value of derivative financial instruments	(1.1)	(0.6)	(0.1)	(0.3)	-	**(2.1)**	(0.1)	**(2.2)**
Share of post-tax profit from associate	-	-	0.5	-	-	**0.5**	-	**0.5**
Total per reportable segments	**11.0**	**(16.9)**	**5.8**	**2.4**	**0.4**	**2.7**	**(0.3)**	**2.4**
Unallocated income and expenses: (1)								
Administrative costs and other fees						**(7.2)**	(0.1)	**(7.3)**
Amortisation of intangible assets						**(0.1)**	-	**(0.1)**
Profit before tax						**(4.6)**	(0.4)	**(5.0)**
Taxation						**1.3**	0.1	**1.4**
						(3.3)	**(0.3)**	**(3.6)**
Joint venture adjustments:								
Share of post-tax profit from joint ventures						**-**	0.2	**0.2**
Reversal of impairment of loans to joint ventures						**-**	0.1	**0.1**
IFRS profit for the period						**(3.3)**	**-**	**(3.3)**

(1) Unallocated income and expenses are items incurred centrally which are neither directly attributable nor can be reasonably allocated to individual segments.

(2) As detailed in Note 14, the share of losses no longer exceeded the costs of the Group's joint venture interest in the Esplanade and the Group has started recognising its share of profits by way of reversal of impairment of the loan to the joint venture. On a proportionate basis, the Group's share in the net liabilities of the Esplanade are recognised line-by-line.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 28 February 2019

Segmental balance sheet as at 28 February 2019	**UK Commercial £m**	**UK Retail £m**	**UK Hotels £m**	**Europe £m**	**Total £m**	**Joint Venture Adj £m**	**IFRS Total £m**
Investment property	553.1	459.2	362.6	243.3	**1,618.2**	(24.6)	**1,593.6**
Investment in associate	-	-	9.2	-	**9.2**	-	**9.2**
Trade and other receivables	4.3	8.4	3.4	3.6	**19.7**	(0.4)	**19.3**
Cash and cash equivalents	10.8	20.5	8.2	2.9	**42.4**	(0.8)	**41.6**
Borrowings, including finance leases	(257.5)	(270.0)	(161.7)	(139.7)	**(828.9)**	15.1	**(813.8)**
Trade and other payables	(9.5)	(11.9)	(2.8)	(2.0)	**(26.2)**	0.5	**(25.7)**
Segmental net assets	**301.2**	**206.2**	**218.9**	**108.1**	**834.4**	(10.2)	**824.2**
Unallocated assets and liabilities:							
Other non-current assets					**1.1**	-	**1.1**
Trade and other receivables					**2.6**	-	**2.6**
Cash and cash equivalents					**7.0**	-	**7.0**
Net derivative financial instruments					**(6.3)**	2.6	**(3.7)**
Deferred tax					**(8.0)**	0.6	**(7.4)**
Trade and other payables					**(2.3)**	-	**(2.3)**
Current tax liabilities					**(0.7)**	-	**(0.7)**
					827.8	(7.0)	**820.8**
Joint venture adjustments:							
Investment in joint ventures					**-**	2.0	**2.0**
Loans to joint ventures					**-**	5.0	**5.0**
IFRS net assets					**827.8**	-	**827.8**

(1) As detailed in Note 14, the Group's interest in the Esplanade has been reduced to £Nil in the financial statements in line with IAS 28. On a proportionate basis, the Group's share in the net liabilities of the Esplanade are recognised line-by-line. The cumulative losses of this joint venture that the Group has not recognised on an equity accounted basis at the reporting date are presented to reconcile segmental information to the IFRS statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 28 February 2019

Segmental income statement for the six months ended 28 February 2018	**UK Commercial £m**	**UK Retail £m**	**UK Hotels £m**	**Europe £m**	**Other £m**	**Total £m**	**Joint Venture Adj £m**	**IFRS Total £m**
Continuing operations								
Revenue								
Rental income	13.2	19.6	12.2	10.5	-	**55.5**	(0.9)	**54.6**
Other income	0.2	-	-	-	0.4	**0.6**	-	**0.6**
Total revenue	**13.4**	**19.6**	**12.2**	**10.5**	**0.4**	**56.1**	**(0.9)**	**55.2**
Rental income	13.2	19.6	12.2	10.5	-	**55.5**	(0.9)	**54.6**
Rental expense	(1.5)	(1.2)	(0.6)	(1.6)	-	**(4.9)**	0.1	**(4.8)**
Net rental income	**11.7**	**18.4**	**11.6**	**8.9**	**-**	**50.6**	**(0.8)**	**49.8**
Other income	0.2	-	-	-	0.4	**0.6**	-	**0.6**
Gain/(loss) on revaluation of investment property	10.3	(12.1)	4.0	6.1	-	**8.3**	0.2	**8.5**
Gain/(loss) on disposal of investment property	0.7	-	-	(0.1)	-	**0.6**	-	**0.6**
Loss on disposal of investment property held for sale	(0.1)	-	-	-	-	**(0.1)**	-	**(0.1)**
Net gain on disposal of subsidiaries	-	(1.9)	-	16.2	-	**14.3**	-	**14.3**
Net gain on business combinations	(0.9)	-	5.5	-	-	**4.6**	-	**4.6**
Loss on disposal of other non-current assets held for sale	-	-	(0.1)	-	-	**(0.1)**	-	**(0.1)**
Foreign exchange loss	-	-	-	(0.9)	-	**(0.9)**	-	**(0.9)**
Finance income on loans to joint ventures	-	-	-	-	-	**-**	0.2	**0.2**
Other underlying finance income	-	-	-	-	0.2	**0.2**	-	**0.2**
Finance expense	(3.3)	(7.4)	(2.5)	(1.6)	-	**(14.8)**	0.3	**(14.5)**
Other finance expense	-	-	-	(0.6)	-	**(0.6)**	-	**(0.6)**
Change in fair value of derivative financial instruments	1.7	1.8	1.1	1.2	-	**5.8**	(0.6)	**5.2**
Reversal of impairment of loan to joint venture	0.1	-	-	-	-	**0.1**	-	**0.1**
Share of post-tax profit from associate	-	-	0.3	-	-	**0.3**	-	**0.3**
Total per reportable segments	**20.4**	**(1.2)**	**19.9**	**29.2**	**0.6**	**68.9**	**(0.7)**	**68.2**
Unallocated income and expenses: (1)								
Administrative costs and other fees						**(7.3)**	0.1	**(7.2)**
Amortisation of intangible assets						**(0.2)**	-	**(0.2)**
Profit before tax						**61.4**	(0.6)	**60.8**
Taxation						**(1.3)**	0.2	**(1.1)**
						60.1	**(0.4)**	**59.7**
Joint venture adjustments:								
Movement of losses restricted in joint ventures (3)						**(0.4)**	0.4	**-**
IFRS profit for the period						**59.7**	**-**	**59.7**

(1) Other income includes management fee income from joint ventures. On a proportionate basis, and for segmental reporting purposes, the Group share of the total joint venture investment management expense has been reclassified from administrative costs and other fees.

(2) Unallocated income and expenses are items incurred centrally which are neither directly attributable nor can be reasonably allocated to individual segments.

(3) As detailed in Note 14, the Group's joint venture interest in the Esplanade has been reduced to £Nil in the financial statements in line with IAS 28. On a proportionate basis, the Group's share in the net liabilities of the Esplanade are recognised line-by-line. Movements in the losses of the Esplanade that are not recognised on an equity accounted basis during each reporting period are presented to reconcile segmental information to the IFRS statements.

Segmental balance sheet as at 28 February 2018	UK Commercial £m	UK Retail £m	UK Hotels £m	Europe £m	Total £m	Joint Venture Adj £m	IFRS Total £m
Investment property	512.2	499.0	359.6	253.5	**1,624.3**	(25.3)	**1,599.0**
Investment in associate	-	-	9.2	-	**9.2**	-	**9.2**
Trade and other receivables	6.1	8.6	6.5	2.6	**23.8**	(0.1)	**23.7**
Cash and cash equivalents	23.2	10.4	6.1	5.8	**45.5**	(1.0)	**44.5**
Non-current assets held for sale	26.9	-	-	-	**26.9**	-	**26.9**
Borrowings, including finance leases	(221.6)	(321.8)	(167.3)	(130.2)	**(840.9)**	15.8	**(825.1)**
Trade and other payables	(9.0)	(10.7)	(5.8)	(2.5)	**(28.0)**	0.7	**(27.3)**
Segmental net assets	**337.8**	**185.5**	**208.3**	**129.2**	**860.8**	(9.9)	**850.9**
Unallocated assets and liabilities:							
Other non-current assets					**1.4**	-	**1.4**
Trade and other receivables					**1.3**	-	**1.3**
Cash and cash equivalents					**9.4**	-	**9.4**
Net derivative financial instruments					**(5.6)**	2.9	**(2.7)**
Deferred tax					**(10.5)**	0.6	**(9.9)**
Trade and other payables					**(1.8)**	-	**(1.8)**
Current tax liabilities					**(2.1)**	-	**(2.1)**
					852.9	(6.4)	**846.5**
Joint venture adjustments:							
Joint venture non-controlling interests					**(0.1)**	0.1	**-**
Cumulative losses restricted in joint ventures [1]					**0.3**	(0.3)	**-**
Investment in joint ventures					**-**	1.9	**1.9**
Loans to joint ventures					**-**	4.7	**4.7**
IFRS net assets					**853.1**	-	**853.1**

(1) As detailed in Note 14, the Group's interest in the Esplanade has been reduced to £Nil in the financial statements in line with IAS 28. On a proportionate basis, the Group's share in the net liabilities of the Esplanade are recognised line-by-line. The cumulative losses of this joint venture that the Group has not recognised on an equity accounted basis at the reporting date are presented to reconcile segmental information to the IFRS statements.

Segmental income statement for the year ended 31 August 2018	UK Commercial £m	UK Retail £m	UK Hotels £m	Europe £m	Other £m	Total £m	Joint venture adj £m	IFRS total £m
Continuing operations								
Revenue								
Rental income	31.3	38.4	24.5	17.8	-	**112.0**	(1.8)	**110.2**
Other operating income	1.1	-	-	-	0.7	**1.8**	-	**1.8**
Total revenue	**32.4**	**38.4**	**24.5**	**17.8**	**0.7**	**113.8**	**(1.8)**	**112.0**
Rental income	31.3	38.4	24.5	17.8	-	**112.0**	(1.8)	**110.2**
Rental expense	(4.5)	(2.8)	(1.3)	(2.7)	-	**(11.3)**	0.2	**(11.1)**
Net rental income	**26.8**	**35.6**	**23.2**	**15.1**	**-**	**100.7**	**(1.6)**	**99.1**
Other operating income	1.1	-	-	-	0.7	**1.8**	-	**1.8**
Gain/(loss) on revaluation of investment property	24.3	(26.1)	6.2	6.2	-	**10.6**	0.2	**10.8**
Gain on revaluation of investment property held for sale	0.9	-	-	-	-	**0.9**	-	**0.9**
Gain/(loss) on disposal of investment property	1.6	-	-	(0.1)	-	**1.5**	-	**1.5**
Gain on disposal of investment property held for sale	1.8	-	-	-	-	**1.8**	-	**1.8**
Net gain/(loss) on disposal of subsidiaries	1.2	(1.9)	-	16.1	-	**15.4**	-	**15.4**
Net gain/(loss) on acquisition of subsidiaries	(1.1)	-	5.5	-	-	**4.4**	-	**4.4**
Loss on disposal of other non-current assets held for sale	-	-	(0.1)	-	-	**(0.1)**	-	**(0.1)**
Foreign exchange loss	-	-	-	-	(0.8)	**(0.8)**	-	**(0.8)**
Finance income on loans to joint ventures	-	-	-	-	-	**-**	0.3	**0.3**
Other underlying finance income	-	-	-	-	0.3	**0.3**	-	**0.3**
Finance expense	(7.1)	(15.0)	(5.1)	(2.9)	-	**(30.1)**	0.8	**(29.3)**
Other finance expense	(0.1)	-	-	(0.5)	-	**(0.6)**	-	**(0.6)**
Change in fair value of derivative financial instruments	2.4	2.8	0.9	0.7	-	**6.8**	(0.7)	**6.1**
Reversal of impairment of loan to joint venture	0.1	-	-	-	-	**0.1**	-	**0.1**
Loss on sale of joint venture interests	-	-	-	(0.1)	-	**(0.1)**	-	**(0.1)**
Share of post-tax profit from associate	-	-	0.3	-	-	**0.3**	-	**0.3**
Total per reportable segments	**51.9**	**(4.6)**	**30.9**	**34.5**	**0.2**	**112.9**	**(1.0)**	**111.9**
Unallocated income and expenses: (1)								
Administrative costs and other fees						**(14.4)**	0.2	**(14.2)**
Amortisation of intangible assets						**(0.3)**	-	**(0.3)**
Profit before tax						**98.2**	(0.8)	**97.4**
Taxation						**(1.3)**	0.2	**(1.1)**
						96.9	**(0.6)**	**96.3**
Joint venture adjustments:								
Movement of losses restricted in joint ventures(2)						**(0.6)**	0.6	**-**
IFRS profit for the year						**96.3**	**-**	**96.3**

(1) Unallocated income and expenses are items earned or incurred centrally which are neither directly attributable nor can be reasonably allocated to individual segments.

