URBAN LOGISTICS

Six months to September: 8.0% total asset returns

The 12 November interims showed an impressive 16.0% annualised total asset return. The company's "last-touch" distribution warehouse portfolio is in a strong spot. Market supply is reducing structurally, and demand is growing in the short and long term. In 2H'21, 17% of leases are being renewed into a strong market. Deployment of recent equity raises is ahead of schedule, set to complete (with gearing) by January 2021. Expertise is paying off in an actively managed portfolio, yet the shares trade barely above NAV and far below the assets' replacement cost. With FY'22 likely to see assets fully deployed and with rents rising, the earnings growth is set fair, we believe.

- **Results – six months to September 2020:** 97% of rent was collected on time (94% pre COVID-19), and the rest is coming. Only 2% of space available is unlet. The March 2020 equity raise, increasing issued shares by 115%, has now been invested. With cash drag below expectations, the 18.6% EPS fall is encouraging.
- **Deployment:** Urban Logistics raised £93m further equity in October, which should be deployed promptly. We estimate LTV approaching 30% by as early as January 2021. Nearly 80% of the equity from the oversubscribed £136m March fund raise was invested in the following quarter – during lockdown.
- **Valuation:** FY'22 dividend growth potential is clear, we believe – simply from the anticipated asset deployment. Importantly, rent payment is reliable, and rent values are rising well. These factors, on their own, cover the progressive FY'22E dividend, and management has a lengthening track record of adding further value.
- **Risks:** Tenant sectoral exposure is biased towards food, pharmaceuticals, staple goods and large logistics firms, which are household names. At year-end 2020, the balance sheet held £132m cash. Deployment will impact FY'21 profits, but most equity is deployed. £151m loan facilities have been finalised this month.
- **Investment track record**: Since listing on the AIM in April 2016, Urban Logistics has generated annual NAV and dividend returns of over 13% p.a. compound. Total asset returns (asset values plus rent) were 16.0% annualised in the 1H'21 figures. Market rents are ca.9% above the REIT's current levels, evidenced by recent months' rent reviews. This trend will benefit 2H'21.

Real estate

Source: Refinitv

Market data

EPIC/TKR	**SHED**
Price (p)	**150**
12m High (p)	152
12m Low (p)	104
Shares (m)	255
Mkt Cap (£m)	383
EV (£m)	450
Free float*	94.3%
Market	**AIM**

**As defined by Rule 26 AIM*

Description

This strategically located REIT (e.g. urban "last-mile") deals with smaller (typically 20-100,000 sq. ft.), single-let industrial and logistics properties, servicing high-quality tenants. The market is in strategic undersupply.

Company information

CEO	Richard Moffitt
Chairman	Nigel Rich

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Key shareholders

Directors	0.6%
Rathbone	6.0%
Janus Henderson	4.6%
Sir John Beckwith	4.4%
Allianz	4.2%
Legal General	4.0%

Diary

Jun'21	Final results
Jul'21	AGM
Nov'21	Interim results

Financial summary and valuation

Year-end Mar (£m)	2017	2018	2019	2020	2021E	2022E
Rental income	2.28	5.56	10.77	12.60	24.00	36.60
Finance costs	-0.60	-0.93	-2.19	-2.72	-3.70	-5.50
EPRA operating profit*	1.76	3.40	8.15	6.46	19.25	29.90
Declared profit*	4.89	9.86	18.76	9.36	45.05	44.40
EPS reported (p)	46.80	19.54	22.12	9.95	20.54	17.41
EPRA EPS (pre LTIP, p)	7.89	6.12	7.15	7.77	7.11	9.61
DPS (p)	6.23	6.32	7.00	7.60	6.90	9.40
Net cash/(debt)	-16.52	-44.39	-61.64	57.58	-199.32	-228.92
Dividend yield	4.15%	4.21%	4.67%	5.07%	4.60%	6.27%
Price/EPRA NAV (x)	1.29	1.22	1.09	1.09	1.00	0.90
NAV per share (p)	118.23	123.64	137.37	137.19	150.15	158.15
EPRA NAV per share (p)	116.11	122.49	137.96	137.90	151.15	159.15

**2020 stated post LTIP £3.56m charge.* *Source: Hardman & Co Research*

Analyst

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Investment case

Strong returns have been achieved

Track record well over four years now

Urban Logistics' model has produced consistently attractive results since its April 2016 IPO.

