Mailbox REIT

(the "Company" or “Mailbox REIT”, together with its subsidiaries, the “Group”)

The Board of Directors of Mailbox REIT is pleased to present the unaudited interim report (the “Report”) and condensed consolidated financial statements of the Company and its subsidiaries for the six month period ended 30 June 2021. The principal activity of the Group is to provide its shareholders with an attractive level of income together with the potential for capital growth by investing in the Mailbox (“the Mailbox” or “the Property”).

This is the maiden set of results since Mailbox REIT became the first company to undertake an initial public offering (IPO) on the Wholesale Market of the International Property Securities Exchange (‘IPSX’), with its shares admitted to trading on 14 May 2021.

The interim results have not been audited or reviewed by the Company’s auditors.

Financial and Operational Highlights for the six-month period to 30 June 2021

Financial highlights for the six-month period to 30 June 2021

- The Mailbox valuation increased 0.6% to £182.2 million as at 30 June 2021, an uplift of £1.1 million compared to December 2020. The valuation shows a net equivalent yield of 6.44% and reflects the progress made with the Company’s retail to office asset management strategy and the gradual easing of lockdown measures during the period.
- Net Asset Value (“NAV”) of £86.8 million or 102.31 pence per share (“pps”).
- £5.4 million of rent (before service charge) recognised during the period (30 June 2020: £6.3 million), of which, £1.0 million was related to rent-free lease incentives and amortisation of tenant capital contributions (30 June 2020: £0.9 million).
- Operating profit before fair value changes of £4.2 million (30 June 2020: £4.3 million) with a profit before tax of £0.3 million (30 June 2020: £0.3 million).
- EPRA Earnings per share (“EPRA EPS”) of 5.72 pps and adjusted EPS of 1.69 pps.
- Net Initial Yield (“NIY”) of 4.35% as at 30 June 2021 (31 December 2020: 3.83%).
- The Group has a £108.5 million loan facility with Deutsche Bank reflecting a loan to value ratio of 58.65% (31 December 2020: £120 million, reflecting a loan to value ratio of 64.86%).

Operational highlights show strong rent collection and asset management progress

- Rent collection remains strong. As at 10th September 2021, 91.6% of contracted rents had been received in respect of the September 2020, December 2020 and March 2021 rent quarter days, with payment plans in place for the remaining 8.4%. As at the same date, the Group had also collected 97.7% of the June 2021 quarter day’s contracted rent and is in discussion with the relevant tenants to collect the balance. We are anticipating similar collection levels (c.98%) for the September 2021 quarter day being achieved by the close of the following quarter.
- Conversion of Level 1 to create 50,000 sq ft of offices from former retail space is progressing well with over £1.9 million of the projected £10.15 million having been invested to date.
- The Mailbox had 39 tenants as at 30 June 2021 with office and car park tenants representing 71% of the gross rent receivable and the balance comprising retail and leisure operators with a weighted average unexpired lease term (“WAULT”) of 13 years, 9 months to break.

Dividend in line with IPO target

- On 29 July 2021, the Board declared an interim quarterly dividend of 0.92 pps for the period from 14 May 2021 to 30 June 2021. This was the first dividend since the initial public offering ("IPO"). The 0.92 pps distribution, on an annualised basis equates to 7.14 pps, or 7.14% on the issue price. It is therefore consistent with the dividend policy set out in the Company's Admission Document.
- The ex-dividend date was 5 August 2021, and the record date was 6 August 2021. The dividend was paid on 27 August 2021.

Cancellation of share premium

- On 7 July 2021, the Board approved a cancellation of the share premium of £75,465,000 which was subsequently credited to distributable reserves. Court approval has been received for this cancellation.

Stephen Barter, Non-Executive Chairman of Mailbox REIT plc, commented:

"Over the first half of 2021, Mailbox REIT has performed in line with our expectations, reported at the time of the Company's IPO on IPSX.

Since then, we have seen a marked improvement in the economy following the easing of the UK Government's COVID restrictions, as business life and social interaction have opened up again. Our strong rent collection levels reflect the robustness of our low risk and diverse tenant base, with increased footfall and trading at our retail and leisure units.

We have made good progress with our value-enhancing conversion of a former retail floor into serviced office space, which should become available for occupation around the turn of the year. The new office occupiers will further support the retail and leisure activity, and will bring a modern, flexible workplace environment to the life of the building, alongside the existing tenants. We expect this initiative to generate progressively higher levels of income, and enhanced returns for shareholders in the coming years.

Meanwhile, the management team is developing a focused ESG strategy, which will strengthen its low-carbon credentials, social impact and community support.

Despite continuing uncertainty about the impact of COVID, I remain confident about the future prospects for Mailbox REIT, and its ability to deliver reliable and secure investment income, as we enter the autumn and winter period."

Chairman's Statement

Overview

I am pleased to present the unaudited interim report and condensed consolidated financial statements for the Company for the six-month period ended 30 June 2021.

