To: RNS
From: Drum Income Plus REIT plc
Date: 25 May 2017

Unaudited results for the six months ended 31 March 2017

Chairman's Statement

INTRODUCTION

Drum Income Plus REIT plc was established in May 2015 to provide investors with a regular dividend income, plus the prospect of income and capital growth over the longer term, by investing in regional real estate assets. I am pleased to present this interim report covering the six month period to 31 March 2017.

FINANCIAL HIGHLIGHTS

The Group's net asset value ("NAV") as at 31 March 2017 was 96.5 pence per share, up 3.2% since 30 September 2016. When the dividends paid during the period are taken into account, the NAV total return for the six months to 31 March 2017 was 6.1%.

As at 31 March 2017 the share price was 97 pence, giving a share price total return of 3.6% since launch. The share price continues to stand at 97 pence as I write, representing a premium of 0.5% to the NAV.

DIVIDENDS

The Company has declared two interim dividends of 1.375 pence per share in respect of the six month period to 31 March 2017, representing an increase of 4.8% on the dividends paid in respect of the same period last year. These dividends were fully covered by the Company's earnings of 3.51 pence for the period, and the Board is targeting fully covered aggregate quarterly dividends of at least 5.5 pence per share in respect of the year ending 30 September 2017 and at least 6.0 pence per share in respect of the year ending 30 September 2018.

The prospective yield on the Company's shares is 5.7% at the date of this Statement.

INVESTMENT ACTIVITY

The emphasis during the period under review has been to deliver on asset management opportunities at the Company's nine existing properties. These are in strong regional locations and have in total 82 tenants; the Company has no exposure to Central London markets. Further detail on the property portfolio is given in the Investment Adviser's Report on page 6.

Since the period end, the Group has acquired a tenth property, Kew Retail Park in Southport, for £8.7m. The purchase price reflects an acquisition yield of 8.78% and bolsters the Group's presence in the North West.

The Board is delighted that the whole of the proceeds of the initial and subsequent issues have been invested at valuations and yields very much in line with those described in the prospectuses.

GEARING

The Board stated that it intended to target initial gearing, calculated as borrowings as a percentage of the Group's gross assets, of 40% and this remains the case. The Group has in place a £25 million 3 year revolving credit facility with The Royal Bank of Scotland plc which is not due to expire until January 2020. £14.5 million was drawn down at 31 March 2017, representing a gearing percentage of 29.4%.

Following the Southport acquisition described above, the Company has now drawn down £22.8 million, representing a gearing percentage of 40.0%.

FUND RAISING

The Company issued 1.6m shares in February 2017 at £1.00 per share. This took the number of shares in issue to 38.2m. Following the latest property purchase the Company is now fully invested.

OUTLOOK

I said in January that the Board believed that the outlook for the regional property market in the UK remained strong, underpinned by high levels of occupational demand and a shortage of supply. This remains the case, and is evidenced by the growth in NAV during the period, achieved primarily as a result of effective management of the properties by the Investment Adviser. The Investment Adviser's knowledge and experience was also critical in identifying and executing the Southport opportunity, which significantly strengthens the property portfolio.

The Company will continue to focus on its differentiated investment strategy of investing in, and improving, multi–let assets in regional locations with a value of between £2m and £15m.

John Evans
Chairman
24 May 2017

Investment Adviser’s Report

MARKET VIEW

The property market is in an interesting phase of the cycle, with overseas investors the most active buyers. The flight to quality remains, with properties let to good covenants, on long leases, with index-linked rent reviews achieving prices higher than pre-referendum. There is also a weight of money from private equity looking for opportunities with high post-leverage returns.

The UK institutions are not especially active but relatively low levels of property on the market are ensuring prices are holding up reasonably well for most other asset types. However, we are increasingly seeing more opportunities where assets with value add initiatives can be acquired at attractive yields in line with our investment policy. Income supplemented by value gains from management initiatives will be the key driver of total returns this year. Therefore identifying and executing asset management initiatives to increase capital value and enhance income will be more important than ever. As we have demonstrated over recent quarters, we have the skill set to do this and continue to build on the attractive income distribution made by the Company.