The total accounting return is the NAV change added to the dividend.

Underlying growth has remained stable, in the range of 10%-20% annually. 1H'20 returned 8.2% for the six months, and 2H'20 fell 2.5%, thus registering a 5.5% increase for the full year. The March 2020 new equity raise increased shares in issue by 115%, so the costs of this issuance, plus an early LTIP crystallisation, impacted the 2H'20 EPRA NAV (or NTA). The FY'20 underlying total accounting return was in the upper half of the 10%-20% range, therefore.

Double-digit annual returns are typical

FY'20 impacted solely by equity raise for growth

Urban Logistics' total accounting returns

Year-end Mar	Annual return
FY'17	19.1%
FY'18	10.9%
FY'19	17.7%
FY'20*	5.5%
1H'21 annualised	11.0%

**16.4% 1H'20 annualised return. Source: Urban Logistics announcements, accounts*

Annualised 1H'21 return of 11.0% especially impressive, as is post significant acquisition costs

The half year to September (1H'21), reported on 12 November 2020, returned excellent results. The March 2020 fund raise impacted these results too. The March 2020 new equity has now been invested, and it should be noted that acquisition costs impact profitability, as does "cash drag." Rental income rose 62.0%. NAV fell 2.5%. Like-for-like values rose, but costs of acquisition had their impact. With cash drag below anticipation, the 18.6% EPS fall is encouraging. The 5.5% full-year annual return – or 11.0% annualised in the table above – is particularly impressive, given the capital costs.

How this strong track record has been achieved

All the elements below have been achieved and demonstrated over the past four years. We explore each in detail in the following segment.

"How to" guide seems to have been securely established

- Make sure the management has deep experience and connections with the very specific market and tenants.
- Buy well, targeting a small part of a large transactional market.
- Make sure demand for the assets is rising, and supply is declining.
- The assets being purchased are better investments if physically difficult to replicate.
- If value for money and convenience are created for the tenants within "mission-critical assets", this enhances sustainability of returns.
- This results in rental growth ahead of the market. Since IPO, rent reviews have averaged 24%.
- Assets are purchased off-market, and asset management initiatives are an essential part of the investor proposition. Indeed, 85% of total capital return derives from asset management.
- This adding of capital value supports investor value, but also creates opportunities to recycle capital. Total property return on disposals (not a per annum rate) is 49%. All disposals have been achieved at prices higher than book value.

Delivering returns

Buying well

Senior management has deep experience and connections with the very specific market and tenants

Sector-specific expertise…

The senior team has a breadth of long-term expertise, but particularly illustrative is the CEO, Richard Moffitt. Richard is the former head of CBRE's logistics division. His transaction history includes Goodman's acquisition of Rosemound for £650m and the disposal of £300m of assets to Logicor by Anglesea. He is the founding partner of M3 Agency LLP, a logistics real estate specialist consultancy.

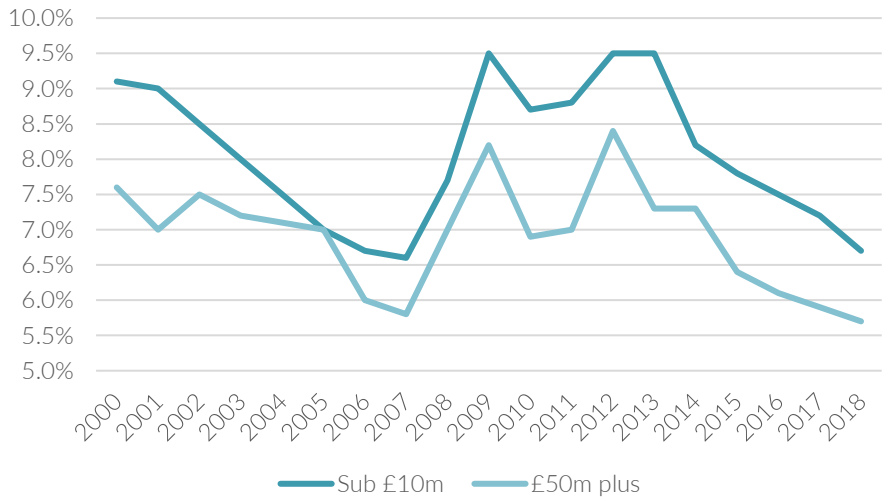
…put to work in large, liquid asset class

To be able to put this expertise to work, the market needs to be broad and liquid – and indeed it is. This is a £4bn-a-year transactional market, so there is plenty of room for Urban Logistics to select a very limited portion and add value. The Urban Logistics team acquires individual assets or relatively small portfolios. This is a sector attracting investor interest.