(2) As detailed in Note 15, the Group's joint venture interest in the Esplanade has been reduced to £Nil in the financial statements in line with IAS 28. On a proportionate basis, the Group's share in the net liabilities of the Esplanade are recognised line-by-line. Movements in the losses of the Esplanade that are not recognised on an equity accounted basis during each reporting period are presented to reconcile segmental information to the IFRS statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 28 February 2019

Segmental balance sheet as at 31 August 2018	**UK Commercial £m**	**UK Retail £m**	**UK Hotels £m**	**Europe £m**	**Total £m**	**Joint venture adj £m**	**IFRS total £m**
Investment property	515.9	485.4	364.1	258.0	**1,623.4**	(25.4)	**1,598.0**
Investment in associate	-	-	9.1	-	**9.1**	-	**9.1**
Trade and other receivables	4.0	6.7	1.7	3.9	**16.3**	(0.5)	**15.8**
Cash and cash equivalents	20.1	9.9	7.5	5.1	**42.6**	(0.8)	**41.8**
Borrowings, including finance leases	(199.8)	(309.1)	(164.9)	(131.4)	**(805.2)**	15.6	**(789.6)**
Trade and other payables	(9.0)	(11.4)	(2.6)	(2.3)	**(25.3)**	0.6	**(24.7)**
Segmental net assets	**331.2**	**181.5**	**214.9**	**133.3**	**860.9**	(10.5)	**850.4**
Unallocated assets and liabilities:							
Other non-current assets					**1.3**	-	**1.3**
Trade and other receivables					**2.5**	-	**2.5**
Cash and cash equivalents					**17.2**	-	**17.2**
Net derivative financial instruments					**(4.6)**	2.8	**(1.8)**
Deferred tax					**(10.1)**	0.6	**(9.5)**
Trade and other payables					**(2.4)**	-	**(2.4)**
Current tax liabilities					**(2.0)**	-	**(2.0)**
					862.8	(7.1)	**855.7**
Joint venture adjustments:							
Investment in joint ventures					**-**	1.9	**1.9**
Loans to joint ventures					**-**	5.2	**5.2**
IFRS net assets					**862.8**	-	**862.8**

[1] As detailed in Note 14, the Group's interest in the Esplanade is carried at £Nil in the financial statements in line with IAS 28. On a proportionate basis, the Group's share in the net liabilities of the Esplanade are recognised line-by-line. At 31 August 2018, cumulative losses equalled the Group's net investment in the joint venture (31 August 2017: exceeded by £0.7 million).

4. RENTAL INCOME

	Unaudited 28 February 2019 £m	Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
Gross lease payments from third parties	**45.5**	43.6	88.2
Gross lease payments from related parties (Note 29)	**10.3**	11.0	22.0
Rental income	**55.8**	54.6	110.2

The future aggregate minimum rent receivable under non-cancellable operating leases at the balance sheet date is as follows:

Not later than one year	**105.0**	96.9	104.8
Later than 1 year not later than 5 years	**300.7**	294.6	312.2
Later than 5 years	**268.3**	338.8	351.5
	674.0	730.3	768.5

5. RENTAL EXPENSE

	Unaudited 28 February 2019 £m	Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
Non-recoverable service charge	**2.8**	1.9	3.3
Direct property operating expenses	**1.1**	1.8	4.9
Operating lease expense	**0.8**	0.6	1.4
Letting costs	**0.4**	0.3	0.6
Serviced office portfolio direct staff and sales costs	**1.1**	0.2	0.9
Rental expense	**6.2**	4.8	11.1

6. OTHER INCOME

	Unaudited 28 February 2019 £m	Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
Service fee income	**1.4**	0.4	1.8
Service fee expense	**(0.5)**	(0.2)	(0.8)
Service fee margin [1]	**0.9**	0.2	1.0
Management fees from joint ventures (Note 29)	**-**	-	0.1
Insurance rebates	**0.2**	0.1	0.3
Salary recharges	**0.2**	0.2	0.3
Other property related income	**-**	0.1	0.1
Other income	**1.3**	0.6	1.8

(1) Service fees relates to recoverable costs incurred by the Group in the serviced office portfolio that are recharged to tenants at a margin.

7. ADMINISTRATIVE COSTS AND OTHER FEES

	Unaudited 28 February 2019 £m	Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
General administrative expenses	**1.9**	1.8	3.4
Professional fees	**1.1**	1.6	2.9
Staff costs	**3.8**	3.7	7.3
Investment management fees to related party (Note 29)	**0.5**	0.1	0.6
Administrative costs and other fees	**7.3**	7.2	14.2

8. DISPOSAL OF SUBSIDIARIES

There were no disposals of subsidiaries in the six months to 28 February 2019.

The impact of corporate disposals during the year to 31 August 2018 and the related net cash inflow is presented below:

	Lochside View, Edinburgh £m	Paragon Square, Hull £m	Leopard Portfolio £m	31 August 2018 £m
Carrying value of net assets disposed				
Investment property	(11.2)	(12.9)	(158.4)	**(182.5)**
Trade and other receivables	(0.4)	-	(0.2)	**(0.6)**
Cash and cash equivalents	(0.2)	-	(1.6)	**(1.8)**
Borrowings	-	-	73.1	**73.1**
Trade and other payables	0.2	0.2	0.8	**1.2**
Net assets disposed	(11.6)	(12.7)	(86.3)	**(110.6)**
Consideration received [(1)]	13.0	11.0	103.6	**127.6**
Transaction costs [(1)]	(0.2)	(0.2)	(1.2)	**(1.6)**
Net gain/(loss) on disposal of subsidiary	**1.2**	**(1.9)**	**16.1**	**15.4**

[(1)] Net cash received at 31 August 2018 was £126.2 million as transaction costs on the Lochside disposal had not been paid at the reporting date.

The Leopard Portfolio comprised 66 retail properties - a mixture of stand-alone supermarkets, food-store anchored retail parks and cash and carry stores. On 29 December 2017, the Group disposed of all but one of the property-owning subsidiaries of the Leopard Portfolio to an external party for £103.6 million (€116.6 million), after the deduction of transaction costs of £1.2 million (€1.3 million). On the date of sale, the carrying value of investment property within these subsidiaries was £158.4 million (€178.4 million), on which £73.1 million (€82.3 million) of bank debt was secured. The net assets of the target group on the date of sale was £86.3 million (€97.2 million) and the Group recognised a gain on disposal of £16.1 million (€18.1 million). The investment property of the remaining property-owning entity was acquired by the same party by way of a direct asset sale (see Note 13).

Redefine Paragon Square Limited, a wholly owned subsidiary of the Group, owned the House of Fraser department store in Hull. On 15 November 2017, the Group disposed of this subsidiary for £11.0 million. The net assets of the subsidiary were £12.7 million on disposal and the Group recognised a loss of £1.9 million in the income statement, after transaction costs. Net cash received at the balance sheet date, after transactions costs paid, was £10.8 million.

Redefine Lochside View Edinburgh Limited, a wholly owned subsidiary of the Group, owned a regional office in Edinburgh. On 31 August 2018, the Group disposed of this subsidiary for £13.0 million subject to a completion adjustment. The net assets of the subsidiary were £11.6 million on disposal and the Group recognised a gain of £1.2 million in the income statement, after transaction costs. Net cash received at the balance sheet date was £13.0 million as transaction costs had not yet been paid.

9. BUSINESS COMBINATIONS

There were no business combinations in the six months to 28 February 2019. Further transactions costs of £0.1 million were incurred during the six months to 28 February 2019 relating to the acquisition of International Hotel Properties Limited ("IHL").

The impact of business combinations during the year to 31 August 2018 and the related net cash outflow is presented below:

	LSO £m	IHL £m	31 August 2018 £m
Fair value of identifiable net assets acquired			
Investment property	161.7	115.4	**277.1**
Trade and other receivables	0.9	1.9	**2.8**
Cash and cash equivalents	5.7	2.1	**7.8**
Borrowings	(73.5)	(54.4)	**(127.9)**
Derivative financial instruments	0.4	(1.0)	**(0.6)**
Trade and other payables	(6.2)	(2.2)	**(8.4)**
Net assets acquired	89.0	61.8	**150.8**
Consideration transferred:			
- Equity (share-for-share exchange)	-	(19.3)	**(19.3)**
- Cash[(1)]	(71.2)	(7.5)	**(78.7)**
	(71.2)	(26.8)	**(98.0)**
Investment in associate (Note 15)	-	(13.5)	**(13.5)**
Non-controlling interests proportionate share of the identifiable net assets (Note 26)	(17.8)	(16.0)	**(33.8)**
Transaction costs[(1)]	(1.1)	-	**(1.1)**
Net (loss)/gain on business combinations	**(1.1)**	**5.5**	**4.4**

[(1)] Net cash paid at 31 August 2018 was £80.6 million including transaction costs and settlement of tax liabilities assumed of £0.8 million.

LSO

On 12 January 2018, RDI completed the corporate acquisition of 80 per cent of the issued share capital of St Dunstan's HoldCo Limited and LSO Services Limited ("LSO Portfolio"), for an equity consideration of £71.2 million. The LSO portfolio consists of the freehold and long-leasehold interests in four established high-quality flexible offices in London. This acquisition significantly enhanced the quality of the overall property portfolio of the Group with strong property fundamentals and reduced leverage. Our strategic partner, OSIT, operates the serviced office business of each property under management contracts, while the Group employs staff directly for the day-to-day operations.

It has been determined that the transaction constitutes a business combination after due consideration of the assets and related processes that have been assumed, notably the management contract with OSIT.

The fair value of the net assets acquired on 12 January 2018 was £89.0 million. OSIT's minority share of the identifiable net assets is £17.8 million. As the consideration was determined with reference to net asset value, the Group did not pay a premium or obtain a discount. Transaction costs of £1.1 million were incurred by the Group which have been expensed in the income statement within the net gain on business combinations. This portfolio has been classified as investment property in line with the Group's accounting policies. Receivables acquired were £0.9 million, all of which were fully collectable. Revenue from LSO since acquisition was £10.8 million comprising rental and net services income. Had the acquisition occurred on 1 September 2017, LSO would have generated £16.2 million assuming a consistent revenue stream throughout the year.

IHL

International Hotel Properties Limited ("IHL") is established as a hotel investment company and was listed on the Euro MTF market of the LuxSE and on the AltX of the JSE. IHL comprises nine limited service UK hotels and at 31 August 2017 the Group held a 17.2 per cent interest, classified as an investment at fair value through profit or loss. During the 2017 financial year, RDI submitted a proposal to the IHL board to increase its shareholding in IHL by way of a scheme of arrangement. RDI would acquire the shares of all scheme participants, being the minority interests (29.3 per cent) of IHL. IHL shareholder approval was obtained on 15 September 2017, at which point the transaction became subject only to Court approval. The Group was considered to have significant influence over IHL from this date and the investment was reclassified as an investment in associate (Note 15).

On 13 November 2017 and on fulfilment of all conditions precedent to the scheme of arrangement, the Group acquired 16.4 million shares in IHL from scheme participants and 1.9 million shares from Redefine Properties, increasing RDI's interest in IHL from 26.2 to 58.9 per cent. The value attributed to each IHL share was £1, settled in a share-for-share exchange with RDI shares at a value of 40.0 pence. 45.9 million RDI shares were issued in total representing gross consideration of £18.3 million. On 17 November 2017, 8.5 million shares in IHL were purchased at £1 per share. Consideration for these shares was £7.5 million in cash and the issuance of 2.5 million RDI shares at 40.0 pence per share (£1.0 million in total). The transactions increased the Group's interest in IHL to 74.1 per cent. The residual 25.9 per cent non-controlling interest in IHL is held by one party, Southern Sun Africa ("TSogo Sun").

Since 13 November 2017, the Group has directed the operating and financial decisions of IHL and has been exposed to its variable returns. RDI acquired control of IHL on this date, which is also considered the acquisition date for the purposes of IFRS 3. The transaction has been accounted for as a business combination, having regard for the integrated set of assets, processes and outputs that were acquired and that are capable of producing a return for the Group.

The fair value of the net assets of IHL acquired on the acquisition date of 15 September 2017 was £61.8 million. The fair value of the cash and equity consideration transferred was £26.8 million, while the carrying value of the Group's associate interest was £13.5 million. TSogo Sun's proportionate share of the identifiable net assets was £16.0 million and, as a result, the Group has recognised a net gain on bargain purchase of IHL of £5.5 million. This represents the difference between the share price and swap ratio agreed with shareholders and the net assets based on a third-party valuation of the investment property at completion date. The gain has been recognised in the income statement within the net gain on business combinations. Minimal acquisition costs were incurred by the Group on account of the structuring of the transaction. RDI share issue costs have been recognised directly in equity as a reduction of share premium. The hotels acquired have been classified as investment property on initial recognition as outlined in Note 13. Receivables acquired were £1.9 million, all of which were settled subsequent to acquisition.