DIFFERENTIATED INVESTMENT STRATEGY

In terms of investment focus the Company will continue to invest in well located regional property where the basic fundamentals of supply and demand are favourable. The Company is stock selection driven, although the macro top down analysis will always be a feature of the investment process.

Income is likely to be a larger component of market return over the next few years given the movement in capitalisation rates that has already occurred.

INVESTMENT STRATEGY

The strategy remains focussed on constructing a good quality diversified portfolio of real estate assets which offer the opportunity to increase rental value, income security and capital value via the Investment Adviser’s expertise in entrepreneurial asset management and risk controlled development. The Investment Adviser targets commercial real estate assets with the following characteristics:

- *sector agnostic - opportunity driven;*
- *lot sizes of between £2 million and £15 million, in regional locations with the Company having a current average lot size of approximately £5.73 million;*
- *that offer the opportunity to add value via the Investment Adviser’s proactive asset management;*
- *situated in significant regional conurbations that have scope for physical improvement or improved asset management; and*
- *which the Investment Adviser considers to be mispriced and/or properties which are subject to substandard lease lengths and voids.*

RISK MANAGEMENT AND SUSTAINABILITY

The Investment Adviser considers and monitors risk through all aspects of the investment process. Risks identified prior to the acquisition of an asset are highlighted to the Board and considered by the Directors prior to approval of the purchase. These risks are then monitored by the Investment Adviser and reviewed at each quarterly Board meeting of the Company.

Sustainable investment is relevant in considering suitable investments for the Company and is a factor considered by the Investment Adviser when analysing risk. The Investment Adviser seeks to avoid depreciation in valuation caused by external environmental factors and also seeks to be aware of the need for buildings to deliver the future requirements of occupiers.

ASSET MANAGEMENT UPDATE

DELIVERING ASSET MANAGEMENT

Since 1 October 2016, the following Asset Management initiatives have been executed:-

Arthur House, Manchester

- Tony Gee have entered into an Agreement for Lease to relocate from part of the 6th floor to 4,000 sqft on the 4th floor.
- The remodelling of the reception, 4th floor and replacement windows is underway and works are anticipated to complete in summer 2017.

Gosforth Shopping Centre

- A new 10 year lease was granted on Unit 18 at a rent of £21,500 per annum.
- Three new kiosks have been created and initial interest is strong from local retailers.

Lakeside 5500, Cheadle

- Micron have entered into a new 5 year lease, for a unit size of 8,745 sqft, at a new rent of £177,200 per annum which is ahead of the previous passing rent of £153,457.50, an increase of c 15%.

LEASE PROFILE

This recent activity has improved income security across the portfolio during the period.

As at the period end the weighted average unexpired lease term to the earlier of lease expiries or breaks was 5.83 years over the Company's portfolio.

SECTOR WEIGHTINGS

The Company will not be benchmarked against IPD average sector weightings for other funds or REITs but will seek a balance within the portfolio to offer diversification without trending to the average. Market subsector performance is an important element to returns but more importance is placed on the stock selection of the actual buildings purchased.

DEBT FINANCING

As reported in the Chairman's Statement, the Company has completed a £25m 3 year revolving credit facility with the Royal Bank of Scotland plc based on the equity raised at 31 December 2016.

PERFORMANCE

For the six month period commencing 1 October 2016, the Company's NAV has increased from 93.5p to 96.5p, an increase of 3.2%, resulting in a NAV total return of 6.1% for the period to 31 March 2017.

Bryan Sherriff
Drum Real Estate Investment Management Limited
24 May 2017

Statement of Principal Risks and Uncertainties

The risks, and the way in which they are managed, are described in more detail under the heading 'Principal Risks' within the Strategic Report in the Group's Annual Report and Accounts for the year ended 30 September 2016. The Group's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Group's financial year.