While being liquid, there is a great benefit in focusing on smaller lot sizes, as Urban Logistics does, buying individual assets or very small portfolios. Large lot-size transactions are the principal means by which larger investors access the market, so it is logical that smaller lot sizes tend to offer better value.

Smaller acquisitions secured off-market are what Urban Logistics does

Net initial yield at transaction price for different-size categories over time



Source: Savills

Vendors have good reasons to sell

In the half-year reported, Urban Logistics made eight purchases, two of which were portfolios. These portfolios were Paloma and Crown, for £31.9m and £47.2m, respectively. Owners' funds were approaching life-end. The investment yield for acquisition was 7.2% and 7.0%, respectively (net initial yield – NIY – is slightly lower, as it reflects acquisition costs). These yields are higher than the average from IPO, and later we outline some of the sellers' motivations. The point of the expertise is to find attractive assets, manage the assets, and also recycle some of that capital to enhance the value-capture from asset management and enhancement. Nonetheless, real estate investment struggles unless the assets are bought well. Six further acquisitions have been made in this first part of 2H'21, for an average consideration of £11.2m.

Ability to buy well is shown by NIY secured – on strong assets, whose values have performed well when subsequently disposed of

Average acquisition achieved 6.5% purchase yield

75 assets have been purchased since IPO, on an average 6.5% purchase yield. We refer back to the aggregate results outlined in the table on page 2 for how these have combined with subsequent asset management to produce overall returns. Later, we illustrate returns generated by the assets that have subsequently been disposed of, returns that prove the benefits of the original book cost (note that the NIY is slightly lower, as purchase costs are included in this calculation). Management has continued to secure assets on attractive yields, consistently at a premium to all-property. Since the start of 2020, the purchase yield has been 6.3% - in a market where yields have fallen slightly and, in Urban Logistics' locations, skewing ever more to the south of England (formerly slightly more in the Midlands). The portfolio is valued at 5.6% NIY.

Portfolio valued at 5.6% NIY

Urban Logistics has bought carefully from vendors with a reason to sell

Not all portfolios bought come from financial vendors, but recent examples illustrate importance of being a reliable buyer

£4bn of this asset class is traded annually in the UK – albeit 2020 may prove an exceptionally low year. Among the recent purchases, the following three are not atypical in that they illustrate the types of vendors.

- Paloma – the vendor is a private, closed-ended fund, approaching its end of life. A year's forward rent was paid into a blocked account as additional security.
- Crown – a closed-ended fund, nearing end of life, was the seller.
- Nottingham asset: this was purchased from an M&G property open-ended fund looking for liquidity.

Investors into this sector have made sure that demand for the assets is rising and supply is declining.

E-commerce a good demand driver, but far from only one

E-commerce fulfilment is only one of the drivers to demand growth. 2020 has seen internet sales rise from 22% to 32% of retail. The 32% may not rise for a year, but the trend is upwards. There has been a premium on space needed for buffer stocks, and much space rented to large logistics operators, which was, in earlier years, deliberately empty, as a "buffer" had been used up, so no "buffer" remains within the rented estate in the UK.

Clear broad investor demand

So much for tenant demand; investor demand is clear. A recent large transaction "on market" in English industrial assets was Blackstone (the largest global real estate buyer in several years recently), which took place at 4.75% NIY, and this had no south-east assets.

Supply reduces, as alternative uses for urban land offer higher land value

Turning to supply, this fell consistently from 2011 to 2018, and has moved sideways since. 35% of land in the south east of England, in the "industrial" category (which includes logistics primarily), has been lost to other uses in the past 10 years.