The past 18 months have presented considerable challenges, and the COVID-19 pandemic continues to create global uncertainty. During this period, the Board placed considerable focus on the health, safety and wellbeing of its tenants and their customers, clients and visitors. But following the success of the vaccination programme, it has been encouraging to see the UK Government beginning to lift its lockdown restrictions, enabling offices, restaurants and shops to open up again. Barring the imposition of further restrictions, we can expect to see a continued improvement in economic performance in the coming months.

During this difficult time, the Board has continued to progress the asset transformation plan set out at the time of the listing. This has included the repositioning of 36,000 sq ft of redundant, underperforming retail space into a 50,000 sq ft suite of co-working office. The new accommodation will be operated by IWG through a management contract under its Spaces brand, which is aimed at creative and entrepreneurial users. The project will cost c.£10 million with a construction programme of 12 months. It is expected to become operational during Q1 2022 and to generate an additional £1 million per annum of net operating income, once 75% occupied.

At the same time, the operational performance of the Mailbox has remained strong. I am pleased to report that by 10 September 2021, the Mailbox had collected 97.7% of the June 2021 quarter day's contracted rent and the total contracted rent collected for the March 2021 quarter day had reached 97%. This is a strong endorsement of the quality and resilience of our tenant base and the attractiveness of the Mailbox as a location for business and leisure.

Financial results

	Six month period ended 30 June 2021 (unaudited)	Six month period ended 30 June 2020 (unaudited)
Operating profit before fair value changes [£'000]	**4,242**	4,341
Change in fair value of investment property* [£'000]	**(1,007)**	(891)
Operating profit [£'000]	**3,235**	3,450
Profit before tax [£'000]	**323**	272
Earnings per share** - basic and diluted [pence]	**1.39**	937.74
EPRA EPS** - basic and diluted [pence]	**5.72**	4,009.52
Adjusted EPS** - basic and diluted [pence]	**1.69**	3,633.73
Gearing ratio [%]	**58.65%**	64.86%

* See note 8 of the condensed consolidated financial statements for breakdown of the fair value loss of investment property.

** The prior period EPS/profit per share has been calculated using 29,006 shares, being the weighted average number of shares in the Company during the prior period. Refer to the condensed consolidated financial statements note 7 for further information.

Valuation

As at 30 June 2021, the fair value of the Group's Property determined by Avison Young, was £182.2 million (31 December 2020: £181.1 million).

Sector	Value (£)	% of Total Value
Office	101,815,743	55.87%
Car Park	38,859,517	21.32%
F&B	20,676,484	11.35%
Retail	16,801,079	9.22%
Other	4,072,665	2.23%
Total	**182,225,488***	**100.00%**

**Rounded to nearest thousand in the consolidated financial statements.*

Dividends

On 29 July 2021, the Board declared an interim quarterly dividend of 0.92 pps for the period from 14 May 2021 to 30 June 2021. This was the first dividend since the IPO. The 0.92 pps distribution, on an annualised, basis equates to 7.14 pps, or 7.14% on the issue price. It is therefore consistent with the dividend policy set out in the Company's Admission Document.

The ex-dividend date was 5 August 2021, and the record date was 6 August 2021. The dividend was paid on 27 August 2021.

Environmental, Social, and Governance (ESG)

The management team is developing a focused ESG strategy for the property, which will strengthen its low-carbon credentials, social impact and community support.

Future Growth and Outlook

Despite the uncertainties created by the COVID-19 pandemic, the appetite for well-secured and stable long-term income from UK commercial property remains strong. Furthermore, the pricing of such assets within top regional cities remains attractive, with equivalent yields at some 75-100 bps above prime London City offices, currently at 4.75-5.00%. The Mailbox as at June 2021 has a net initial yield of 4.35%, now whilst the net initial yield currently sits below the national average for regional office, the asset has an equivalent yield of 6.44%, showing the reversionary potential of the asset and the potential for the asset yield to grow over time with re-gears and the lease up of currently vacant space.

I remain confident about the prospects for the Mailbox REIT, and its ability to deliver reliable and secure investment income. We can look forward to further income and dividend growth from the asset management initiatives now underway and continuing competitive total returns to shareholders.

Stephen Barter
Chairman
14 September 2021

Asset Manager's Report

M7 Real Estate Limited, the Asset Manager, presents its report on the operations of the Group for the six month period ended 30 June 2021.

Market Outlook

UK Economic Outlook

The first half of 2021 saw the UK agree an exit deal with the EU and work its way through a third national lockdown. However, having started early, the UK made significant progress with the roll out of its vaccination programme. This led to a gradual and now full reopening of the economy, which has positively impacted the Mailbox with collection rates reaching well over 95% for the first time since December 2019.

GDP growth figures now support a faster than expected return to normality. With an 8.0% year-on-year expansion in GDP in 2021 anticipated. Whilst this is a promising figure, GDP is not expected to return to pre-pandemic levels until 2023.

Government stimulus, particularly through the furlough scheme and its latest extension, has been successful in softening the blow to unemployment with rates and the reduction in UK household income both lower than expected. That said, a substantial number of people have left the labour force in the last year, which has made the impact appear less severe. As of August 2021, unemployment stood at 4.7%, however, it is likely that this will increase as the furloughscheme approaches its September 2021 end date. Nevertheless, employment is set to recover quicker than it has following previous recessions since the economy's potential has not been permanently damaged.