10. FINANCE INCOME AND FINANCE EXPENSE

	Unaudited 28 February 2019 £m	Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
Finance income on bank deposits	**0.1**	-	-
Finance income on loans to external parties	**-**	0.2	0.2
Finance income on loans to joint ventures (Note 29)	**0.2**	0.2	0.3
Finance income on loans to other related parties (Note 29)	**-**	-	0.1
Finance income	**0.3**	0.4	0.6
Finance expense on bank and external loans	**(14.7)**	(13.4)	(27.2)
Interest capitalised to qualifying investment property under development	**-**	0.3	0.7
Amortisation of debt issue costs	**(0.6)**	(0.6)	(1.2)
Accretion of fair value adjustments	**(0.4)**	(0.4)	(0.8)
Finance lease interest	**(0.5)**	(0.4)	(0.8)
Finance expense	**(16.2)**	(14.5)	(29.3)
Net finance expense	**(15.9)**	(14.1)	(28.7)

There was no capitalised interest during the period to 28 February 2019 as the qualifying investment property under development is now substantially complete. Interest was capitalised on the basis of the Group's weighted average cost of debt of 3.4 per cent at 31 August 2018 (3.3 per cent at 28 February 2018) applied to the cost of property under development during that year.

11. OTHER FINANCE EXPENSE

	Unaudited 28 February 2019 £m	Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
Write-off of unamortised debt issue costs	**-**	0.1	0.2
Other finance costs	**-**	0.5	0.4
Other finance expense	**-**	0.6	0.6

12. TAXATION

a) Tax recognised in the consolidated income statement:

	Unaudited 28 February 2019 £m	Re-presented[1] Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
Current income tax			
Income tax in respect of current period	**0.1**	0.5	0.8
Adjustments in respect of prior periods	**0.2**	0.6	0.8
Deferred tax			
On fair value of investment property	**(0.4)**	6.0	6.0
On non-UK losses	**(1.3)**	(1.3)	(1.4)
On derivatives	**-**	-	(0.4)
Reversal on disposal of Leopard portfolio	**-**	(4.7)	(4.7)
Tax (credit)/charge for the period recognised in the consolidated income statement	**(1.4)**	1.1	1.1

[1] Tax has been re-presented at 28 February 2018 to split out the reversal on disposal of the Leopard portfolio

There was no tax recognised in equity or other comprehensive income during the period (28 February 2018: £nil, 31 August 2018: £nil).

b) Reconciliation

The tax rate for the period is lower than the average standard rate of corporation tax in the UK of 19.0 per cent (28 February 2018: 19.0 per cent, 31 August 2018: 19.0 per cent). The differences are explained below:

	Unaudited 28 February 2019 £m	Re-presented[1] Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
(Loss)/profit before tax	**(4.7)**	60.8	97.4
(Loss)/profit before tax multiplied by standard rate of corporation tax	**(0.9)**	11.6	18.5
Effect of:			
- Revaluation of investment property	**5.4**	(0.3)	(1.0)
- Gain on disposal of investment property	**-**	(0.1)	(0.7)
- Gain on disposal of subsidiaries	**-**	(2.7)	(2.9)
- Gain on business combinations	**-**	(0.9)	(0.9)
- Change in fair value of derivative financial instruments	**0.4**	(1.0)	(1.6)
- Income not subject to UK income tax	**(0.9)**	(1.5)	(2.5)
- REIT exempt property rental profits	**(5.2)**	(4.9)	(8.3)
- Losses utilised	**-**	-	(0.1)
- Non-UK losses carried forward	**(1.3)**	(1.3)	(1.3)
- Unutilised losses carried forward	**0.4**	1.1	0.1
- Impact of foreign tax	**0.1**	0.5	0.6
- Expenses not deductible for tax	**0.3**	-	0.4
- Adjustments in respect of prior periods	**0.3**	0.6	0.8
Tax (credit)/charge for the period recognised in the consolidated income statement	**(1.4)**	1.1	1.1

[1] Tax has been re-presented at 28 February 2018 to split out the reversal on disposal of the Leopard portfolio

In the reconciliation above for the period ended 28 February 2019, the effective tax rate of the Group was negative 29.8 per cent (28 February 2018: 1.8 per cent, 31 August 2018: 1.1 per cent).

The enactment of Finance (No. 2) Act 2015 and Finance Act 2016 reduced the main rate of corporation tax from 20 per cent to 19 per cent with effect 1 April 2017, with a further reduction to 17 per cent from April 2020.

On 4 December 2013, the Group converted to a UK-REIT. As a result, the Group does not pay UK Corporation Tax on the profits and gains from qualifying rental business in the UK provided certain conditions are met. Non-qualifying profits and gains of the Group continue to be subject to corporation tax such as the profits and gains outside of the UK. The Directors intend the Group to continue as a REIT for the foreseeable future. As a result, deferred tax is no longer recognised on temporary differences relating to the UK property rental business which is within the REIT structure.

13. INVESTMENT PROPERTY

28 February 2019	UK Commercial £m	UK Retail £m	UK Hotels £m	Europe[1] £m	Total £m	Freehold £m	Leasehold £m
Opening carrying value at 1 September 2018	504.6	485.4	364.1	243.9	**1,598.0**	1,165.8	432.2
Acquisition of property	36.5	-	-	-	**36.5**	36.5	-
Capitalised expenditure	0.4	0.7	1.3	1.1	**3.5**	0.8	2.7
Disposals through sale of property	-	-	-	(3.3)	**(3.3)**	(3.3)	-
Gain/(loss) on revaluation of investment property	0.6	(26.9)	(2.8)	(1.3)	**(30.4)**	(15.2)	(15.2)
Foreign exchange movement in foreign operations	-	-	-	(10.7)	**(10.7)**	(9.2)	(1.5)
IFRS carrying value at 28 February 2019	**542.1**	**459.2**	**362.6**	**229.7**	**1,593.6**	**1,175.4**	**418.2**
Adjustments:							
Minimum payments under head leases (Note 19)	(1.9)	(10.1)	(0.4)	(1.4)	**(13.8)**	-	(13.8)
Tenant lease incentives (Note 17)	1.8	6.4	2.7	2.3	**13.2**	8.6	4.6
Market value of Group portfolio at 28 February 2019	**542.0**	**455.5**	**364.9**	**230.6**	**1,593.0**	**1,184.0**	**409.0**
Joint ventures							
Share of joint venture investment property (Note 14)	11.0	-	-	13.6	**24.6**	24.6	-
Market value of total portfolio at 28 February 2019 (on a proportionately consolidated basis)	**553.0**	**455.5**	**364.9**	**244.2**	**1,617.6**	**1,208.6**	**409.0**

31 August 2018	UK Commercial £m	UK Retail £m	UK Hotels £m	Europe[1] £m	Total £m	Freehold £m	Leasehold £m
Opening carrying value at 1 September 2017	344.1	507.5	239.3	404.0	**1,494.9**	1,239.7	255.2
Business combinations (Note 9)	161.7	-	115.4	-	**277.1**	104.9	172.2
Acquisition of property	20.9	-	-	-	**20.9**	20.9	-
Capitalised expenditure	0.9	4.0	3.2	6.0	**14.1**	4.0	10.1
Capitalised finance costs	-	-	-	0.7	**0.7**	-	0.7
Disposals through sale of subsidiaries (Note 8)	(11.1)	-	-	(158.4)	**(169.5)**	(169.5)	-
Disposals through the sale of property	(15.3)	-	-	(6.0)	**(21.3)**	(20.3)	(1.0)
Transfer to assets held for sale	(23.1)	-	-	-	**(23.1)**	(23.1)	-
Gain on revaluation of investment property prior to reclassification as held for sale	0.9	-	-	-	**0.9**	0.9	-
Transfer from assets held for sale	0.9	-	-	3.6	**4.5**	3.6	0.9
(Loss)/gain on revaluation of investment property	24.6	(26.1)	6.2	6.1	**10.8**	16.0	(5.2)
Foreign exchange movement in foreign operations	-	-	-	(12.0)	**(12.0)**	(11.3)	(0.7)
IFRS carrying value at 31 August 2018	**504.6**	**485.4**	**364.1**	**243.9**	**1,598.0**	**1,165.8**	**432.2**
Adjustments:							
Minimum payments under head leases (Note 19)	(1.9)	(10.1)	(0.4)	(1.5)	**(13.9)**	-	(13.9)
Tenant lease incentives (Note 17)	1.9	5.7	1.2	2.1	**10.9**	6.9	4.0
Market value of Group portfolio at 31 August 2018	**504.6**	**481.0**	**364.9**	**244.5**	**1,595.0**	**1,172.7**	**422.3**
Joint ventures							
Share of joint venture investment property (Note 15)	11.3	-	-	14.1	**25.4**	25.4	-
Market value of total portfolio at 31 August 2018 (on a proportionately consolidated basis)	**515.9**	**481.0**	**364.9**	**258.6**	**1,620.4**	**1,198.1**	**422.3**

[1] Included within the Europe segment at 28 February 2019 is property under development of £31.3 million (31 August 2018: £32.1 million; 28 February 2018: £30.4 million).

The tables above present both segmental and market value investment property information prepared on a proportionately consolidated basis. Properties that have been classified as held for sale in the current year are also included so that the market value of the total portfolio can be determined. This format is not a requirement of IFRS and is for informational purposes as it is used in reports presented to the Group's Chief Operating Decision Maker.

Recognition

Judgement may be required to determine whether a property qualifies as an investment property. Investment property comprises a number of retail and commercial properties in the UK and Europe that are leased to unconnected third parties.

The UK Hotel portfolio is held for capital appreciation and to earn rental income. Apart from the five Travelodge branded hotels, the hotel portfolio has been let to RBH to separately manage the operating business of each hotel for a fixed rent. The rent is subject to annual review which takes into account the forecast EBITDA. As detailed in the key judgements and estimates in Note 2, aside from the Group's associate interest in RBH and the receipt of rental and dividend income, RDI is not involved in the hotel management business and there are limited transactions between RDI and RBH. As a result, the Directors consider it appropriate to classify the hotel portfolio as investment property in line with IAS 40.

On acquisition of control of the IHL group, the operating businesses of five of the nine hotels acquired were managed internally, such that these hotels were considered owner-occupied prior to acquisition by RDI. With effect from 1 September 2017, RDI restructured the operating business model of these hotels to a property rental business model by disposing of the operating businesses to RBH to manage in the same manner as Group's existing hotel portfolio. The Group therefore considers classification as investment property on initial recognition to be appropriate.

Valuation

The carrying amount of investment property is the market value of the property as determined by appropriately qualified independent valuers and adjusted for minimum payments under head leases and tenant lease incentives. Valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property by property basis, and in limited circumstances in aggregation with other assets, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and the likelihood of achieving and implementing this change to determine an appropriate valuation.

The fair value of the Group's property for the period ended 28 February 2019 was assessed by independent and appropriately qualified valuers in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Global Standards 2017 (incorporating the IVSC International Valuation Standards), if relevant, the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) and IFRS 13. The valuations are performed by BNP Paribas Real Estate for the UK Shopping Centres and the Esplanade and by Savills for rest of the portfolio. The valuations are reviewed internally by senior management and presented to the Audit and Risk Committee. The presentation includes discussion around the assumptions used by the external valuers, as well as a review of the resulting valuations.

Valuation inputs

The fair value of the property portfolio has been determined using either a discounted cash flow or a yield capitalisation technique, whereby contracted and market rental values are capitalised at a market rate. The resulting valuations are cross-checked against the net initial yield and the fair market values per square foot of comparable recent market transactions.

The valuation techniques described above are consistent with IFRS 13 and use significant unobservable inputs. Valuation techniques can change at each valuation round depending on prevailing market conditions and the property's highest and best use at the reporting date. Where there is a lack of market comparable transactions, the level of estimation and judgement increases on account of less observable inputs and the degree of variability could be expected to widen. This is of particular relevance to the Group's UK Retail sector where there is continued weakening of investor sentiment, retail failures and ongoing structural change in consumer behaviour.

The Group considers that all of its investment property falls within 'Level 3', as defined by IFRS 13 (refer to Note 28). There has been no transfer of property within the fair value hierarchy during the period.

Acquisitions

The Group acquired 13.5 acres of land interest in Bicester, Oxfordshire for £7.9 million (excluding costs) and an industrial estate in Farnborough, Hampshire (Southwood Business Park) for a total consideration of £26.3 million (excluding costs).

Disposals

The Group made one disposal during the period to 28 February 2019 from the European portfolio, namely a retail warehouse in Eilenberg, Germany. The sale at book value realised a net loss after costs of £0.2 million.