The assets being purchased are better investments, albeit physically difficult to replicate

Land values in parts of England have risen to £350 per sq. ft. for logistics assets. Urban Logistics' assets are valued at between 30% and 70% of replacement cost, there having been a large build in the 1990s and 2000s. No wonder supply has fallen. We give more details in our previous Urban Logistics research, *The staff of life*, published on 15 January 2020, and these trends are well-documented.

Mission-critical quality assets and strong tenants

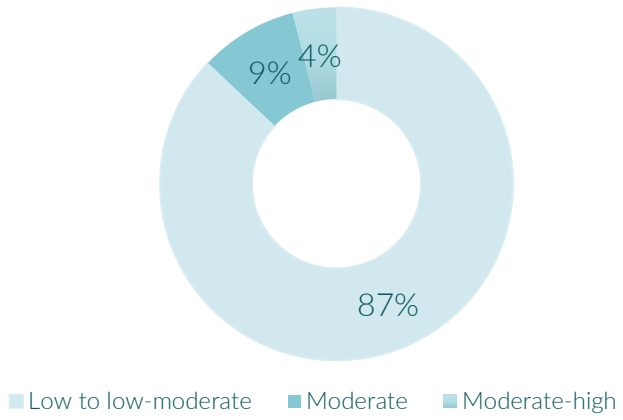
Value-for-money convenience created for tenants within "mission-critical assets" enhances sustainability of returns, and tenant mix also

99% physically open, 85% key workers, tenants are strong – no fashion retail

85% of tenants possess key-worker facilitator status. 99% are physically open for business. There is no fashion retail, there is a mix of corporate/government (NHS)/SMEs, but the emphasis is on strong (Dun & Bradstreet rating) covenants. We list these categories below, stated as proportions of contracted rent, excluding short licences.

Tenant risk categories – Dun & Bradstreet classification

87% of tenants are categorised "low to low-moderate overall risk"



Source: Urban Logistics, Savills

Household names and giant multinationals, with strong balance sheets and income

The tenants are of high quality, but it is also the case that, as Urban Logistics evolves, the tenant mix broadens. Concentration on good covenants and a relatively limited top tenant roster, which makes it easier to have a meaningful regular dialogue, are helpful.

Top tenants, 30 September 2020

Tenant	% of total roll
Unipart	10
XPO Logistics	8
Pegler Yorkshire	6
DHL	6
Culina Logistics	5
Giant Booker (Tesco)	5
Tuffnells Parcels Express	4
Agility Logistics	4
Hillarys Blinds	3
OTC Direct (Boots)	3

Source: Urban Logistics presentation

We like the relatively high concentration that remains (albeit slightly less so than a year ago). See overleaf.

Top tenants a year ago	
Tenant	**% of total roll**
XPO Logistics	11
Unipart	10
DHL	9
Your Farmer Produce	9
Culina Logistics	8
Connect (Tuffnells Parcels Express)	7
Hillarys Blinds	5
OTC Direct (Boots)	4
Manitowoc Crane	4
Strata Products	4

Source: Urban Logistics accounts

Mission-critical assets really bedded into tenants' workflows, and 73% of assets A to C EPC-rated

Turning to the assets, many – indeed the large majority – are essential to regional distribution, not just local service, which could be at risk of switching to another location. In any case, it has been stated by third-party sector business organisations that it costs £4m to relocate a 100,000 sq. ft. rental. The logistics operators employ a workforce that increasingly demands good places to work, and modern facilities readily cleanable and able to comply with COVID-19 criteria, such as space to circulate and good labour facilities. Many locations have specific offices and washrooms, etc., of high quality. Assets are modern, typically with low (sub-25%) site cover.

73% of the portfolio is A to C EPC-rated. A high-quality REIT, such as Primary Health Properties, in the particularly sensitive sector of primary medical assets, has an 82% split in A-, B- or C-rated EPC assets. Urban Logistics is right up with the best-in-class.

This results in, effectively, 100% timely rent collection

Single tenant per building, so minimal leakage of rent

On average, since IPO, voids have totalled 2%, and the current gross rent to net rent is 98.4%. This "leakage" typically comes from service charge costs on void space, and voids are low. There are various tenancy models, and Urban Logistics adopts a single-let model per building. Thus, in large part, leakage is low because of the assets and locations, but a significant part is the strategy to adopt a single tenant per building model (rather than multi-let). This maximises the covenant, the mission-critical nature of the lease to the occupier and the "churn". Virtually nil (sub 1%) rent is not paid.