The latest inflation data reported a jump in CPI from 2.1% in May to 2.5% in June 2021, returning to 2.0% in July 2021. The level of increase since Q1 2021 exceeded economists' expectations. However, they did project potential spikes as the economy reopened and as energy related price movements took place. Inflation is expected to peak at 4.0% by the end of the year but will not stabilise to pre-pandemic levels until 2023, when inflation is set to be supported by a robust economic recovery. Again, this will continue to have positive impacts on the income profile of the Mailbox, with some of the assets largest tenants having index linked rents. We have seen a strong monetary stimulus with interest rates decreasing to 0.1% and high levels of quantitative easing set to take place until the end of2021. Capital Economics does not anticipate that the Bank of England will shift from the current interest rates at leastuntil the end of 2022. [1]

UK Real Estate Outlook

Investment activity in the first half of 2020 was significantly muted, with the majority of completed deals being agreed prior to the declaration of the global pandemic. The second half of the year saw volumes increasing to balance the overall yearly impact of the pandemic. Annual investment volumes for 2020 were the lowest since 2012, but the year ended strongly and surpassed expectations. Due to the improved activity in H2 2020 a total of £42.7bn was transacted which is 15.0% below the 2019 figure. The fourth quarter alone contributed £19.4bn showing a 6.0% increase compared Q4 2019. [2]

The latest data for 2021 shows a stable recovery, with the 'All Property Yield' as of June 2021 at c.5.18% compared to c.5.21% at the same time last year [4]. Following the June 2021 valuation of the Mailbox, the NIY sits at 4.35% whilst the equivalent yield sits at 6.45%, showing the reversionary potential of the asset. The sharpening of the 'All Property Yield' has been driven by several key sectors. E-commerce strengthened further, which has propelled demand for industrial assets such as retail warehousing, multi-let industrial and distribution warehouses. With additional hardening on the average transacted yields and boosted investment volumes. Specifically, multi-let industrial is 100bps lower than prior to the first lockdown at 3.5%, now at the same level as West End offices. Office and hospitality property transactions remain scarce but reportedly there are signs of recovery with Q2 2021 yields at 5.0% and 5.3% for provincial offices and regional pubs respectively[3], further supporting the belief that increases in the fair value of the Mailbox are expected throughout 2021.

Birmingham Office Market Outlook

At the end of Q1 2021, total availability in Birmingham city centre sat at 1.7 million sq ft, reflecting a 25% decrease from the five-year average level. Grade A supply is also significantly below the five-year average level (23%) and totals 300,998 sq ft. With less than a year's prime Grade A supply in the figures, this demonstrates an undersupply of high- quality space in the market. The lack of supply coincides well with the asset business plan, which will see an additional 50,000 sq ft of office space hit the market, operated by IWG under their Spaces brand.

The top rent in the city centre is currently at £37 per sq ft, where an impressive 7.2% growth was achieved during 2020 - the highest rental growth of the big six national office markets. Given the current market peak of £37 per sq ft and the current average passing rent of the Mailbox at c. £13 per sq ft, the is an opportunity for the Mailbox to capitalise on the increasing demand by offering office space at rates below the market, whilst still pushing on the income profile of the asset.

As at Q2 2021 there were several key leasing deals to government organisations that accounted for over 142,000 sq ft of office take up on 10 to 15 year leases, suggesting that decentralisation away from London is increasing demand for regional office space, with Birmingham receiving significant attention. [5]

1 Capital Economics – UK Economic Outlook 15th April 2021
2 JLL – UK Capital Markets Review& Outlook 2020/2021
3 Savills – UK Commercial, Market in Minutes – May 2021
4 Savills – Market in Minutes: June 2021
5 Savills –Market in Minutes: Birmingham Offices– May 2021

Financial results

Net rental income earned from the portfolio for the six month period ended 30 June 2021 was £5.4 million excluding service charge and direct recharge (six month period to 30 June 2020: £6.3 million), contributing to an operating profit before fair value changes of £4.2 million (six month period to 30 June 2020: £4.3 million).

A loss on fair value of investment property of £1.0 million over the six month period (six month period to 30 June 2020: loss of £0.9 million) was recorded. Please refer to note 8 of the condensed consolidated financial statements for further details.

Administrative and property operations expenses but excluding service and direct recharges, and other costs attributable to the running of the Group, were £1.5 million for the six month period (six month period to 30 June 2020: £1.4 million).

The Group incurred finance costs of £2.9 million during the six month period (six month period to 30 June 2020: £3.2 million). Please note that finance costs include £0.9 million (six month period to 30 June 2020: £1.1 million) in relation interest payable on shareholder loan, the loan was waived as part of the listing and as such this will not be a recurring cost going forward.

The total profit before tax for the six month period to June 2021 of £0.3 million (six month period to 30 June 2020: £0.3 million) equates to a basic earnings per share of 1.39 pps (six month period to 30 June 2020: 937.74 pps).

EPRA EPS for the six month period was 5.72 pence which, based on dividends declared of 0.92 pence, reflects a dividend cover of 621.74%.