Statement of Directors' Responsibilities in respect of the Interim Report

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 European Union and gives a true and fair view of the assets, liabilities, financial position and profit of the Group;

- the Chairman's Statement and Investment Adviser's Review (together constituting the Interim Management Report) include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, 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 consolidated financial statements;

- the Statement of Principal Risks and Uncertainties above is a fair review of the information required by DTR 4.2.7R; and

- the Chairman's Statement and Investment Adviser's Review together with the condensed set of consolidated financial statements include a fair review of the information required by DTR 4.2.8R, 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 Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

John Evans
Chairman
24 May 2017

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2017

		Six months ended 31 March 2017 (unaudited)			Six months ended 31 March 2016 (unaudited)			Period ended 30 September 2016 (unaudited)		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Capital gains / (losses) on investments										
Held at fair value		**-**	**745**	**745**	-	(1,530)	(1,530)	-	(1,895)	(1,895)
Revenue										
Rental income		**2,083**	**-**	**2,083**	1,158	-	1,158	3,121	-	3,121
Total										
Income / expense		**2,083**	**745**	**2,828**	1,158	(1,530)	(372)	3,121	(1,895)	1,226
Expenditure										
Investment Adviser's fees	2	**(200)**	**-**	**(200)**	(98)	-	(98)	(267)	-	(267)
Other expenses		**(361)**	**-**	**(361)**	(201)	(83)	(284)	(739)	(83)	(822)
Total expenditure		**(561)**	**-**	**(561)**	(299)	(83)	(382)	(1,006)	(83)	(1,089)
Profit / (loss) before finance costs and taxation		**1,522**	**745**	**2,267**	859	(1,613)	(754)	2,115	(1,978)	137
Net finance costs										
Interest receivable		**-**	**-**	**-**	10	-	10	46	-	46
Interest payable		**(225)**	**-**	**(225)**	(45)	-	(45)	(249)	-	(249)
Profit / (loss) before taxation		**1,297**	**745**	**2,042**	824	(1,613)	(789)	1,912	(1,978)	(66)
Taxation		**-**	**-**	**-**	-	-	-	-	-	-
Profit / (loss) for the period		**1,297**	**745**	**2,042**	824	(1,613)	(789)	1,912	(1,978)	(66)
Total comprehensive profit / (loss) for the period		**1,297**	**745**	**2,042**	824	(1,613)	(789)	1,912	(1,978)	(66)
Basic and diluted earnings per ordinary share	3	**3.51p**	**2.02p**	**5.53p**	2.58p	(5.05)p	(2.47)p	6.47p	(6.69p)	(0.22p)

The total column of this statement represents the Group's Condensed Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS. There are no other gains or losses for the period other than the total comprehensive profit reported above.

The supplementary revenue return and capital return columns are prepared under guidance published by the Association of Investment Companies.

No operations were acquired or discontinued during the period. All revenue and capital items in the above statement are derived from continuing operations.

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

Condensed Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	**As at 31 March 2017 (unaudited) £'000**	As at 31 March 2016 (unaudited) £'000	As at 30 September 2016 (audited) £'000
Non-current assets				
Investment properties	5	**49,225**	40,588	48,238
		49,225	40,588	48,238
Current assets				
Trade and other receivables		**630**	154	388
Cash and cash equivalents		**2,620**	3,279	718
		3,250	3,433	1,106
Total assets		**52,475**	44,021	49,344
Non-current liabilities				
Bank loan	6	**(14,317)**	(10,920)	-
		(14,317)	(10,920)	-
Current liabilities				
Trade and other payables		**(1,281)**	(932)	(767)
Bank loan		**-**	-	(14,350)
Total liabilities		**(1,281)**	(11,852)	(15,117)
Net assets		**36,877**	32,169	34,227
Equity and reserves				
Called up equity share capital	8	**3,820**	3,463	3,659
Share premium		**5,351**	2,383	3,921
Special distributable reserve		**26,840**	28,040	26,840
Capital reserve		**(1,233)**	(1,995)	(1,978)
Revenue reserve		**2,099**	278	1,785
Equity shareholders' funds		**36,877**	32,169	34,227
Net asset value per ordinary share	7	**96.53p**	92.88p	93.53p

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

Company number: 9511797

The condensed consolidated interim financial statements were approved by the Board of Directors on 24 May 2017 and were signed on its behalf by:

John Evans,
Chairman

Condensed Consolidated Statement of Changes in Equity

For the six months to 31 March 2017 (unaudited)