Providing value for money in high-quality and improving-quality assets

This value for money provided on mission-critical assets leased to strong tenants results in rental growth ahead of the market

Average rents £4.91 sq. ft. – indicates to us that there should be sustained, incremental upside

Average rents are £4.91 sq. ft. We concur with Urban Logistics that this gives reversionary potential (on re-gearing of leases), and the valuers concur that there is reversionary potential. So, there is more to go for.

The rents for "prime", as categorised by CBRE, range from £6.00 to £7.25 sq. ft. in English regions, excluding the south east. South-east prime (CBRE) stands at £16.00.

67% assets in south east

67% of Urban Logistics' assets are in south-east England – albeit there are excellent assets outside this geography.

Rental history encouraging, and may well improve further

Since IPO, rent reviews have averaged 24%. This equates to ca.5% p.a. rent rises, which is ahead of the market, although part of this outperformance is from asset enhancement. With 17% of the portfolio leases coming up for renewal in 2H'21, there is highly visible rent momentum. But where next?

9% reversionary upside valuation as of September 2020, on the current rent of £4.91 sq. ft.

We note that this valuer-led metric has not changed much as of September vs. March. The market has definitely moved upwards, as demand/supply has distinctly tightened. Valuers need time for evidence of new lease transactions – so both the reversions and the NIY at valuation are likely to tighten (rise) in March 2021's balance sheet.

Asset management initiatives an essential part of investor proposition; indeed, 85% of total capital return is from asset management (long term 78%).

85% of total capital return derives from asset management

Asset management centres primarily around rental discussions, which, from time to time, cover asset improvement. Spending on this by Urban Logistics proceeds carefully. At times, it takes place shortly after, once assets have been purchased. The annual rate of capital spend that has not been covered by dilapidations has typically been around sub-1% of asset value. It can be argued that refurbishment of good assets is creating better ESG than building new industrial estates. The modest Urban Logistics new build is infill within estates. However, infill new build is, and will increasingly be, a part of the investor mix.

This adding of capital value supports investor value, but also creates opportunities to recycle capital

Total property return on disposals 49%. Asset recycling an important part of model.

The total property return on disposals (not a per annum rate) is 49%. All disposals have been achieved at prices higher than book value. Asset recycling provides financial firepower to keep adding value, and it also "proves" that the valuations are below realisable value.

Disposals at 5.8% NIY

The average disposal NIY has been 5.8%, on average, at an 8% premium to most recent book valuations. Although the portfolio valuation at end-September was 5.6%, the 5.8% is impressive, as market yields have (slightly) tightened (gone down), and the 5.6% average is based on a portfolio that is 67% south east-based, whereas the disposals were less southern-biased.

Hardman & Co estimates for future returns

Valuation NIYs are 5.6%. Post EPRA costs, this takes the yield to ca.4.5%.

Hardman & Co illustration of potential shareholder returns – ungeared	Annual illustrative return
Asset yield net of all property and corporate administrative costs	4.5%
Assumed enhancement through capital recycling/redeployment	3.0%
Assumed conservative market rent growth	4.0%
Total – on Hardman & Co's conservative estimates (see above)	11.5%

Source: Urban Logistics accounts, and Hardman & Co illustrations and estimates

In the four full years since IPO (to year end-March 2020), total capital growth has been 35%. This includes profits (losses – none incurred) on disposal. Urban Logistics states that 78% of this is from its asset management (as opposed to market movement). 78% of the 35% total over four years is 6.8% p.a. Our table above – for comparison – includes 3.0% for such value added. Note that our research a year ago assumed 2.0% (as opposed to 3.0%) as our future illustration.

Hardman & Co illustration of potential shareholder returns – geared	Annual illustrative return
Total – on Hardman & Co's conservative estimates (see above)	11.5%
Total with benefit of 40% LTV, at current finance costs	16.5%

Source: Urban Logistics accounts, and Hardman & Co illustrations and estimates

11.5% ungeared equates to a 16.5% geared return (a year ago, this illustration by Hardman & Co was 15.0%). This assumes market rental growth of 4.0% p.a.