Adjusted EPRA EPS for the six month period which equates to cash generated from operations (and therefore excludes movements in accrued rent smoothing debtors, impairment of rent receivables and the amortisation of loan arrangement fees) were 1.69 pence which, based on dividends declared of 0.92 pence, reflect a dividend cover of 183.70%.

The Group's NAV as at 30 June 2021 was £86.8 million or 102.31 pps.

Financing

On 14 May 2021, the Group amended its loan with Deutsche Bank which resulted in a reduction of the principal balance to £108.5 million (31 December 2020: £120.0 million). This also resulted in an increase in the margin to 295bps + SONIA (31 December 2020: 275bps + SONIA) as well as incurring additional upfront fees. The Initial Maturity Date remains as 20 January 2023 with an option to extend.

The weighted average interest cost of the Group's £108.5 million facility is 3.0% (31 December and 30 June 2020: 3.0%).

Valuation

As at 30 June 2021, the Group's property had a fair value of £182.2 million (31 December 2020: £181.1 million). The fair value has increased during the first six months of 2021 and following the gradual easing of lockdown measures and the conversion of the level 1 retail space to office. Please refer to note 8 of the condensed consolidated financial statements for a reconciliation of the fair value movement.

Summary by Sector as at 30 June 2021

Sector (£)	Valuation (£)	Market Value (%)	Occupancy by ERV (%)	WAULT to break (years)	Gross Contracted Rental Income (£)
Office	101,815,743	55.87%	96.8%	7.8	4,646,036
Car Park	38,859,517	21.32%	100.0%	32	1,791,261
Food and Beverage	20,676,484	11.35%	88.7%	9.5	1,668,120
Retail	16,801,079	9.22%	75.8%	18.4	970,215
Other	4,072,665	2.24%	92.0%	10	282,739
	182,225,488	**100.00%**	**93.1%**	**13.9**	**9,358,371**

Top Ten Tenants

Tenant	Sector	% of Total Current Gross Rent
British Broadcasting Corporation	Office	22.9%
Q- Park Limited	Car Park	19.0%
Advanced Business Software and Solutions Limited	Office	14.2%
WSP UK Limited	Office	12.3%
Harvey Nichols and Company Limited	Retail	6.0%
Vodafone Enterprise U.K.	Other	2.8%
Everyman Media Group PLC	Food and Beverage	2.2%
Washington Green Retail Ltd	Retail	2.1%
Ha Ha Bar & Grill Limited	Food and Beverage	2.0%
Cotswold Inns and Hotels Limited	Food and Beverage	2.0%
		85.5%

Lease Expiry Portfolio

Year	Expiring contracted rent (£)	Cumulative (£)
2021	20,400	20,400
2022	54,951	75,351
2023	70,592	145,943
2024	36,250	182,193
2025	593,812	776,005
2026	2,618,549	3,394,554
2027	-	3,394,554
2028	-	3,394,554
2029	451,425	3,845,979
2030	264,000	4,109,979
2031	1,187,966	5,297,945
2032	260,339	5,558,284
2033	944,129	6,502,413
2034+	2,855,958	9,358,371

Key Asset Management Initiatives

Office Conversion (Level 1)

- Works are underway to create 50,000 sq ft of co-working office space through the repositioning of retail on level 1.
- A management agreement has been signed with IWGs premier brand Spaces to operate the co-working space with opening scheduled for Q1 2022.
- Targeted increase in NOI from approximately £1 per sq ft to approximately £21.75 per sq ft on converted space.

Retail Repositioning (Level 2)

- More service-led complementary tenant mix to support office offering and anchor tenant Harvey Nichols.
- The addition of own door office suites and service led retail uses through the leasing of former vacant retail units to create a more vibrant mixed use asset.

Office Asset Management

- Engage with key office tenant at forthcoming review to discuss a potential lease renewal to capture reversionary potential.
- Potential to let 8,765 sq ft of office space at market rental levels.
- Relocate the on-site management team to free up their current 3,391 sq ft office space for market rent.

Leisure

- Increase ‘Grab & Go’ and service-led retail options to complement the office offering.
- Modernise the current restaurant line up.
- Create a more destination led social dining precinct leveraging the canal side location.

M7 Real Estate Limited
14 September 2021

Unaudited Key Performance Indicators ("KPIs")