	Share capital account £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2016	3,659	3,921	26,840	(1,978)	1,785	34,227
Profit and total comprehensive profit for the period:	-	-	-	745	1,297	2,042
Transactions with owners recognised in equity:						
Issue of ordinary share capital	161	1,446	-	-	-	1,607
Issue costs	-	(16)	-	-	-	(16)
Dividends paid	-	-	-	-	(983)	(983)
As at 31 March 2017	**3,820**	**5,351**	**26,840**	**(1,233)**	**2,099**	**36,877**

For the six months to 31 March 2016 (unaudited)

	Share capital account £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
As at 30 September 2015	3,186	28,032	-	(382)	(128)	30,708
(Loss) / profit and total comprehensive (loss) for the period:	-	-	-	(1,613)	824	(789)
Transactions with owners recognised in equity:			-			
Issue of ordinary share capital	277	2,497	-	-	-	2,774
Cancellation of share premium account	-	(28,040)	28,040	-	-	-
Issue costs	-	(106)	-	-	-	(106)
Dividends paid	-	-	-	-	(418)	(418)
As at 31 March 2016	**3,463**	**2,383**	**28,040**	**(1,995)**	**278**	**32,169**

Condensed Consolidated Cash Flow Statement

For the six months ended 31 March 2017

	Six months ended 31 March 2017 (unaudited) £'000	Six months ended 31 March 2016 (unaudited) £'000	Period ended 30 September 2016 (audited) £'000
Cash flows from operating activities			
Profit / (loss) before tax	**2,042**	(789)	(66)
Adjustments for:			
Interest payable	**225**	45	249
Interest receivable	**-**	(10)	(46)
Unrealised revaluation (loss) / gain on property portfolio	**(745)**	1,530	1,895
Operating cash flows before working capital changes	**1,522**	776	2,032
(Decrease) / Increase in trade and other receivables	**(242)**	24	(388)
Increase in trade and other payables	**647**	729	557
Net cash inflow from operating activities	**1,927**	1,529	2,201
Cash flows from investing activities			
Purchase of investment properties	**-**	(33,230)	(45,644)
Property capitalised costs	**(316)**	(1,964)	(2,837)
Net cash outflow from investing activities	**(316)**	(35,194)	(48,481)
Cash flows from financing activities			
Bank loan drawn down net of arrangement fees	**-**	10,920	14,253
Issue of ordinary share capital	**1,592**	2,667	34,061
Interest received	**-**	10	46
Interest paid	**(245)**	(45)	(107)
Equity dividends paid	**(1,056)**	(418)	(1,255)
Net cash inflow from financing activities	**291**	13,134	46,998
Net increase / (decrease) in cash and cash equivalents	**1,902**	(20,531)	718
Opening cash and cash equivalents	**718**	23,810	-
Closing cash and cash equivalents	**2,620**	3,279	718

Notes to the Condensed Interim Financial Statements

1. INTERIM RESULTS

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IAS 34 'Interim Financial Reporting' as adopted by the European Union and the accounting policies set out in the statutory accounts of the Group for the year ended 30 September 2016. The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the financial statements of the Group for the year ended 30 September 2016, which were prepared under IFRS as adopted by the European Union. There have been no significant changes to management judgements and estimates.

The condensed consolidated financial statements have been prepared on the going concern basis. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Group's business and assets, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2. INVESTMENT ADVISER'S FEE

	Six months ended 31 March 2017 £'000	Six months ended 31 March 2016 £'000	Eighteen months ended 30 September 2016 £'000
Investment Adviser's fee	200	98	267
Total	**200**	**98**	**267**

The Investment Management fee is calculated as 1.15% per annum of the net assets of the Group up to £150 million and 1.00% per annum of the net assets of the Group over £150 million. The Investment Management Agreement may be terminated by either party by giving not less than 12 months' notice which can be served at any time following the fourth anniversary of admission. The Company's shares were admitted to trading in May 2015.