Track record since IPO

Outperformance of ca.60% in four years

Total (share price + dividends) returns on 100 invested in SHED vs. sector	
April 2016 (flotation) to date	Current value of £100 at start
Urban Logistics	181
Real Estate sector (UK)	101

Source: Bloomberg, priced at 1 December 2020

The record is assisted by the asset class being robust. This is not becoming any less so. COVID-19 has illustrated the need for these assets ever more so, and not just through the rise in internet shopping. As stated earlier, no Urban Logistics assets have fashion retail tenants.

Strong sector, but three quarters' value add from management actions

The record is enhanced by the management and its focus on this particular sector over many years. Since IPO, there have been asset disposals to recycle capital, and it is worth noting that the asset value rises recorded derived ca.75% from management actions, and 25% from market rises.

A typical asset is conveniently located, with relatively low site coverage and in the urban envelope.

Since the IPO in April 2016:

Quantified, strong performance data

- EPRA NAV per share has increased by 42% to 141.6p, representing an average increase of 8.7% p.a.
- The company has paid out dividends totalling 30.4p per share (including the recent 3.25p interim dividend).
- The company has achieved an average total property return of 15.0% p.a.

Risks and mitigation

Debt structure secure

Urban Logistics' gearing is modest – and likely to be maintained at 30%-40% LTV. Note, we estimate net LTV of 34% at the end of this year, rising to 36% at the end of fiscal 2022. Debt maturity is just under five years, and all debt is secured. £151m of new three-year term facilities have been agreed in 1H'21. These have the option to extend two further years.

Relatively short WAULT good news

The WAULT is relatively low, at 5.5 years (up from 4.9). We are reassured by both the rents being below current market levels and by the average length of occupancy exceeding the lease lengths. In a rising market, short WAULTs are not to be feared. Lengthening the sub-three-year leases should add value – as outlined previously.

The portfolio is let on a single tenant per building model.

Fashion retail exposure nil

As stated, no tenant operates in fashion retail. Tenants include the large international logistics firms, a range of varied sectors, and include the NHS.

Strong tenants

The economy, in general, and Brexit, specifically, pose inevitable risks. These are mitigated, in our view, by the quality of the tenants and their very minimal exposure to non-durable retail. To a large degree, if any problem were to emerge, it would have done so by now. Looking ahead, Brexit is providing another reason to use logistics facilities. We have referred to the current unusual absence of grey space (space on rent but unutilised). The growth in online retail has been a driver of the sector's recent rent performance. Were this to slow, we estimate that the difference in demand would not be particularly material, although it might remove some of the gloss.

Decent assets, better-than-sector bellwether on some measures

Sustainability is an aspect of the property portfolio, which management has always prioritised, as evidenced by the high EPC rating and low tenant "churn".

There is future development planned, but this totals only ca.3% of gross assets, and the funding is in place.

The risk of new competing supply is particularly low, especially as the current valuations typically are below the cost of build (let alone the land element).

One of the more significant risks is cash drag, but the pipeline of near-term acquisitions has been made clear by Urban Logistics, supporting our £350m estimate for acquisitions in the current fiscal period.