28 February 2019	Sales proceeds £m	Disposal costs £m	Net sales proceeds £m	Carrying value £m	Gain/(loss) on disposal £m
Eilenburg	3.3	(0.2)	**3.1**	**3.3**	**(0.2)**
Disposals during the period	**3.3**	**(0.2)**	**3.1**	**3.3**	**(0.2)**

Committed expenditure

The Group was contractually committed to expenditure of £22.7 million for the future development and enhancement of investment property at 28 February 2019 (31 August 2018: £8.3 million).

Commercial Property Price Risk

The Board draws attention to the risks associated with commercial property investments. Although over the long term property is considered a low risk asset, investors must be aware that significant short and medium term risk factors are inherent in the asset class. Investments in property are relatively illiquid and usually more difficult to realise than listed equities or bonds and this restricts the Group's ability to realise value in cash in the short-term.

14. INVESTMENT IN AND LOANS TO JOINT VENTURES

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Investment in joint ventures		
Opening balance at 1 September	**1.9**	1.9
Additional investment in joint ventures	**-**	0.1
Share of post-tax profit from joint ventures	**0.2**	-
Foreign currency translation	**(0.1)**	(0.1)
Investment in joint ventures	**2.0**	1.9
Loans to joint ventures		
Opening balance at 1 September	**5.2**	4.3
Increase in loans to joint ventures	**-**	1.0
Repayment of loans by joint ventures	**(0.1)**	(0.1)
Reversal of impairment of loans to joint ventures	**0.1**	0.1
Foreign currency translation	**(0.2)**	(0.1)
Loans to joint ventures	**5.0**	5.2
Carrying value of interests in joint ventures	**7.0**	7.1

During the period ended 28 February 2019, the Group's material investments in joint ventures which are presented in the tables of this note included the following interests:

(i) 52 per cent interest in RI Menora German Holdings S.à.r.l., a joint venture with Menora Mivtachim, which ultimately owns properties in Waldkraiburg, Huckelhoven and Kaiserslautern, Germany. The Group acquired an additional 1.5 per cent interest in the joint venture in November 2017 following the acquisition of a non-controlling interest. Notwithstanding the economic shareholding, the contractual terms provide for joint control and so the Company does not control the entity;

(ii) 49 per cent interest in Wichford VBG Holding S.à.r.l., a joint venture with Menora Mivtachim, which owned Government-let properties in Dresden, Berlin, Stuttgart and Cologne, Germany. The joint venture disposed of its property-owning subsidiaries on 1 January 2017 as detailed below; and

(iii) 50 per cent interest in TwentySix The Esplanade Limited, a joint venture with Rimstone Limited, which owns an office building in St. Helier, Jersey.

The Group's interest in joint venture entities is in the form of:

1) an interest in the share capital of the joint venture companies; and
2) loans advanced to the joint venture entities.

RI Menora German Holdings S.à.r.l. and Wichford VBG Holding S.à.r.l. both have accounting year ends of 31 December which differ from the Group so as to align with the year end of the joint venture partner, Menora Mivtachim.

Wichford VBG Holding S.à.r.l.

On 1 January 2017, Wichford VBG Holding S.à.r.l. exchanged on the sale of its four German office assets. During the year ended 31 August 2018, the Group incurred additional transaction costs of £0.1 million which have been presented as a loss on sale of the joint venture.

Interest in joint ventures previously not recognised

Under the equity method, the Esplanade was carried at nil in the Group's financial statements at the prior period end on 28 February 2018. At 28 February 2019, the share of these cumulative losses no longer exceeds the Group's cumulative cost of investment in and loans to, the Esplanade. As such, the Group can begin to recognise its share of profits by way of reversal of previous impairment charges taken against the loans made to the joint venture. On a proportionate basis and for segmental reporting purposes, the Group's interest in the Esplanade is recognised on a line-by-line basis. Refer to Note 3.

Summarised Financial Information

The summarised financial information of the Group's joint ventures is set out separately below:

28 February 2019	**Wichford VBG Holding S.à.r.l. £m**	**RI Menora German Holdings S.à.r.l. £m**	**Esplanade £m**	**Total £m**	**Elimination of joint venture partners' interest £m**	**Proportionate Total £m**
Percentage ownership interest	49%	52%	50%			
Summarised Income Statement						
Rental income	-	0.9	0.9	**1.8**	(0.9)	**0.9**
Rental expense	-	(0.1)	-	**(0.1)**	0.1	**-**
Net rental income	**-**	**0.8**	**0.9**	**1.7**	**(0.8)**	**0.9**
Administrative costs and other fees	-	(0.1)	0.3	**0.2**	(0.1)	**0.1**
Net operating (expense)/income	**-**	**0.7**	**1.2**	**1.9**	**(0.9)**	**1.0**
Gain/(loss) on revaluation of investment property	-	0.2	(0.6)	**(0.4)**	0.2	**(0.2)**
Finance expense on loans from joint venture partners	-	(0.3)	-	**(0.3)**	0.1	**(0.2)**
Finance expense	-	(0.1)	(0.5)	**(0.6)**	0.3	**(0.3)**
Change in fair value of derivative financial instruments	-	-	0.3	**0.3**	(0.1)	**0.2**
(Loss)/profit before tax	**-**	**0.5**	**0.4**	**0.9**	**(0.4)**	**0.5**
Taxation	(0.1)	-	(0.1)	**(0.2)**	0.1	**(0.1)**
(Loss)/profit and total comprehensive (expense)/income	**(0.1)**	**0.5**	**0.3**	**0.7**	(0.3)	**0.4**
Reconciliation to IFRS:						
Elimination of non-controlling and joint venture partners' interests	**-**	**(0.2)**	**(0.2)**	**(0.4)**	0.3	**(0.1)**
Movement in losses restricted in joint ventures	**-**	**-**	**(0.1)**	**(0.1)**	**-**	**(0.1)**
Group share of joint venture results	**(0.1)**	**0.3**	**-**	**0.2**	**-**	**0.2**
Summarised Balance Sheet						
Investment property	-	26.2	21.9	**48.1**	(23.6)	**24.5**
Trade and other receivables	-	0.8	0.1	**0.9**	(0.4)	**0.5**
Cash and cash equivalents	0.8	0.3	0.6	**1.7**	(0.8)	**0.9**
Total assets	**0.8**	**27.3**	**22.6**	**50.7**	**(24.8)**	**25.9**
External borrowings	-	(13.0)	(16.8)	**(29.8)**	14.6	**(15.2)**
Loans from joint venture partners	-	(8.9)	(6.6)	**(15.5)**	7.7	**(7.8)**
Derivative financial instruments	-	-	(5.3)	**(5.3)**	2.6	**(2.7)**
Deferred tax	-	(1.2)	-	**(1.2)**	0.6	**(0.6)**
Trade and other payables	(0.1)	(0.7)	(0.3)	**(1.1)**	0.5	**(0.6)**
Total liabilities	**(0.1)**	**(23.8)**	**(29.0)**	**(52.9)**	**26.0**	**(26.9)**
Non-controlling interests	-	(0.3)	-	**(0.3)**	0.1	**(0.2)**
Net assets/(liabilities)	**0.7**	**3.2**	**(6.4)**	**(2.5)**	**1.3**	**(1.2)**
Reconciliation to IFRS:						
Elimination of joint venture partners' interests	(0.3)	(1.6)	3.2	**1.3**	(1.3)	**-**
Loan to joint ventures (1) (Note 29)	-	4.9	0.1	**5.0**	-	**5.0**
Cumulative losses restricted (2)	-	-	3.2	**3.2**	-	**3.2**
Carrying value of interests in joint ventures	**0.4**	**6.5**	**0.1**	**7.0**	**-**	**7.0**

(1) Loans to joint ventures include the opening balance, any advances or repayments and foreign currency movements during the period.

(2) Cumulative losses restricted represent the Group's share of losses in the Esplanade which previously exceeded the cost of the Group's investment. At 28 February 2019 the Group's share of losses in the Esplanade no longer exceeded the cost of the Group's investment and the Group has started recognising its share of profits by way of reversal of impairment of the loan to the joint venture.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 28 February 2019

31 August 2018	Wichford VBG Holding S.à.r.l. £m	RI Menora German Holdings S.à.r.l. £m	Esplanade £m	Total £m	Elimination of joint venture partners' interest £m	Proportionate total £m
Percentage ownership interest	49%	52%	50%			
Summarised income statement						
Rental income	-	1.8	1.7	**3.5**	(1.7)	**1.8**
Rental expense	-	(0.3)	-	**(0.3)**	0.1	**(0.2)**
Net rental income	**-**	**1.5**	**1.7**	**3.2**	**(1.6)**	**1.6**
Administrative costs and other fees	(0.2)	(0.2)	-	**(0.4)**	0.2	**(0.2)**
Net operating (expense)/income	**(0.2)**	**1.3**	**1.7**	**2.8**	**(1.4)**	**1.4**
Gain/(loss) on revaluation of investment property	-	0.2	(0.6)	**(0.4)**	0.2	**(0.2)**
Finance expense on loans from joint venture partners	-	(0.6)	-	**(0.6)**	0.3	**(0.3)**
Finance expense	-	(0.3)	(1.1)	**(1.4)**	0.7	**(0.8)**
Change in fair value of derivative financial instruments	-	-	1.4	**1.4**	(0.7)	**0.7**
(Loss)/profit before tax	**(0.2)**	**0.6**	**1.4**	**1.8**	**(0.9)**	**0.8**
Taxation	-	(0.4)	-	**(0.4)**	0.2	**(0.2)**
(Loss)/profit and total comprehensive (expense)/income	**(0.2)**	**0.2**	**1.4**	**1.4**	(0.7)	**0.7**
Reconciliation to IFRS:						
Elimination of non-controlling and joint venture partners' interests	**0.1**	**(0.1)**	**(0.7)**	**(0.7)**	0.7	**-**
Movement in losses restricted in joint ventures	**-**	**-**	**(0.7)**	**(0.7)**	**-**	**(0.7)**
Group share of joint venture results	**(0.1)**	**0.1**	**-**	**-**	**-**	**-**
Summarised balance sheet						
Investment property	-	27.2	22.5	**49.7**	(24.3)	**25.4**
Trade and other receivables	-	0.8	0.2	**1.0**	(0.5)	**0.5**
Cash and cash equivalents	0.8	0.3	0.4	**1.5**	(0.7)	**0.8**
Total assets	**0.8**	**28.3**	**23.1**	**52.2**	**(25.5)**	**26.7**
External borrowings	-	(13.7)	(17.0)	**(30.7)**	15.1	**(15.6)**
Loans from joint venture partners	-	(9.4)	(6.6)	**(16.0)**	7.8	**(8.2)**
Derivative financial instruments	-	-	(5.5)	**(5.5)**	2.7	**(2.8)**
Deferred tax	-	(1.2)	-	**(1.2)**	0.6	**(0.6)**
Trade and other payables	-	(0.7)	(0.6)	**(1.3)**	0.5	**(0.8)**
Total liabilities	**-**	**(25.0)**	**(29.7)**	**(54.7)**	**26.7**	**(28.0)**
Non-controlling interests	-	(0.3)	-	**(0.3)**	0.2	**(0.1)**
Net assets/(liabilities)	**0.8**	**3.0**	**(6.6)**	**(2.8)**	**1.4**	**(1.4)**
Reconciliation to IFRS:						
Elimination of joint venture partners' interests	(0.4)	(1.5)	3.3	**1.4**	(1.4)	**-**
Loan to joint ventures[(1)] (Note 32)	-	5.2	-	**5.2**	-	**5.2**
Cumulative losses restricted[(2)]	-	-	3.3	**3.3**	-	**3.3**
Carrying value of interests in joint ventures	**0.4**	**6.7**	**-**	**7.1**	**-**	**7.1**

(1) Loans to joint ventures include the opening balance, any advances or repayments and foreign currency movements during the period.

(2) Cumulative losses restricted represent the Group's share of losses in the Esplanade which equalled the cost of the Group's investment at 31 August 2018. As a result, the carrying value of the investment was £Nil in accordance with the requirements of IAS 28.

15. INVESTMENT IN ASSOCIATE

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Associate investment in IHL and RBH		
Opening balance at 1 September	**9.1**	9.4
IHL		
Transfer from investment at fair value through profit or loss	**-**	8.5
Additions	**-**	5.0
Reclassification as investment in subsidiary (Note 9)	**-**	(13.5)
RBH		
Share of post-tax profit from associate	**0.5**	0.3
Distributions from associate (Note 29)	**(0.4)**	(0.6)
Carrying value of net investment in associate	**9.2**	9.1

IHL

On 15 September 2017, the Group obtained consent from the shareholders of IHL to acquire 16.4 million shares (29.3 per cent) being all of the non-controlling interest in IHL via a scheme of arrangement. From this date, the Group was considered to have significant influence over IHL and the investment was reclassified from an investment at fair value through profit or loss. On 26 October 2017, the Group acquired an additional 5.0 million shares in IHL for £5.0 million from Redefine Properties and increased its interest to 26.2 per cent. The additional interests acquired allowed RDI to continue to participate in the financial and operating decisions of IHL, but not to direct those decisions, and therefore the cumulative investment of £13.5 million continued to be classified as an associate.