KPI and Definition	Relevance to Strategy	Performance
1. Equivalent Yield ("EY")		**6.44%**
Equivalent Yield (true and nominal) is a weighted average of the Net Initial Yield and Reversionary Yield and represents the return a property will produce based upon the timing of the income received. The true equivalent yield assumes rents are received quarterly in advance.	The EY is an indicator of the ability of the Group to meet its target dividend after adjusting for the impacts of leverage and deducting operating costs.	At 30 June 2021 (31 December 2020: 6.36%)
2. Weighted Average Unexpired Lease Term ("WAULT") to break and expiry		**13 years, 9 months to break and 14 years, 3 months to expiry**
The average lease term remaining to expiry across the portfolio, weighted by contracted rent.	The WAULT is a key measure of the quality of the portfolio. Long leases underpin the security of our future income.	At 30 June 2021 (31 December 2020: 14 years, 6 months to break and 14 years, 10 months to expiry)
3. Net Asset Value ("NAV")		**£86.81 million (102.31 pps)**
NAV is the value of an entity's assets minus the value of its liabilities.	Provides stakeholders with the most relevant information on the fair value of the assets and liabilities of the Group.	At 30 June 2021 (31 December 2020: net liabilities of £8.15 million, loss of 814.50 pps)
4. Dividend		
The Company targets an initial dividend of over 7.00 pps per annum.	The Company seeks to deliver a sustainable income stream from its portfolio, which it distributes as dividends.	For the six month period ended 30 June 2021, the Group declared 0.92 pps for the period from Admission (14 May 2021) to 30 June 2021.
5. Adjusted EPS		**1.69 pps**
Adjusted EPS from core operational activities, as adjusted for non-cash items. A key measure of a company's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings. See note 7 to the condensed consolidated financial statements.	This reflects the Group's ability to generate earnings from the portfolio which underpins dividends.	For the six month period ended 30 June 2021 (30 June 2020: 3,633.73 pps)
6. Leverage (Loan to Value)		**58.65%**
The proportion of the Group's property that is funded by borrowings.	The Company utilises borrowings to enhance returns over the medium term. Borrowings will not exceed 74.9% of GAV.	At 30 June 2021 (31 December 2020: 64.86%)

Unaudited EPRA Performance Measures

Detailed below is a summary table showing the EPRA performance measures in the Group.

Measure and Definition	Purpose	Performance
1. EPRA (NIY)		**4.27%**
Annualised rental income based on the cash rents passing at the balance sheet date, less non- recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to compare the valuation of different portfolios.	At 30 June 2021 (30 June 2020: 4.44%)
2. EPRA 'Topped-up' NIY		**4.82%**
This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	A comparable measure for portfolio valuations. This measure should make it easier for investors to compare the valuation of different portfolios.	At 30 June 2021 (30 June 2020: 5.16%)
3. EPRA Earnings/EPS		**£1.3 million / 5.72 pps**
Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	EPRA earnings for the six month period ended 30 June 2021 (30 June 2020: £1.2 million / 4,009.52 pps)
4. EPRA Vacancy		**9.05%**
Estimated Rental Value ("ERV") of vacant space divided by ERV of the whole portfolio.	A 'pure' percentage measure of investment property space that is vacant, based on ERV.	EPRA Vacancy as at 30 June 2021 (30 June 2020: 7.86%)

EPRA NNNAV is equal to EPRA NAV as there are no adjusting items. As such this measure has not been presented.

Principal Risks and Uncertainties

The principal risks of the business are set out on pages on pages 5 to 12 and in Note 18 on pages 50 to 53 of the Annual Report and Financial Statements for the year ended 31 December 2020 (the "Annual Report") and include commentary on their potential impact, links to the Group's strategic priorities and the relevant mitigation factors.

As detailed in the Annual Report, risks faced by the Company include, but are not limited to, tenant default, property location, property defects, property market, property valuation, illiquid investments, breach of borrowing covenants, use of service providers, dependence on the Investment Adviser, ability to meet objectives, Group REIT status, political/economic risks, and emerging risks.

Since the publication of the Annual Report 2020, the Board believes that there has been no material change to the principal risks and uncertainties as stated and the reported mitigation actions remain appropriate to manage the risks.

Directors' Responsibility Statement

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by Disclosure and Transparency Rules (DTR) 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the first six months 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 financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

A full list of Directors of the Company can be found at the Company Information page in the beginning of this report.

Stephen Barter
Director
14 September 2021

Condensed Consolidated Statement of Comprehensive Income

For the six month period ended 30 June 2021

	Notes	*Unaudited* Six month period ended 30 June 2021 £'000	*Unaudited* Six month period ended 30 June 2020 £'000
Income			
Rental and other income	3	7,162	8,589
Property operating expense	4	(2,631)	(3,421)
Net rental and other income		4,531	5,168
Reversal / (impairment) provision on tenant receivables	7	340	(568)
Other operating expenses	4	(629)	(259)
Operating profit before fair value changes		4,242	4,341
Change in fair value of investment properties	8	(1,007)	(891)
Operating profit		3,235	3,450
Finance income	5	-	2
Finance expense	5	(2,912)	(3,180)
Profit before tax		**323**	**272**
Taxation	6	-	-
Profit after tax		**323**	**272**
Other comprehensive income		-	-
Total comprehensive income for the period		**323**	**272**
Earnings per share (pence per share) (basic and diluted)	7	**1.39**	**937.74**

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

All profit and total comprehensive income is attributable to the equity holders of the Company.