3. EARNINGS PER SHARE

The Group's basic and diluted revenue profit per ordinary share of 3.51p (six months to 31 March 2016: 2.58p; period to 30 September 2016: 6.47p) per share is based on the net revenue profit for the period of £1,297,000 (six months to 31 March 2016: £824,000; period to 30 September 2016: £1,912,000) and 36,903,956 (twelve months to 31 March 2016: 31,969,991; period to 30 September 2016: 29,561,058) ordinary shares, being the weighted average number of shares in issue during the period.

The Group's basic and diluted capital profit per ordinary share of 2.02p (six months to 31 March 2016: loss of 5.05p; period to 30 September 2016: loss of 6.69p) per share is based on the net capital profit for the period of £745,000 (six months to 31 March 2016: loss of £1,613,000; period to 30 September 2016: loss of £1,978,000) and 36,903,956 (twelve months to 31 March 2016: 31,969,991; period to 30 September 2016: 29,561,058) ordinary shares, being the weighted average number of shares in issue during the period.

The Group's basic and diluted total profit per ordinary share of 5.53p (six months to 31 March 2016: loss of 2.47p; period to 30 September 2016: loss of 0.22p) per share is based on the net profit for the period of £2,042,000 (six months to 31 March 2016: loss of £789,000; period to 30 September 2016: loss of £66,000) and 36,903,956 (twelve months to 31 March 2016: 31,969,991; period to 30 September 2016: 29,561,058) ordinary shares, being the weighted average number of shares in issue during the period. Earnings for the period to 31 March 2017 should not be taken as a guide to the results for the period to 30 September 2017.

4. DIVIDENDS

A first interim dividend of 1.375p in respect of the quarter ended 31 December 2016 was paid on 24 February 2017 to shareholders on the register on 10 February 2017.

A second interim dividend of 1.375p in respect of the period ended 31 March 2017 was declared on 4 May 2017 to shareholders on the register on 12 May 2017.

5. INVESTMENT PROPERTIES

	As at 31 March 2017 £'000	**As at 30 September 2016 £'000**
Opening fair value	**48,238**	**-**
Purchases	-	47,204
Acquisition costs	242	2,929
Revaluation movement	745	(1,895)
Closing fair value	**49,225**	**48,238**

Changes in the valuation of investment properties

	As at 31 March 2017 £'000	**As at 30 September 2016 £'000**
Unrealised loss on revaluation of investment properties	**(1,150)**	**(1,895)**

The properties were valued at £49,225,000 as at 31 March 2017 (31 March 2016: £40,588,000; 30 September 2016: £48,238,000) by Savills (UK) Limited ('Savills'), in their capacity as external valuers.

The valuation report was undertaken in accordance with the RICS Valuation – Professional Standards VPS4 (1.5) Fair Value and VPGA1 Valuations for Inclusion in Financial Statements, which adopt the definition of Fair Value adopted by the International Accounting Standards Board.

Fair value is based on an open market valuation (the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date), provided by Savills on a quarterly basis, using recognised valuation techniques as set out in the accounting policies and note 9 of the consolidated financial statements of the Group for the year ended 30 September 2016. There were no significant changes to the valuation process, assumptions or techniques used during the period.

6. BANK LOAN

	As at 31 March 2017 £'000	As at 30 September 2016 £'000
Principal amount outstanding	**14,460**	14,460
Set up costs	**(143)**	(110)
Total	**14,317**	14,350

On 6 January 2017 the Group replaced its existing £20m 18 month secured loan facility with a new £25 million secured 3 year revolving credit facility agreement, both with the Royal Bank of Scotland. The interest rate on the new facility is 1.75% plus LIBOR per annum and has a maturity date of 6 January 2020.

As part of the loan agreement the Bank has a standard security over properties currently held by the Group, with an aggregate value of £49,225,000 at 31 March 2017.

Under the financial covenants related to this loan, the Group has to ensure that for Drum Income Plus Limited:

- the interest cover, being the rental income as a percentage of finance costs, is at least 250%;
- the loan to value ratio, being the value of the loan as a percentage of the aggregate market value of the relevant properties, must not exceed 50%.

Breach of the financial covenants, subject to various cure rights, may lead to the loans falling due to repayment earlier than the final maturity date stated above. The Group has complied with all the loan covenants during the period.