On 13 November 2017, the scheme of arrangement completed, and the Group acquired 16.4 million shares from scheme participants and 1.9 million shares from Redefine Properties, increasing RDI's interest in IHL from 26.2 to 58.9 per cent (increased to 74.1 per cent at period end). The Group could, from this date, direct the operating and financial decisions of IHL and was exposed to the variable returns of the property group as a result. RDI had acquired control of IHL from this date and this is considered the acquisition date for the purposes of IFRS 3. The fair value of the Group's associate interest in IHL of £13.5 million was, therefore, included in the determination of net gain on bargain purchase of IHL as a stepped acquisition.

RBH

The summarised financial information of RBH is set out below.

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Summarised Income Statement		
Revenue	**37.1**	78.3
Other income	**2.0**	1.6
Expenses	**(36.6)**	(78.1)
Profit from operations	**2.5**	1.8
Taxation	**(0.5)**	(0.7)
Profit for the period	**2.0**	1.1
Elimination of third party interest	**(1.5)**	(0.8)
Group share of results	**0.5**	0.3
Classified as:		
Share of post-tax profit	**0.5**	0.3
Summarised Balance Sheet		
Non-current assets	**4.1**	4.1
Intangible asset	**28.1**	28.1
Trade and other receivables	**9.3**	9.3
Cash and cash equivalents	**4.0**	3.9
Total assets	**45.5**	45.4
Current liabilities	**(13.2)**	(13.6)
Total liabilities	**(13.2)**	(13.6)
Net assets	**32.3**	31.8
Capital contribution adjustment	**1.1**	1.1
Adjusted net assets	**33.4**	32.9
Elimination of third party interest	**(25.0)**	(24.6)
Share of net assets attributable to the Group	**8.4**	8.3
Recoverable amount of excess net investment in associate	**0.8**	0.8
Carrying value of the Group's net investment in associate	**9.2**	9.1

Distributions received from the associate for the period ended 28 February 2019 of £0.4 million (31 August 2018 of £0.6 million).

Following an internal impairment assessment and on receipt of an independent valuation of RBH, the Directors considered that the recoverable amount of the Group's net investment in RBH was £9.4 million at 31 August 2017. At 28 February 2019, the Directors considered this valuation still to be an appropriate reference for assessing the carrying value of RBH and any impairment indicators. There is no objective evidence of impairment at the reporting date.

16. OTHER NON-CURRENT ASSETS

INTANGIBLE ASSETS

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Opening balance at 1 September	**0.8**	1.1
Amortisation	**(0.1)**	(0.3)
Closing balance	**0.7**	0.8

Intangible assets were recognised on the acquisition of Redefine International Management Holdings Limited Group ("RIMH") and represented the fair value of the advisory agreements acquired by the Group. The value attributed to the contracts between RIMH and third parties, including joint ventures of the Group and the non-controlling interests, was £1.9 million. The intangible asset is being amortised on a straight-line basis over the remaining term of the contracts, which have an average life of eight years, and a remaining life of just under three years at 28 February 2019.

PROPERTY, PLANT AND EQUIPMENT

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Opening balance at 1 September	**0.5**	0.1
Additions	**0.1**	0.6
Depreciation	**(0.1)**	(0.2)
Disposals net of accumulated depreciation	**(0.1)**	-
Closing balance	**0.4**	0.5
Total other non-current assets	**1.1**	1.3

17. RECEIVABLES

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Non-current		
Tenant lease incentives [(1)]	**9.0**	8.1
Tenant lease incentives to related parties [(1)] (Note 29)	**0.8**	0.4
Loans to external parties	**1.6**	1.6
Letting costs	**1.2**	1.1
Total non-current other receivables	**12.6**	11.2
Current		
Rent receivable	**1.6**	1.0
Tenant lease incentives [(1)]	**1.5**	1.6
Tenant lease incentives to related parties [(1)] (Note 29)	**1.9**	0.8
Other amounts receivable from related parties (Note 29)	**-**	0.3
Prepayments and accrued income	**2.7**	2.5
Other receivables	**1.6**	0.9
Total current trade and other receivables	**9.3**	7.1
Total receivables	**21.9**	18.3

[(1)] Total tenant lease incentives of £13.2 million (31 August 2018: £10.9 million) have been deducted from investment property in determining fair value at the balance sheet date. Refer to Note 13.

18. CASH AND CASH EQUIVALENTS

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Unrestricted cash and cash equivalents	**36.3**	58.3
Restricted cash and cash equivalents	**12.3**	0.7
Cash and cash equivalents	**48.6**	59.0

At 28 February 2019, cash and cash equivalents to which the Group did not have instant access amounted to £12.3 million (31 August 2018: £0.7 million). £0.7 million of the restricted cash is held on deposit in Germany under an hereditable building right agreement for the property at Ingolstadt and £11.6 million is held by Aviva in respect of a facility which has a charge against four shopping centres, namely: Grand Arcade, Wigan; Weston Favell, Northampton; Birchwood, Warrington and Byron Place, Seaham.

The Group's share of total cash and cash equivalents, including its share of joint venture cash, at 28 February 2019 was £49.4 million (31 August 2018: £59.8 million), with a further £25.0 million of undrawn committed facilities available (31 August 2018: £75.0 million).

19. BORROWINGS, INCLUDING FINANCE LEASES

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Non-current		
Bank loans	**779.0**	787.9
Less: unamortised debt issue costs	**(4.9)**	(2.7)
Less: fair value adjustments	**(13.6)**	(14.1)
	760.5	771.1
Other external loan	**0.6**	-
Finance leases	**13.0**	13.1
Total non-current borrowings, including finance leases	**774.1**	784.2
Current		
Bank loans	**39.8**	4.7
Less: unamortised debt issue costs	**(0.3)**	(0.2)
Less: fair value adjustments	**(0.6)**	(0.6)
	38.9	3.9
Other external loan	**-**	0.7
Finance leases	**0.8**	0.8
Total current borrowings, including finance leases	**39.7**	5.4
Total borrowings, including finance leases	**813.8**	789.6

Analysis of movement in net borrowings, including finance leases

The table below presents the movements in net borrowings for the period ended 28 February 2019, split between cash and non-cash movements and as required by IAS 7.

	Non-current £m	**Current £m**	**Cash and cash equivalents £m**	**Net debt £m**
Opening balance at 1 September 2018	784.2	5.4	(59.0)	730.6
Financing activities (cash)				
Borrowings drawn	**38.7**	**-**	**(38.7)**	**-**
Borrowings repaid	**(4.7)**	**(2.4)**	**7.1**	**-**
Debt issue cost additions	**(3.0)**	**-**	**3.0**	**-**
	31.0	**(2.4)**	**(28.6)**	**-**
Financing activities (non-cash)				
Debt issue costs movements	**0.6**	**-**	**-**	**0.6**
Accretion of fair value adjustments	**0.4**	**-**	**-**	**0.4**
Reclassification between current and non-current	**(36.7)**	**36.7**	**-**	**-**
	(35.7)	**36.7**	**-**	**1.0**
Other net cash movements	**-**	**-**	**39.0**	**39.0**
Foreign currency translation	**(5.4)**	**-**	**-**	**(5.4)**
Closing balance as at 28 February 2019	**774.1**	**39.7**	**(48.6)**	**765.2**

Bank loans

	28 February 2019			31 August 2018		
	Carrying Value £m	**Nominal Value £m**	**Fair Value £m**	Carrying Value £m	Nominal Value £m	Fair Value £m
Non-current liabilities						
Bank loans	**779.0**	**779.0**	**779.0**	787.9	787.9	787.9
Less: unamortised debt issue costs	**(4.9)**	**-**	**-**	(2.7)	-	-
Less: fair value adjustments	**(13.6)**	**-**	**(10.8)**	(14.1)	-	(10.3)
Total non-current bank loans	**760.5**	**779.0**	**768.2**	771.1	787.9	777.6
Current liabilities						
Bank loans	**39.8**	**39.8**	**39.8**	4.7	4.7	4.7
Less: unamortised debt issue costs	**(0.3)**	**-**	**-**	(0.2)	-	-
Less: fair value adjustments	**(0.6)**	**-**	**(0.6)**	(0.6)	-	(0.6)
Total current bank loans	**38.9**	**39.8**	**39.2**	3.9	4.7	4.1
Total IFRS bank loans	**799.4**	**818.8**	**807.4**	775.0	792.6	781.7
Joint ventures						
Share of joint ventures bank loans	**15.1**	**15.1**	**15.1**	15.6	15.6	15.6
Total bank loans (on a proportionately consolidated basis)	**814.5**	**833.9**	**822.5**	790.6	808.2	797.3
Cash and cash equivalents	**(48.6)**	**(48.6)**	**(48.6)**	(59.0)	(59.0)	(59.0)
Share of joint ventures cash and cash equivalents	**(0.8)**	**(0.8)**	**(0.8)**	(0.8)	(0.8)	(0.8)
Net debt (on a proportionately consolidated basis)	**765.1**	**784.5**	**773.1**	730.8	748.4	737.5

The table above presents bank loans, cash and cash equivalents and net debt information prepared on a proportionately consolidated basis. This format is not a requirement of IFRS and is presented for informational purposes only as it is used in reports presented to the Group's Chief Operating Decision Maker.

The Group's bank loans are secured over investment property of £1,559.3 million (31 August 2018: £1,525.4 million) and are carried at amortised cost. On a proportionately consolidated basis, bank loans are secured over investment property of £1,584.0 million (31 August 2018: £1,550.8 million).

The Group's nominal value of drawn debt (on a proportionately consolidated basis) has increased during the period to £833.9 million (31 August 2018: £808.2 million) following refinancings, drawdowns and most significantly the major transactions the Group has been engaged in over the last six months. These include:

- in September 2018, following the Eilenburg disposal from the Premium portfolio, €3.1 million of sales proceeds were repaid against the loan held with Münchener Hypothekenbank eG;
- on 12 October 2018, the Group drew €19.4 million from a new facility, which matures in June 2023, secured over its property at Ingolstadt in Germany following completion of the main development and handover to Primark;
- at 31 August the total drawn balance on the AUK facility was £228.0 million and on 21 September 2018 the group drew a further £15m on the AUK revolving credit facility ("RCF");
- in October 2018 the Group voluntarily cancelled £28.0 million of the AUK facility reducing the total available facility from £303.0 million to £275.0 million (with a drawn balance of £243.0 million and an undrawn balance of £32.0 million);
- in late October 2018, following a lender valuation, the Group was notified that the lenders loan to value on the Aviva facility was in excess of its 85 per cent covenant. The loan, which is secured against four of the Group's UK Shopping Centres (namely Grand Arcade, Wigan, Weston Favell, Northampton, Birchwood, Warrington and Byron Place, Seaham) has an outstanding principal balance of £144.7 million (at 28 February 2019), a fixed rate of interest of 5.5 per cent and matures in April 2042. As permitted within the facility agreement, the Group subsequently paid £9.7 million to cure the loan to value covenant to below 85 per cent. Since October 2018 and at the compliance reporting date in January 2019, the Group remained in an operational cash trap whereby net operating cashflows are retained within the facility and are anticipated to be used to reduce the principal balance outstanding. At 28 February 2019 the cash paid to cure the covenant, together with the trapped operational cashflow (£11.6 million), is disclosed as Restricted Cash within Note 18. In April 2019, post period end, a further event of default occurred. See Note 33 for further details;
- in January 2019 the group reported an event of default on a facility held with Santander secured over three hotels controlled by the Group, namely the Holiday Inn Express, Dunstable; the Holiday Inn Express, Southampton; and the Holiday Inn Express, Redditch. The event of default was in respect to both historic interest service cover and historic loan to EBITDA. As permitted within the facility agreement, the Group subsequently prepaid £3.0 million against the facility. No further covenant concerns have arisen;
- in January 2019 the Group completed the early refinancing of the AUK facility with total facility commitments of £275.0 million and the Group drew down an additional £7.0 million on refinancing to bring the total drawn amount to £250.0 million with an undrawn facility commitment of £25.0 million. The refinancing is not a substantial modification and related debt issue costs are being amortised over the remaining term of the refinanced facility; and
- in January 2019 the Group prepaid £3.0 million of the IHL debt to strengthen the related covenant.

Maturity

The maturity of Group bank loans, gross of unamortised debt issue costs and fair value adjustments is as follows:

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Less than one year	**39.8**	4.7
Between one year and five years	**613.0**	585.5
More than five years	**166.0**	202.4
	818.8	792.6

Certain borrowing agreements contain financial and other covenants that, if contravened, could alter the repayment profile.

Fair value disclosures

The nominal value of floating rate borrowings is considered to be a reasonable approximation of fair value. The fair value of fixed rate borrowings at the reporting date has been calculated by discounting cash flows under the relevant agreements at a market interest rate for similar debt instruments. The market interest rate has been determined having regard to the term, duration and security arrangements of the relevant loan and an estimation of the current rates charged in the market for similar instruments issued to companies of similar sizes.