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	*Unaudited* 30 June 2021 £'000	*Audited* 31 December 2020 £'000
Assets			
Non-current Assets			
Investment property	8	182,225	181,100
		182,225	**181,100**
Current Assets			
Trade and other receivables	9	5,862	4,849
Cash and cash equivalents		10,906	1,745
		16,768	**6,594**
Total Assets		**198,993**	**187,694**
Non-current Liabilities			
Interest bearing loans and borrowings	10	106,471	98,999
Intercompany loans due to parent		-	4,000
		106,471	**102,999**
Current Liabilities			
Trade and other payables		5,713	7,230
Interest bearing loans and borrowings	10	-	20,663
Intercompany loans due to parent		-	64,947
		5,713	**92,840**
Total Liabilities		**112,184**	**195,839**
Net Assets / (Liabilities)		**86,809**	**(8,145)**
Issued share capital and reserves			
Share capital	12	8,485	100
Share premium	13	75,257	-
Retained earnings / (loss)		3,067	(8,245)
Total reserves attributable to equity holders of the Group		**86,809**	**(8,145)**
Net Asset Value per share (pence)	7	**102.31**	**(814.50)**

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

Condensed Consolidated Statement of Changes in Equity

For the six month period ended 30 June 2021, 30 June 2020 and 31 December 2020

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total reserves attributable to equity holders of the Group £'000
For the six month period ended 30 June 2021				
Balance as at 1 January 2021	100	-	(8,245)	(8,145)
Contributions by and distributions to owners				
Ordinary shares issued	8,385	75,465	-	83,850
Capital contribution – release from intercompany debt	-	-	10,781	10,781
Share issue costs	-	(208)	208	-
Total comprehensive income	-	-	323	323
Balance as at 30 June 2021 (unaudited)	**8,485**	**75,257**	**3,067**	**86,809**
For the six month period ended 30 June 2020				
Balance as at 1 January 2020	-	-	14,243	14,243
Contributions by and distributions to owners				
Shares issued	50	-	-	50
Merger reserve created on group reconstruction	-	-	(49)	(49)
Total comprehensive income	-	-	272	272
Balance as at 30 June 2020 (unaudited)	**50**	**-**	**14,466**	**14,516**
For the six month period ended 31 December 2020				
Balance as at 1 July 2020	50	-	14,466	14,516
Contributions by and distributions to owners				
Shares issued	50	-	-	50
Total comprehensive loss	-	-	(22,711)	(22,711)
Balance as at 31 December 2020 (unaudited)	**100**	**-**	**(8,245)**	**(8,145)**

The accompanying notes form an integral part of these condensed consolidated financial statements. Included in prior year retained earnings is an amount of £49,000 in respect of the merger reserve which is not distributable.

Condensed Consolidated Statement of Cash Flows

For the six month period ended 30 June 2021

	Notes	*Unaudited* Six month period ended 30 June 2021 £'000	*Unaudited* Six month period ended 30 June 2020 £'000
Cash flows from operating activities			
Profit after tax		323	272
Adjustments for non-operating items:			
Finance income	5	-	(2)
Finance expenses	5	2,912	3,180
Change in fair value of investment property	8	1,007	891
Amortisation of tenant incentives	3	(984)	(931)
(Reversal) / impairment provision on tenant receivables		(340)	568
Increase in trade and other receivables		(704)	(499)
Decrease in trade and other payables		(1,310)	(14)
Net cash flow generated from operating activities		**904**	**3,465**
Cash flows from investing activities			
Capital expenditure on investment property	8	(1,096)	(252)
Lease incentives - capital contributions	8	(20)	-
Interest received		-	2
Net cash used in investing activities		**(1,116)**	**(250)**
Cash flows from financing activities			
Proceeds from issue of share capital		25,850	50
Share issue costs	13	(208)	-
Loans received from Parent undertakings		677	411
Loans repaid to Parent undertakings		(1,700)	(1,384)
Repayment of external borrowings	10	(11,500)	-
Loan arrangement fees	10	(2,055)	(7)
Bank interest paid		(1,691)	(1,323)
Shareholder interest paid		-	(857)
Net cash generated from / (used in) financing activities		**9,373**	**(3,110)**
Net increase in cash and cash equivalents		9,161	105
Cash and cash equivalents at start of period		1,745	265
Cash and cash equivalents at end of period		**10,906**	**370**

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

Notes to the Condensed Consolidated Interim Financial Statements

1. Corporate information

Mailbox REIT is a public limited company which was incorporated on 18 March 2020 and is domiciled in the UK and registered in England and Wales. The registered office of the Company is 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD. The principal activity of the Group is to provide its shareholders with an attractive level of income together with the potential for capital growth by investing in the Property.

On 14 May 2021, the Company was admitted to trading on the IPSX (www.ipsx.com) on the Wholesale Market with 84.85 million shares in issue. The listing raised additional capital of £83.9 million (of which £25.9 million was raised in cash proceeds), including £75.5 million of share premium. The Annual Report and Financial Statements of the Group can be found at www.themailboxreit.com.

2. Significant accounting policies

2.1 Basis of preparation

These condensed consolidated financial statements for the six month period ended 30 June 2021 (the 'financial statements') have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instrument which are measure at fair value, as appropriate.

The information relating to the period is unaudited and does not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006. A copy of the statutory financial statements for the year ended 31 December 2020 has been delivered to the Registrar of Companies. The auditor's report on those financial statements was not qualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The auditor's report did however include a reference to the property valuation to which the auditor drew attention by way of emphasis, and to the going concern status, particularly surrounding the bank loan repayment by way of material uncertainty, without qualifying the report.