7. NET ASSET VALUE

The Group's net asset value per ordinary share of 96.53 pence (31 March 2016: 92.88 pence; 30 September 2016: 93.53 pence) is based on equity shareholders' funds of £36,877,000 (31 March 2016:

£32,169,000; 30 September 2016: £34,277,000) and on 38,201,990 (31 March 2016: 34,634,900; 30 September 2016: 36,594,990) ordinary shares, being the number of shares in issue at the period end.

8. SHARE CAPITAL

	Six months to 31 March 2017 Shares	Eighteen months to 30 September 2016 Shares	Six months to 30 September 2017 £'000	Eighteen months to 30 September 2016 £'000
Issued and fully paid				
Opening total issued ordinary shares of 10p each	36,594,900	50,000	3,659	1
Issued during the period	1,607,090	36,544,900	161	3,658
Closing total issued ordinary shares	**38,201,990**	**36,594,900**	**3,820**	**3,659**

On 24 February 2017, 1,607,090 ordinary 10p shares were issued for a consideration of £1 per share.

There is one class of share.

9. INVESTMENT IN SUBSIDIARY

The Group's results consolidate those of Drum Income Plus Limited, a wholly owned subsidiary of Drum Income Plus REIT plc, incorporated in England & Wales (Company Number: 09515513). Drum Income Plus Limited was incorporated on 28 March 2015 and began trading on 19 January 2016, when it transferred the ownership of the entirety of the Group's property portfolio. Drum Income Plus Limited continues to hold all the investment properties owned by the Group and is also the party which holds the Group's borrowings.

10. RELATED PARTY TRANSACTIONS AND FEES PAID TO DRUM REAL ESTATE INVESTMENT MANAGERS

The Directors are considered to be related parties. No Director had an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Group.

The Directors of the Group received fees for their services. Total fees for the six months ended 31 March 2017 were £38,000 (six months ended 31 March 2016: £38,000; eighteen months ended 30 September 2016: £100,000) of which £7,000 (31 March 2016: £7,000; 30 September 2016: £7,000) remained payable at the period end.

Drum Real Estate Investment Management Limited received £200,000 in relation to the six months ended 31 March 2017 (six months ended 31 March 2016: £98,000; eighteen months ended 30 September 2016: £267,000) of which £100,000 (31 March 2016: £98,000; 30 September 2016: £35,000) remained payable at the period end.

R&H Fund Services (Jersey) Limited received £8,000 in relation to the six months ended 31 March 2017 (six months ended 31 March 2016: £8,000; eighteen months ended 30 September 2016: £20,000) of which £11,000 (31 March 2016: £3,000; 30 September 2016: £10,000) remained payable at the period end.

As per the Prospectus published in April 2015 issue costs were capped at 2% of the gross issue proceeds. Issue costs above this amount were incurred by Drum Real Estate Investment Management Limited.

11. COMMITMENTS

The Group did not have any contractual commitments to refurbish, construct or develop any investment property, or for repair, maintenance or enhancements as at 31 March 2017 (31 March 2016: nil, 30 September 2016: nil).

12. POST BALANCE SHEET EVENTS

On 10 May 2017, the Company acquired Kew Retail Park, Southport, for a consideration of £8.65 million.

13. OPERATING SEGMENTS

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group is engaged in a single unified business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Group has no segments. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance is the total return on the Group's net asset value. As the total return on the Group's net asset value is calculated based on the IFRS net asset value per share as shown at the foot of the Consolidated Statement of Financial Position, the key performance measure is that prepared under IFRS. Therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

14. FAIR VALUE MEASUREMENTS

The fair value measurements for assets and liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. These different levels have been defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 – inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
Level 3 – unobservable inputs for the asset or liability.
Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. All investment properties are included in Level 3.

There were no transfers between levels of the fair value hierarchy during the six months ended 31 March 2017.

15. INTERIM REPORT STATEMENT

The Company's auditor has not audited or reviewed the Interim Report to 31 March 2017 pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'. These are not full statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year ended 30 September 2016, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. No full statutory accounts in respect of any period after 30 September 2016 have been reported on by the Company's auditor or delivered to the Registrar of Companies.