The Group considers that all bank loans, including the Group's share of joint venture bank loans at a total carrying value of £833.9 million, fall within 'Level 3' as defined by IFRS 13 (refer to Note 28).

Finance leases

Obligations under finance leases at the reporting date are as follows:

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Minimum lease payments under finance lease obligations:		
Not later than one year	**0.8**	0.8
Later than one year not later than five years	**3.2**	3.2
Later than five years	**109.2**	109.6
	113.2	113.6
Less: finance charges allocated to future periods	**(99.4)**	(99.7)
Present value of minimum lease payments	**13.8**	13.9
Present value of minimum finance lease obligations:		
Not later than one year	**0.8**	0.8
Later than one year not later than five years	**2.7**	2.6
Later than five years	**10.3**	10.5
Present value of minimum lease payments	**13.8**	13.9

Finance lease obligations relate to the Group's leasehold interests in investment property. Finance leases are effectively secured obligations, as the rights to the leased asset revert to the lessor in the event of default. The discount rates used in calculating the present value of the minimum lease payments range from 1.8 to 6.3 per cent. The fair value of the finance lease obligations at 28 February 2019 was £17.1 million (31 August 2018: £15.9 million) and the Group considers that these liabilities fall within 'Level 3' as defined by IFRS 13 (refer to Note 28).

20. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into interest rate swap and interest rate cap agreements to manage the risks arising from the Group's operations and its sources of finance.

Interest rate swaps and caps are employed by the Group to manage the interest rate profile of financial liabilities. In accordance with the terms of the majority of bank debt arrangements, the Group has entered into interest rate swaps to convert the rates from floating to fixed which has eliminated exposure to interest rate fluctuations. Likewise, interest rate caps are used to limit the downside exposure to significant changes to the low interest rates currently prevailing in the market.

It is the Group's policy that no economic trading in derivatives is undertaken.

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Derivative Assets		
Non-current		
Interest rate caps	**0.2**	0.4
Interest rate swaps	**-**	0.7
	0.2	1.1
Derivative Liabilities		
Non-current		
Interest rate swaps	**(3.9)**	(2.9)
	(3.9)	(2.9)
Net derivative financial instruments	**(3.7)**	(1.8)

The Group holds interest rate cap assets at rates of 1.0 to 3.0 per cent, maturing between November 2019 and June 2023. The interest rate swap assets are held at a rate of 1.1 per cent, maturing from July 2020 to November 2021. The interest rate swap liabilities have maturities from February 2020 to February 2024 and the rates range from 0.4 to 2.0 per cent.

21. DEFERRED TAX

The table below presents the recognised deferred tax liability and movement during the period:

	On investment property £m	**On derivative financial instruments £m**	**On losses carried forward £m**	**Total £m**
Opening balance 1 September 2017	10.4	-	-	**10.4**
Expense/(credit) for the year recognised in the income statement	1.3	(0.4)	(1.4)	**(0.5)**
Foreign currency translation	(0.4)	-	-	**(0.4)**
Opening balance 1 September 2018	11.3	(0.4)	(1.4)	**9.5**
Credit for the period recognised in the income statement	(0.4)	-	(1.3)	**(1.7)**
Foreign currency translation	(0.5)	-	0.1	**(0.4)**
Closing balance at 28 February 2019	**10.4**	**(0.4)**	**(2.6)**	**7.4**

There are no unrecognised deferred tax assets at 28 February 2019 (31 August 2018: None).

22. TRADE AND OTHER PAYABLES

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Non-current		
Other sundry payables	**0.1**	0.2
Total non-current trade and other payables	**0.1**	0.2
Current		
Amounts payable to related parties (Note 29)	**0.7**	0.4
Rent received in advance	**5.0**	5.0
Trade payables	**0.7**	0.7
Service charge	**4.3**	4.6
Accrued interest	**3.4**	2.7
VAT payable	**5.7**	4.7
Accruals	**5.2**	5.9
Tenant deposits[1]	**2.9**	2.9
Total current trade and other payables	**27.9**	26.9
Total trade and other payables	**28.0**	27.1

[1] At 28 February 2019, £2.9 million of tenant deposits relate to the London Serviced Office portfolio acquired during the year ended 31 August 2018.

23. SHARE CAPITAL AND SHARE PREMIUM

AUTHORISED	Number of Shares	Authorised Share Capital £m
- At 31 August 2018 (Ordinary shares of 8 pence each)	3,000,000,000	240.0
- Share consolidation (1 share for every 5 shares issued) – 11 February 2019	(2,400,000,000)	-
- At 28 February 2019 (Ordinary shares of 40 pence each)	**600,000,000**	**240.0**

ISSUED, CALLED UP AND FULLY PAID	Number of Shares	Share capital £m	Share premium £m
At 31 August 2017	**1,828,060,146**	**146.2**	**511.8**
Share issuance – 1 November 2017	12,500,000	1.0	4.0
Share issuance – 13 November 2017	41,074,224	3.3	13.1
Share issuance – 13 November 2017	4,783,697	0.4	1.5
Share issuance – 24 November 2017	2,496,630	0.2	0.8
Scrip dividend – issued December 2017	16,218,190	1.3	4.5
Share buy-back programme – 15 May to 8 June 2018	(14,054,524)	(1.1)	(4.1)
Scrip dividend – issued June 2018	9,371,173	0.7	3.0
At 31 August 2018	**1,900,449,536**	**152.0**	**534.6**
Share consolidation (1 share for every 5 shares issued) – 11 February 2019	(1,520,359,613)	-	-
At 28 February 2019	**380,089,923**	**152.0**	**534.6**

SHARE TRANSACTIONS

On 1 November 2017, the Group issued 12.5 million shares to Redefine Properties at 40.0 pence per share to acquire 5.0 million shares in IHL valued at £1 per share.

On 13 November 2017 and on fulfilment of the scheme of arrangement, the Group issued 41.1 million shares at 40.0 pence per share in consideration for the acquisition of 16.4 million shares in IHL from scheme participants. On the same date, the Group also issued 4.8 million shares to Redefine Properties at 40.0p per share to acquire 1.9 million shares in IHL valued at £1 per share.

On 24 November 2017, the Group issued 2.5 million shares to Redefine Properties at 40.0p per share in settlement of the 1.0 million shares in IHL that had been acquired on 17 November 2017 at £1 per share.

In October 2017, the Company declared a second interim dividend of 1.3 pence per share for the six months ended 31 August 2017 and offered shareholders an election to receive either a cash dividend or a scrip dividend by way of an issue of new RDI shares credited as fully paid up. The Company received election forms from shareholders holding 512.9 million ordinary shares of 8 pence each representing a 27.2 per cent take up by shareholders, in respect of which 16.2 million scrip dividend shares were issued in December 2017.

Following an announcement on 9 May 2018, the Company entered into a share buy-back programme between 15 May 2018 and 8 June 2018. In total, 14.0 million shares were acquired for total consideration of £5.2 million, including transaction costs.

In May 2018, the Company declared an interim dividend of 1.35 pence per share for the six months ended 28 February 2018 and offered shareholders an election to receive either a cash dividend or a scrip dividend by way of an issue of new RDI shares credited as fully paid up. The Company received election forms from shareholders holding 282.1 million ordinary shares of 8 pence each representing a 14.9 per cent take up by shareholders, in respect of which 9.3 million scrip dividend shares were issued in June 2018.

In October 2018, the Company declared a second interim dividend of 1.35 pence per share for the year ending 31 August 2018 to be paid in cash.

Following approval by the Board on 24 January 2019 the Group consolidated every five Ordinary Shares issued and to be issued on 11 February 2019 into one ordinary share of 40 pence each. The consolidation resulted in 380,089,923 ordinary shares of 40 pence each being in issue.

24. RESERVES

OTHER RESERVES

Share-Based Payment Reserve

The share-based payment reserve at 28 February 2019 of £0.9 million (31 August 2018: £2.3 million) arises from conditional awards of shares in the Company made to certain employees and the Executive Directors. The awards will vest on the third anniversary of the grant, subject to certain performance conditions being achieved over the vesting period. The Group released from the reserve to retained earnings £1.7 million of cumulative IFRS 2 charge on lapsed and vested awards. The Group incurred a further £0.2 million in relation to awards that vested with certain employees and has recognised the charge directly in retained earnings such that the net credit to retained earnings for the period in relation to share-based payments was £1.4 million. Detailed information on the share-based payment plans in place is included in the 2018 Annual Report.

Other Reserves

Other reserves of £1.0 million at 31 August 2018 arose from the acquisition of subsidiaries. During the period ended 28 February 2019 this reserve was released on liquidation of the related subsidiary.

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve at 28 February 2019 of £13.1 million (31 August 2018: £17.9 million) represents exchange differences arising from the translation of the Group's net investment in foreign operations, including both subsidiary and joint venture interests.

25. NON – CONTROLLING INTERESTS

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Opening balance at 1 September	**59.5**	21.8
Comprehensive income for the period:		
Share of profit for the period	**1.6**	7.4
Foreign currency translation on subsidiary foreign operations	**-**	-
Changes in ownership interest in subsidiaries:		
Recognition of non-controlling interests on business combinations (Note 9)	**-**	33.8
Acquisition of non-controlling interests (Note 26)	**-**	(0.1)
Dividends paid to non-controlling interests	**(1.3)**	(3.4)
Total non-controlling interests	**59.8**	59.5

The following table summarises the financial information relating to the Group's material non-controlling interests in LSO, IHL and RHHL, before any intra-group eliminations.

	28 February 2019									
	LSO £m	**IHL £m**	**RHHL £m**	**Other £m**	**Total non-controlling interest £m**	LSO £m	IHL £m	RHHL £m	Other £m	Total non-controlling interest £m
Principal place of business	**United Kingdom**	**United Kingdom**	**United Kingdom**			United Kingdom	United Kingdom	United Kingdom		
Country of incorporation	**Isle of Man**	**BVI**	**BVI**			Isle of Man	BVI	BVI		
NCI %	**20.0%**	**25.9%**	**17.52%**			20.0%	25.9%	17.52%		
Summarised balance sheet										
Investment property	**163.4**	**117.4**	**228.5**		**509.3**	163.4	119.0	229.0		
Derivative assets	**0.2**	**-**	**-**		**0.2**	0.3	-	0.1		
Other non-current assets	**0.1**	**-**	**0.8**		**0.9**	-	-	-		
Trade and other receivables	**0.5**	**0.9**	**1.6**		**3.0**	0.8	0.2	2.6		
Cash and cash equivalents	**5.8**	**3.0**	**5.2**		**14.0**	4.0	2.7	4.7		
Borrowings, including finance leases	**(72.3)**	**(48.3)**	**(113.4)**		**(234.0)**	(72.8)	(51.7)	(113.3)		
Derivative liabilities	**-**	**(0.1)**	**-**		**(0.1)**	-	-	-		
Trade and other payables	**(3.5)**	**(6.5)**	**(1.5)**		**(11.5)**	(5.1)	(3.1)	-		
Adjusted net assets	**94.2**	**66.4**	**121.2**		**281.8**	90.6	67.1	123.1		
NCI share of adjusted net assets	**18.8**	**17.2**	**21.2**		**57.2**	18.1	17.4	21.6		
Tax attributable to NCI	**-**	**-**	**-**		**-**	-	-	-		
Carrying amount of NCI	**18.8**	**17.2**	**21.2**	**2.6**	**59.8**	18.1	17.4	21.6	2.4	59.5
Summarised statement of comprehensive income										
Revenue	**7.9**	**4.3**	**6.8**		**19.0**	9.8	9.1	14.6		
Profit/(loss) for the period	**3.9**	**(0.5)**	**4.3**		**7.7**	6.6	7.3	15.9		
Profit/(loss) attributable to NCI	**0.8**	**(0.1)**	**0.8**	**0.1**	**1.6**	1.3	1.9	2.8	1.4	7.4
Other comprehensive income attributable to NCI	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Dividends paid to NCI	**0.3**	**-**	**1.1**	**-**	**1.4**	1.0	0.6	1.8	-	3.4
Summarised cash flow statement										
Cash inflow from operating activities	**3.6**	**1.9**	**6.7**			10.7	5.5	4.1		
Cash outflow from investing activities	**-**	**(0.9)**	**-**			(0.5)	-	5.6		
Cash outflow from financing activities	**(1.8)**	**(0.7)**	**(6.2)**			(10.4)	(2.8)	(5.7)		
Net increase in cash and cash equivalents	**1.8**	**0.3**	**0.5**			(0.2)	2.7	4.0		

26. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

There were no transactions with equity holders during the period ended 28 February 2019.