Going concern

The Directors have projected the Group's cashflows for the period up to 30 September 2022, challenging and sensitising inputs and assumptions to ensure that the cash forecast reflects a realistic outcome given the uncertainties associated with the current economic environment. In projecting the Company's cash flow forecast, and factoring in the proceeds from listing for capital expenditure and working capital, the Directors have run sensitivities to reflect different scenarios including, but not limited to, a further decrease in rental income and an increase in non-recoverable costs, including a plausible downside scenario in relation to COVID-19. This is done to identify risks to liquidity and covenant compliance and enable management to formulate appropriate and timely mitigation strategies. Additionally, cashflow projections demonstrate the positive impact on working capital from asset management initiatives for example, the level 1 conversion to office space.

Upon listing of the Company on IPSX on 14 May 2021, the loan facility with Deutsche Bank was amended reducing the principal balance to £108.5 million, thereby lowering its finance costs and improving its loan to value position. This also resulted in a small increase in the Margin to 295bps + SONIA (31 December 2020: 275bps + SONIA) as well as additional upfront fees incurred. The maturity date remains as 20 January 2023. The repayment and associated financing costs were funded by proceeds from the listing. Moreover, the improved economic outlook and reduced need to grant concessions to certain tenants has resulted in no further issues with non-compliance with the debt servicing obligations for the senior lender.

Furthermore, as a part of the listing process the Intercompany loan owed to M7 Real Estate Investment Partners MBL LP was waived and released.

In light of the listing, amendment to the Senior loan and the improved economic outlook and projections, the Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that this is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, as not less than 12 months from the end of the reporting period.

New standards, amendments and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.2 Critical accounting estimates and judgements

The preparation of financial statements requires the use of critical judgment, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. Estimates and assumptions concerning the future, and the accounting results of those estimates will, by definition, rarely equal the related actual results. In particular, the estimation of the value of investment property requires considerable judgement.

The judgements, estimates and assumptions applied in the Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2020.

i) Valuation of investment property
The Directors appointed Avison Young to perform the valuation of the investment property. The fair value of investment property is determined by external property valuation experts to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. The valuation experts use recognised valuation techniques, applying the principles of both IAS 40 and IFRS 13.

ii) Provision for expected credit losses ("ECL") of trade receivables
The Group uses a provision matrix to calculate ECL's for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in a customer segment, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

iii) Share issue costs
The Directors have performed an assessment of the expenditure incurred as part of the listing of the Company to determine that which is directly attributable to the issue of new shares, and that which is related to the listing. In accordance with IAS 32, the Company has recognised those costs determined to be directly attributable to the issue of new shares as a deduction to equity.

2.3 Segmental information

Information on the Property held by the Group is reported to the chief operating decision maker individually. In the case of the Group, the chief operating decision maker is considered to be the Board of Directors. The internal financial reports received by the Directors do not differ from amounts reported in the financial statements. The Directors have treated the Property as one reportable segment under the provisions of IFRS 8.

2.4 Summary of significant accounting policies

The accounting policies and methods of computation and presentation adopted in the preparation of the interim financial statements are consistent with those applied in the last annual financial statements.

3. Rental and other income

	Unaudited Six month period ended 30 June 2021 £'000	*Unaudited* Six month period ended 30 June 2020 £'000
Gross rental income	4,398	5,329
Spreading of tenant incentives - tenant contributions	(40)	-
Spreading of tenant incentives - rent free periods	1,024	931
Other property income	18	26
Total rental and other income before service charge	**5,400**	**6,286**
Service charges and direct recharges (see note 4)	1,762	2,303
Total rental and other income	**7,162**	**8,589**

All rental, service charge and direct recharge and other income is derived from the United Kingdom and from external parties.

4. Expenses

	Unaudited Six month period ended 30 June 2021 £'000	*Unaudited* Six month period ended 30 June 2020 £'000
Property operating expenses	869	1,118
Service charges and direct recharges (see note 3)	1,762	2,303
Total property operating expense	**2,631**	**3,421**
Other operating expenses		
Investment management fee	54	-
Auditor remuneration	81	46
Listing expenses	97	
Operating costs	347	211
Directors' remuneration	50	2
Total other operating expenses	**629**	**259**
Total expenses	**3,260**	**3,680**
Audit remuneration		
Statutory audit of Annual Report and Accounts	59	46
Non-audit		
Work performed on IPO	22	-
Total fees paid to BDO LLP	**81**	**46**

5. Finance income and expenses

	Unaudited Six month period ended 30 June 2021 £'000	*Unaudited* Six month period ended 30 June 2020 £'000
Bank interest received	-	2
Total finance income	**-**	**2**
Interest payable on external loan	(1,652)	(1,852)
Interest payable on shareholder loans	(857)	(1,063)
Amortisation of loan arrangement fee (note 10)	(386)	(254)
Other finance costs	(17)	(11)
Total finance costs	**(2,912)**	**(3,180)**
Net finance costs recognised in Consolidated Statement of Comprehensive Income	**(2,912)**	**(3,178)**

6. Taxation

	Unaudited Six month period ended 30 June 2021 £'000	*Unaudited* Six month period ended 30 June 2020 £'000
Tax charge comprises:		
Analysis of tax charge in the period		
Profit before tax	323	272
Theoretical tax at UK corporation tax standard rate of 19.00% (2020: 19.00%)	61	52
Non-taxable items	314	179
Expenses not deductible	77	99
Income not taxable	(119)	-
Corporate interest restriction	273	196
Utilisation of brought forward losses	(506)	(526)
Exempt REIT net profit	(100)	-
Total	-	-

The Group obtained REIT status on 14 May 2021, at which point any gains or losses arising from property business are exempt from UK corporation tax.