Financial performance

Revenue account						
Year-end Mar (£m)	2018	2019	2020	*1H'21*	2021E	2022E
Rental income	5.56	10.77	12.60	*9.80*	24.00	36.60
Vacant property costs	-0.49	-0.59	-0.01	*-0.19*	-0.30	-0.40
Direct property costs	-0.07	-0.10	-0.43	*-0.20*	-0.40	-0.60
Net income	5.00	10.08	12.16	*9.41*	23.30	35.60
Administrative expenses	-1.07	-1.83	-2.14	*-1.84*	-4.00	-5.60
LTIP charge	-0.66	-0.10	-3.56	*-0.01*	-0.05	-0.10
Other income/ costs	0.13	0.00	0.00	*0.00*	0.00	0.00
EPRA operating profit	3.40	8.15	6.46	*7.56*	19.25	29.90
Property revaluation	7.19	13.35	5.69	*4.29*	30.00	20.00
Profit on disposal, transaction costs	0.06	0.16	0.57	*0.00*	0.00	0.00
Other income/costs	0.00	0.00	0.00	*0.00*	0.00	0.00
Operating profit	10.65	21.66	12.72	*11.85*	49.25	49.90
Finance costs	-0.93	-2.19	-2.72	*-1.54*	-3.70	-5.50
EPRA PBT (pre LTIP, etc.)	3.13	6.06	7.30	*6.03*	15.60	24.50
EPRA PBT (post LTIP)	2.47	5.96	3.74	*6.02*	15.55	24.40
Fair value changes	0.13	-0.71	-0.66	*-0.51*	-0.50	0.00
PBT as declared	9.86	18.76	9.36	*9.80*	45.05	44.40
Tax	0.00	0.00	0.00	*0.00*	0.00	0.00
EPRA EPS (adj. pre LTIP, diluted, p)	3.13	6.06	7.30	*6.03*	15.60	24.50
EPRA EPS (pre LTIP, diluted, p)	6.12	7.15	7.77	*3.20*	7.11	9.61
Reported EPS (diluted, p)	19.50	22.10	9.95	*5.23*	20.54	17.41
DPS (p)	6.32	7.00	7.60	*3.25*	6.90	9.40
Average shares issued (diluted, m)	50.56	84.70	94.00	*188.60*	219.30	255.00
Year-end shares issued (m)	68.11	87.69	188.60	*188.60*	255.00	255.00

Note: reported EPS front page is pre dilution. Source: Urban Logistics accounts, Hardman & Co Research estimates

Balance sheet

Balance sheet						
@ 31 Mar (£m)	2018	2019	2020	*1H'21*	2021E	2022E
Investment properties	131.85	186.40	209.20	*348.62*	589.20	639.20
Derivatives	0.02	0.00	0.00	*0.00*	0.00	0.00
Long-term liabilities (deposits, derivatives)	-0.67	-1.64	-4.14	*-5.93*	-5.00	-5.00
Long-term debt	-47.67	-71.40	-74.70	*-122.90*	-215.00	-245.00
Net current assets, excl. financials	-2.60	-2.66	-3.87	*-9.00*	-2.00	-2.00
Cash, deposits, short-term debt	3.28	9.76	132.28	*54.40*	15.68	16.08
Net cash/(debt)	-44.39	-61.64	57.58	*-68.50*	-199.32	-228.92
Net assets	84.21	120.46	258.77	*265.19*	382.88	403.28
EPRA net assets	83.43	121.17	258.77	*265.19*	382.88	403.28
NAV/share (p)	123.64	137.37	137.19	*140.59*	150.15	158.15
EPRA NAV/share (p)	122.49	137.96	137.90	*141.61*	151.15	159.15
Asset revaluation	7.19	13.35	5.69	*4.29*	30.00	20.00
LTV (net debt)	33.7%	33.1%	-27.5%	*19.7%*	33.8%	35.8%
LTV (gross debt)	36.2%	38.3%	35.7%	*35.3%*	36.5%	38.3%
Year-end shares issued (m)	68.11	87.69	188.60	*188.60*	255.00	255.00

Source: Urban Logistics accounts, Hardman & Co Research estimates

Cashflow

Cashflow						
Year-end Mar (£m)	2018	2019	2020	*1H'21*	2021E	2022E
Cash from operations	4.80	8.32	7.31	*13.28*	19.25	29.90
LTIP	0.66	0.10	2.45	*0.01*	0.05	0.00
Net cashflow from op. activities	5.46	8.42	9.76	*13.29*	19.30	29.90
Investing activities (net of debt)	-51.40	-18.22	-11.39	*-133.16*	-350.00	-30.00
Finance	-0.78	-1.83	-2.37	*-2.81*	-3.20	-5.50
Free cashflow, operation and investment	-46.72	-11.63	-4.00	*-122.68*	-333.90	-5.60
Share issue	51.23	22.80	133.30	*0.00*	92.00	0.00
Dividends	-2.91	-4.76	-6.80	*-3.38*	-15.00	-24.00
Other	0.00	0.00	0.00	*0.00*	0.00	0.00
Net cash change	1.60	6.41	122.50	*-126.06*	-256.90	-29.60
Net cash (short-term)	3.28	9.76	132.26	*54.40*	15.66	16.06
Net cash/(debt)	-44.39	-61.64	57.58	*-68.50*	-199.32	-228.92

Source: Urban Logistics accounts, Hardman & Co Research estimates

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