At 1 September 2016, 4C Investments was a non-controlling shareholder of RHHL, with an 11.43 per cent equity interest (1,938 shares) in the issued share capital. The Company had a loan balance outstanding from 4C Investments, for which a share charge was created in favour of the Company over 4C Investment's entire shareholding in RHHL. The total loan balance outstanding, of both principal and interest, was £14.2 million on maturity at 31 December 2016. In the absence of repayment, the Company exercised its security over the shares. On 7 February 2017, the 1,938 shares formally transferred to the Company for an agreed transfer price of £6,295 per share, valuing the total shareholding at £12.1 million. The carrying value of the non-controlling interest at the date of transfer was £12.7 million and, as a result, a gain of £0.4 million was recognised directly in equity after transaction costs including tax paid by the Group on behalf of 4C Investments. During the period ended 28 February 2018, the Group clawed back historic tax paid on behalf of 4C Investments. This has been treated as an adjustment to the carrying amount of the non-controlling interest acquired and has resulted in a gain of £0.6 million directly in equity.

In advance of the Leopard Portfolio disposal (refer to Note 8), the non-controlling interest of a Leopard Portfolio subsidiary, Leopard Germany Property Ed 2 GmbH & Co. KG ("LGPEd2") was acquired by the Group for £0.4 million. The non-controlling interest's share of net liabilities at the date of sale were £0.1 million and therefore a loss of £0.5 million has been recognised directly in equity.

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Carrying amount of non-controlling interest acquired:		
4C Investments	**-**	0.5
	-	0.5
Consideration paid to non-controlling interests of LGPEd2	**-**	(0.4)
Increase in equity attributable to equity holders of the Parent	**-**	0.1

27. CASH GENERATED FROM OPERATIONS

Continuing operations	Note	**Unaudited 28 February 2019 £m**	Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
Cash flows from operating activities				
(Loss)/profit before tax		**(4.7)**	60.8	97.4
Adjustments for:				
Straight lining of rental income		**(0.4)**	-	(0.5)
Depreciation	16	**0.1**	0.1	0.2
Fair value of share-based payments	24	**0.2**	0.4	1.0
Employee share award costs recognised directly in equity		**(0.2)**	-	-
Loss/(gain) on revaluation of investment property	13	**30.4**	(8.5)	(10.8)
Gain on revaluation of investment property held for sale	13	**-**	-	(0.9)
Loss/(gain) on disposal of investment property		**0.2**	(0.6)	(1.5)
Loss/(gain) on disposal of investment property held for sale		**-**	0.1	(1.8)
Net gain on disposal of subsidiaries	8	**-**	(14.3)	(15.4)
Net gain on business combinations	9	**-**	(4.6)	(4.4)
Other income and expense	16	**0.1**	0.3	0.4
Foreign exchange loss		**0.2**	0.9	0.8
Finance income	10	**(0.3)**	(0.4)	(0.6)
Finance expense	10	**16.2**	14.5	29.3
Other finance expense	11	**-**	0.6	0.6
Change in fair value of derivative financial instruments		**2.2**	(5.2)	(6.1)
Loss on sale of joint ventures		**-**	-	0.1
Net impairment reversal on loans to joint ventures		**(0.1)**	(0.1)	(0.1)
Share of post-tax profit from joint venture		**(0.2)**	-	-
Share of post-tax profit from associate	15	**(0.5)**	(0.3)	(0.3)
		43.2	43.7	87.4
Changes in working capital		**(3.0)**	(3.4)	(0.4)
Cash generated from operations		**40.2**	40.3	87.0

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

BASIS FOR DETERMINING FAIR VALUES

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value of financial instruments that are traded in active markets is based on quoted market prices or dealer price quotations. For all other financial instruments, the Group uses valuation techniques to arrive at a fair value that reflects a price that would have been determined by willing market participants acting at arm's length at the reporting date. For common and simple financial instruments, such as over-the-counter interest rate swaps and caps, the Group uses widely recognised valuation models for determining the fair value. The models use only observable market data and require little management judgement which reduces the uncertainty associated with the determination of fair values. For other financial instruments, the Group determines fair value using net present value or discounted cash flow models and comparisons to similar instruments for which market observable prices exist. Varying degrees of judgement are required in the determination of an appropriate market benchmark. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, foreign currency exchange rates and expected price volatilities and correlations. Availability of observable market prices and inputs vary depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The tables below present information about the Group's financial instruments carried at fair value as of 28 February 2019 and 31 August 2018.

	Level 1 £m	Level 2 £m	Level 3 £m	Total Fair Value £m
28 February 2019				
Financial assets				
Derivative financial assets (Note 20)	-	0.2	-	**0.2**
	-	**0.2**	**-**	**0.2**
Financial liabilities				
Derivative financial liabilities (Note 20)	-	(3.9)	-	**(3.9)**
	-	**(3.9)**	**-**	**(3.9)**
31 August 2018				
Financial assets				
Derivative financial assets (Note 20)	-	1.1	-	1.1
	-	1.1	-	1.1
Financial liabilities				
Derivative financial liabilities (Note 20)	-	(2.9)	-	(2.9)
	-	(2.9)	-	(2.9)

Derivative financial instruments have been categorised as 'Level 2', as although they are priced using directly observable inputs, the instruments are not traded in an active market.

As stated in Note 13, the Group considers investment property to be categorised as 'Level 3'. As stated in Note 19, the Group considers all bank loans to be categorised as 'Level 3'. Finance lease obligations are as classified as 'Level 3, the fair value of which is presented in Note 19.

The carrying values of trade and other receivables, cash and cash equivalents and trade and other payables are considered to be a reasonable approximation of fair value.

29. RELATED PARTY TRANSACTIONS

Related parties of the Group include: associate undertakings; joint ventures; Directors and key management personnel; connected parties; the major shareholder Redefine Properties Limited ("RPL"); as well as entities connected through common directorships.

	Unaudited six months ended 28 February 2019 £m	**Unaudited six months ended 28 February 2018 £m**	Audited Year ended 31 August 2018 £m
Related Party Transactions			
Revenue Transactions			
Rental income			
RBH	**10.3**	11.0	22.0
Other income			
Joint Venture investment management and performance fee income			
RI Menora German Holdings S.à.r.l.	**-**	-	0.1
	-	-	0.1
Administration costs and other fees			
OSIT investment management fees (Note 7)	**(0.5)**	(0.1)	(0.6)
Finance income			
Joint Venture loan interest income			
Wichford VBG Holding S.à.r.l.	**-**	-	-
RI Menora German Holdings S.à.r.l. (Note 10)	**0.2**	0.2	0.3
Related parties of Menora joint venture	**-**	-	0.1
	0.2	0.2	0.4

	Unaudited As at 28 February 2019 £m	Audited As at 31 August 2018 £m
Capital Transactions		
Investment property (capitalised expenditure)		
Project monitoring fee to RBH – construction works	**0.1**	0.2
Investment in associate		
Transfer price of 4C Investments interests in RBH	**-**	(1.3)
Dividends received from RBH (including held for sale investment) (Note 15)	**(0.4)**	(0.7)
Non-controlling interests		
Adjustment to carrying value of the non-controlling interest in RHHL (Note 26)	**-**	0.6
Total capital transactions	**(0.3)**	(1.2)
Related Party Balances		
Loans to joint ventures		
RI Menora German Holdings S.à.r.l. (Note 14)	**4.9**	5.2
26 The Esplanade	**0.1**	-
	5.0	5.2
Trade and other receivables		
RBH – tenant lease incentives (Note 17)	**2.7**	1.2
RI Menora German Holdings S.à.r.l.- interest receivable (Note 17)	**-**	0.3
	2.7	1.5
Trade and other payables		
RI Menora German Holdings S.à.r.l. – other payables (Note 22)	**(0.7)**	(0.4)
	(0.7)	(0.4)
Total related party balances	**7.0**	6.3

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Related Party Transactions with equity holders of the Parent		
Redefine Properties Limited – IHL acquisition – share-for-share exchange	**-**	7.9
Redefine Properties Limited – IHL acquisition – cash	**-**	7.5
Redefine Properties Limited – cash dividends	**7.6**	14.8
Total related party transactions with equity holders of the Parent	**7.6**	30.2

REDEFINE PROPERTIES LIMITED

On 1 November 2017, the Group issued 12.5 million shares to Redefine Properties at 40.0 pence per share to acquire 5.0 million shares in IHL valued at £1 per share. On 13 November 2017, the Group issued 4.8 million shares to Redefine Properties at 40.0 pence per share to acquire 1.9 million shares in IHL valued at £1 per share. On 24 November 2017, the Group issued 2.5 million shares to Redefine Properties at 40.0 pence per share in settlement of the 1.0 million shares in IHL that had been acquired with effect from 17 November 2017 at £1 per share. On the same date, the Group paid Redefine Properties £7.5 million in settlement of 7.5 million shares in IHL that had transferred at £1 per share with effect from 17 November 2017.

4C UK INVESTMENTS LIMITED

On 7 February 2017, the Company entered into a lock-up agreement with 4C Investments whereby the latter had the right to buy back the transferred shares in RHHL and RBH on or before 31 January 2018 at the transfer price. 4C Investments did not exercise the right to reacquire the RHHL shares before 31 January 2018. The right to acquire the RBH shares was formally extended and 4C Investments formally re-acquired the shares on 14 February 2018. As part of the transaction, 4C Investments contractually agreed to reimburse the Group for historic non-resident landlord tax paid on 4C Investments behalf in relation to its non-controlling interest in RHHL. This reimbursement has been treated as an adjustment to the carrying amount of the non-controlling interest. Refer to Note 26.

OSIT

OSIT indirectly holds the 20 per cent non-controlling interest in the newly acquired LSO portfolio and is contracted as the manager of each property. RDI entered into revised management contracts on acquisition for OSIT to continue as manager for a minimum term of ten years. Management fees are payable on a ratcheted basis with reference to the forecast EBITDA of each property. OSIT has charged £0.6 million of management fees since the Group acquired control of the portfolio on 12 January 2018 up to 31 August 2018 and £0.5 million of management fees for the six months ended 28 February 2019.

DIRECTORS

Non-executive Directors and Executive Directors represent key management personnel. The remuneration paid to Non-executive Directors for the period ended 28 February 2019 was £0.2 million (31 August 2018: £0.5 million) which represents Directors fees only. The remuneration payable to Executive Directors for the period ended 28 February 2019 was £1.7 million (31 August 2018: £2.6 million), representing salaries, benefits and bonuses. 1.3 million contingent share awards were issued to Executive Directors during the period (31 August 2018: 1.2 million, re-presented for comparability as a result of the share consolidation). The IFRS 2 share-based payment charge associated with the cumulative contingent share awards to the Executive Directors was £1.6 million (31 August 2018: £0.9 million) for the period.

The table below shows Directors dealings in shares for the period 1 September 2017 to 28 February 2019:

Name	**Date of Transaction**	**Transaction**	**Number of ordinary shares acquired**	**Price per ordinary share acquired**
Marc Wainer	13 November 2017	IHL consideration	631,569	200.0p
Mike Watters	13 November 2017	IHL consideration	14,158	200.0p
Donald Grant	16 January 2018	Share acquisition	5,000	179.70p
Mike Watters	17 January 2018	Share acquisition	13,400	179.75p
Bernard Nackan	25 June 2018	Scrip dividend	133	177.0p
Adrian Horsburgh	25 June 2018	Scrip dividend	398	177.0p

The Directors dealings above are adjusted for the effects of the share consolidation referred to in note 23.

30. EARNINGS PER SHARE

Earnings per share is calculated on the weighted average number of shares in issue and the profit attributable to shareholders.

	Unaudited 28 February 2019 £m	Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
Profit attributable to equity holders of the Parent	**(4.9)**	55.2	88.9
Group Adjustments:			
Loss/(gain) on revaluation of investment property	**30.4**	(8.5)	(10.8)
Gain on revaluation of investment property held for sale	**-**	-	(0.9)
Loss/(gain) on disposal of investment property	**0.2**	(0.6)	(1.5)
Loss/(gain) on disposal of investment property held for sale	**-**	0.1	(1.8)
Net gain on disposal of subsidiaries	**-**	(14.3)	(15.4)
Loss/(gain) on business combinations	**0.1**	(4.6)	(4.4)
Loss on disposal of other non-current assets held for sale	**-**	-	0.1
Amortisation of intangible assets	**0.1**	0.2	0.3
Other finance costs	**0.1**	0.5	0.4
Change in fair value of derivative financial instruments	**2.2**	(5.2)	(6.1)
Gain on sale of joint venture interests	**-**	-	0.1
Net impairment reversal of joint ventures	**(0.2)**	(0.1)	(0.1)
Deferred tax	**(1.7)**	-	(0.5)
Current tax	**0.3**	0.6	0.7
Joint Venture Adjustments:			
Loss on revaluation of investment property	**0.2**	0.2	0.2
Change in fair value of derivative financial instruments	**(0.1)**	(0.6)	(0.7)
Deferred tax	**-**	0.2	0.2
Elimination of joint venture unrecognised profits [(1)]	**-**	0.3	0.4
Non-Controlling Interest Adjustments:			
Gain on revaluation of investment property	**(0.8)**	1.1	1.4
Change in fair value of derivative financial instruments	**(0.1)**	0.3	0.2
Gain on disposal of subsidiaries	**-**	1.3	1.1
Deferred tax	**-**	-	0.1
EPRA earnings	**25.8**	26.1	51.9
Company Specific Adjustments:			
Accretion of fair value adjustments	**0.4**	0.4	0.8
Foreign currency movements	**0.2**	0.9	0.8
Underlying earnings	**26.4**	27.4	53.5
Number of ordinary shares (millions)			
- Weighted average	**380.1**	374.2	377.3
Dilutive effect of:			
Contingently issuable share awards under the Long Term Performance Share Plan	1.1	0.7	0.9
Contingently issuable share awards under the Long Term Restricted Stock Plan	0.2	0.2	0.3
- Diluted weighted average	**381.4**	375.1	378.5
Earnings per share (pence)			
- Basic	**1.3**	14.8	23.6
- Diluted	**1.3**	14.7	23.5
EPRA earnings per share (pence)	**6.79**	6.97	13.76
Diluted EPRA earnings per share (pence)	**6.76**	6.96	13.71
Underlying earnings per share (pence)	**6.94**	7.32	14.18
Dividend per share (pence)	**4.0**	6.75	13.5
First interim dividend per share (pence)	**4.0**	6.75	6.75
Second interim dividend per share (pence)	**-**	-	6.75

(1) Cumulative losses restricted represent the Group's share of losses in the Esplanade which previously exceeded the cost of the Group's investment. At 28 February 2019 the Group's share of losses in the Esplanade no longer exceeded the cost of the Group's investment and the Group has started recognising its share of profits by way of reversal of impairment of the loan to the joint venture (refer to note 14). This adjustment eliminates the restricted losses for the period attributable to the Esplanade.

Headline earnings per share is calculated in accordance with Circular 04/2018 issued by the South African Institute of Chartered Accountants ("SAICA"), a requirement of the Group's JSE listing. This measure is not a requirement of IFRS.

	Unaudited 28 February 2019 £m	Unaudited 28 February 2018 £m	Audited 31 August 2018 £m
Profit attributable to equity holders of the Parent	**(4.9)**	55.2	88.9
Group Adjustments:			
Loss/(gain) on revaluation of investment property	**30.4**	(8.5)	(10.8)
Gain on revaluation of investment property held for sale	**-**	-	(0.9)
Loss/(gain) on disposal of investment property	**0.2**	(0.6)	(1.5)
Loss/(gain) on disposal of investment property held for sale	**-**	0.1	(1.8)
Net gain on disposal of subsidiaries	**0.1**	(14.3)	(15.4)
Loss/(gain) on acquisition of subsidiaries	**0.2**	(5.5)	(5.5)
Loss on disposal of other non-current assets held for sale	**-**	0.1	0.1
Loss on sale of joint venture interests	**-**	-	0.1
Net impairment reversal of joint ventures and associate interests	**0.1**	(0.1)	(0.1)
Deferred tax	**(1.7)**	-	1.3
Joint Venture Adjustments:			
Loss on revaluation of investment property	**0.3**	0.2	0.2
Deferred tax	**-**	0.2	0.2
Elimination of joint venture unrecognised profits/(losses) (1)	**(0.3)**	(0.3)	(0.3)
Non-Controlling Interest Adjustments:			
Gain on revaluation of investment property	**(0.8)**	1.1	1.4
Gain on disposal of subsidiaries	**-**	1.3	1.1
Deferred tax	**-**	-	0.1
Headline earnings attributable to equity holders of the Parent	**23.6**	28.9	57.1
Number of ordinary shares (millions)			
- Weighted average	**380.1**	374.2	377.3
- Diluted weighted average	**381.4**	375.1	378.5
Headline earnings per share (pence)			
- Basic	**6.2**	7.7	15.1
- Diluted	**6.2**	7.7	15.1

(1) Cumulative losses restricted represent the Group's share of losses in the Esplanade which previously exceeded the cost of the Group's investment. At 28 February 2019 the Group's share of losses in the Esplanade no longer exceeded the cost of the Group's investment and the Group has started recognising its share of profits by way of reversal of impairment of the loan to the joint venture (refer to note 14). This adjustment eliminates the restricted losses for the period attributable to the Esplanade.

31. NET ASSET VALUE PER SHARE

	Unaudited 28 February 2019 £m	Audited 31 August 2018 £m
Net assets attributable to equity holders of the Parent	**768.0**	803.3
Group Adjustments:		
Fair value of derivative financial instruments	**3.7**	1.8
Deferred tax	**7.4**	9.5
Joint Venture Adjustments:		
Fair value of derivative financial instruments	**2.6**	2.8
Elimination of unrecognised derivative financial instruments (1)	**(2.6)**	(2.8)
Deferred tax	**0.6**	0.6
Non-Controlling Interest Adjustments:		
Fair value of derivative financial instruments	**-**	0.1
Deferred tax	**-**	(0.3)
EPRA NAV	**779.7**	815.0
Group Adjustments:		
Fair value of derivative financial instruments	**(3.7)**	(1.8)
Excess of fair value of debt over nominal value	**(26.0)**	(3.7)
Deferred tax	**(7.4)**	(9.5)
Joint Venture Adjustments:		
Fair value of derivative financial instruments	**(2.6)**	(2.8)
Elimination of unrecognised derivative financial instruments (1)	**2.6**	2.8
Deferred tax	**(0.6)**	(0.6)
Non-Controlling Interest Adjustments:		
Fair value of derivative financial instruments	**-**	(0.1)
Deferred tax	**0.1**	0.3
EPRA NNNAV	**742.1**	799.6
Number of ordinary shares (millions)		
- In issue	**380.1**	380.1
Dilutive effect of:		
Contingently issuable share awards under the Long Term Performance Share Plan	1.1	0.9
Contingently issuable share awards under the Long Term Restricted Stock Plan	0.2	0.2
- Diluted	**381.4**	381.2
Net asset value per share (pence):		
- Basic	**202.1**	211.3
- Diluted	**201.4**	210.7
EPRA diluted NAV per share (pence)	**204.4**	213.8
EPRA diluted NNNAV per share (pence)	**194.6**	209.7

(1) Cumulative losses restricted represent the Group's share of losses in the Esplanade which previously exceeded the cost of the Group's investment. At 28 February 2019 the Group's share of losses in the Esplanade no longer exceeded the cost of the Group's investment and the Group has started recognising its share of profits by way of reversal of impairment of the loan to the joint venture (refer to note 14). This adjustment eliminates the restricted losses for the period attributable to the Esplanade.

32. CONTINGENCIES, GUARANTEES AND COMMITMENTS

At 28 February 2019, the Group was contractually committed to expenditure of £22.7 million (31 August 2018: £9.5 million), of which £22.7 million (31 August 2018: £8.3 million) was committed to the future development and enhancement of investment property.

A former subsidiary of the Group, Redefine Australian Investments Limited, has undergone a review by the Australian Tax Office in respect of its calculation of Capital Gains Tax arising on the disposal of securities formerly held in Cromwell Property Group during 2013, 2014 and 2015. The Directors remain of the view, having sought advice from reputable tax agents and advisers, that the respective filing positions were correct and therefore following the orderly wind down of activities, the Directors placed the company in liquidation in January 2018.

33. SUBSEQUENT EVENTS

In March 2019, the Board approved a marketing exercise for the prospective sale of the Europe portfolio, a separately identifiable line of business containing the Group's investment properties located in Germany. Subsequently, the segment is now considered as held for sale.

On 8 April 2019 the Group announced it had been informed by Aviva, the lender with security against four of the Group's UK Shopping Centres, namely Grand Arcade (Wigan), Weston Favell (Northampton), Birchwood (Warrington) and Byron Place (Seaham), that following a further valuation the lender's loan to value exceeded the 85 per cent loan to value covenant. After careful consideration the Board concluded that the level of capital required to maintain compliance was not considered to be in the best interests of long-term shareholder value and therefore agreed with Aviva that an orderly and consensual disposal of the properties or the introduction of third party capital was in both parties' best interests. As a consequence, at conclusion of the contractual cure period on 23 April 2019, the Group ceased to control the assets. Subsequent to this date, income from these four centres ceased to accrue to the Group and the net asset value was derecognised. Had loss of control occurred on 1 September 2018, the Group's profit after tax for the period ended 28 February 2019 would have been £14.5 million higher and the Group's net asset value at 28 February 2019 would have been £54.1 million lower.

On 12 April 2019 the Group took practical completion of a distribution unit constructed at Bicester. This follows the September 2018 announcement that the Group had acquired a 13.5 acre land interest in Bicester, Oxfordshire for £7.9 million and committed to two forward funding payments following practical completion of two distribution units, collectively totalling 288,000 sqft in size. Following practical completion, the Group will pay now £7.8 million on 1 May 2019, with a second and final payment of £10.3 million anticipated to be made in December 2019 following completion of the second unit.

GLOSSARY

Annualised gross rental income	Annualised gross rent generated by the asset at the balance sheet date, which is made up of the contracted rent, including units that are in rent-free periods, and estimates of turnover rent
AUK	Aegon UK property portfolio
Aviva	Aviva Commercial Finance Limited
Board	The Board of Directors of RDI REIT P.L.C.
BVI	British Virgin Islands
CPI	Consumer Price Index
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EPRA	European Public Real Estate Association
EPRA cost ratio	Administrative and operating costs expressed as a percentage of gross rental income as defined by EPRA
EPRA earnings	Earnings from operational activities as defined by EPRA's Best Practice guidelines
EPRA NAV	European Public Real Estate Association Net Asset Value
EPRA NIY	European Public Real Estate Association Net Initial Yield. The annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property
EPRA NNNAV	European Public Real Estate Association Triple Net Asset Value
EPRA occupancy	Occupancy expressed as a percentage of ERV, representing a measure of let space
EPRA topped-up initial yield	Net initial yield adjusted for the expiration of rent free periods or other incentives
EPS	Earnings per share
ERV	The estimated market rental value of lettable space which could reasonably be expected to be obtained on a new letting or rent review
EU	European Union
EUR or Euro	Euro, the lawful common currency of participating member states of the European Monetary Union
GBP, Pound or Sterling	Great British Pound, the legal currency of the UK
GRESB	Global Real Estate Sustainability Benchmark
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IHL	International Hotel Properties Limited
Indexed leases	A lease with rent review provisions which are dependent upon calculations with reference to an index such as the consumer price index or the retail price index
IPD	Investment Property Databank
JSE	JSE Limited, licensed as an exchange and a public company incorporated under the laws of South Africa and the operator of the Johannesburg Stock Exchange
Lease incentives	Any incentives offered to occupiers to enter into a lease. Typically, the incentive will be an initial rent-free period, or a cash contribution to fit out or similar costs
Like-for-like net rental income	Net income generated by assets which were held by the Group throughout both the current and comparable periods for which there has been no significant development which materially impacts upon income and used to illustrate change in comparable income values
Like-for-like property	Property which has been held at both the current and comparative balance sheet dates for which there has been no significant development and used to illustrate change in comparable capital values
LSE	The London Stock Exchange plc
LSO	London Serviced Office Portfolio
Loan-to-value or LTV	The ratio of net debt divided by the market value of investment property. Calculated on a proportionate (share of value) basis. See Financial Review for basis of calculation
LuxSE	The Luxembourg Stock Exchange
NAV	Net Asset Value
NCI	Non-controlling interest
Net debt	Total nominal value of bank borrowings less cash and cash equivalents
OSIT	Office Space in Town, the Group's strategic partner and non-controlling shareholder in the LSO portfolio
RCF	Revolving Credit Facility
RDI REIT P.L.C. RDI, the Company or the Group	RDI REIT P.L.C. and, when taken together with all its subsidiaries and Group undertakings, collectively referred to as the "Group"
RBH	RBH Hotel Group Limited, formerly RedefineBDL Hotel Group Limited
Redefine Properties or RPL	Redefine Properties Limited, a company listed on the JSE, and the majority shareholder of the Company
Reversionary yield	The anticipated yield to which the initial yield will rise (or fall) once the rent reaches the ERV
RevPar	Revenue per available room
RICS	Royal Institute of Chartered Surveyors
RIHL	Redefine International Holdings Limited
RIMH	Redefine International Management Holdings Limited
RHHL	Redefine Hotel Holdings Limited
SAICA	South African Institute of Chartered Accountants
TSogo Sun	Southern Sun Africa Limited

GLOSSARY

UK	United Kingdom
UK-REIT	A UK Real Estate Investment Trust. A REIT must be a publicly quoted company with at least three-quarters of its profits and assets derived from a qualifying property rental business. Income and capital gains from the property rental business are exempt from tax but the REIT is required to distribute at least 90 per cent of those profits to shareholders. Tax is payable on non-qualifying activities of the residual business
Underlying earnings	EPRA earnings adjusted for the impact of non-cash debt accretion charges and FX gains and losses reflected in the income statement
WAULT	Weighted average unexpired lease term