Due to the Group's status as a REIT and the intention to continue meeting the conditions required to retain approval as a REIT in the foreseeable future, the Group has not provided deferred tax on any capital gains and losses arising on the revaluation of the investment property.

7. Earnings per share and NAV per share

	Unaudited Six month period ended 30 June 2021	*Unaudited* Six month period ended 30 June 2020
Earnings per share:		
Total comprehensive income (£'000)	323	272
Weighted average number of shares (Number)	23,236,465	29,006
Earnings per share (basic and diluted) (pence)	**1.39**	**937.74**
EPRA EPS:		
Total comprehensive income (£'000)	323	272
Adjustment to total comprehensive income:		
Change in fair value of investment properties (£'000)	1,007	891
EPRA earnings (basic and diluted) (£'000)	**1,330**	**1,163**
EPRA EPS (basic and diluted) (pence)	**5.72**	**4,009.52**
Adjusted EPS:		
EPRA earnings (basic and diluted) (£'000)	1,330	1,163
Adjustments:		
Rental income recognised in respect of tenant contributions (£'000)	40	-
Rental income recognised in respect of rent free periods (£'000)	(1,024)	(931)
Amortisation of loan arrangement fee (£'000)	386	254
(Reversal) / impairment provision on tenant receivables (£'000)	(340)	568
Adjusted earnings (basic and diluted) (£'000)	**392**	**1,054**
Adjusted EPS (basic and diluted) (pence)*	**1.69**	**3,633.73**
NAV per share:		
Net asset value (£'000)	86,809	(8,145)
Ordinary shares (Number)	84,850,001	1,000,001
NAV per share (pence)	**102.31**	**(814.50)**

In October 2019, European Public Real Estate Association ("EPRA") introduced three new measures of net asset value: EPRA Net Reinvestment Value ("NRV"), EPRA Net Tangible Assets ("NTA") and EPRA Net Disposal Value ("NDV"). These are applicable for accounting periods starting on or after 1 January 2020.

	30 June 2021			**31 December 2020**		
	EPRA NRV £000	**EPRA NTA** £000	**EPRA NDV** £000	**EPRA NRV** £000	**EPRA NTA** £000	**EPRA NDV** £000
Net assets	86,809	86,809	86,809	(8,145)	(8,145)	(8,145)
Purchasers' costs	12,381	-	-	12,305	-	-
NAV	99,190	86,809	86,809	4,160	(8,145)	(8,145)
Number of shares	84,850,001	84,850,001	84,850,001	1,000,001	1,000,001	1,000,001
NAV per share (pence)	**116.90**	**102.31**	**102.31**	**4.90**	**(9.60)**	**(9.60)**

**EPRA published guidelines for calculating adjusted earnings designed to represent core operational activities. The EPRA earnings are an alternative performance measure and are arrived at by adjusting for the changes in the fair value of the investment property. The adjusted EPRA earnings have been adjusted to exclude the effect of non-cash items including the straight-lining of rental income in respect of rent-free periods and tenant contributions, loan fee amortisation costs and provisions for impairment on rent receivables.*

This is a measure used by the Board to assess the level of the Group's dividend payments and is supported by cash flows. This is an alternative performance measure and is not directly comparable to other companies.

Earnings per share are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The basic and diluted earnings per share are the same as there are currently no instruments either granted or in issue to dilute the earnings per share figure.

8. Investment property

	Unaudited **30 June 2021 £'000**	***Audited*** **31 December 2020 £'000**
Investment property		
At the beginning of the period / year	181,100	200,000
Additions and capital improvements	1,128	685
Revaluation of investment property	(1,007)	(22,463)
Movement in lease incentives	1,004	2,878
Fair value of investment property	**182,225**	**181,100**
Change in fair value of Investment property		
Change in fair value before adjustments for lease incentives	3	19,585
Adjustment to fair value for tenant contributions paid	20	785
Adjustment to fair value for rent smoothing of lease income	984	2,093
	1,007	**22,463**

8.1 Valuation of investment property

The property has five separate uses consisting of offices, retail units, leisure/restaurants, public car park, and other (storage, auto valeting etc.). The property is held on a freehold (four) and long leasehold (one) basis.

The fair value of investment properties is determined using the direct capitalisation approach (yield method).

Independent professionally qualified external valuers, Avison Young, have performed the valuation of the investment property as at 30 June 2021 (31 December 2020: Avison Young were the valuers). Avison Young are an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued.

Further information on valuation methodologies applicable to investment property are provided in group note 10 of the Annual Report and Financial Statements.

8.2 Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolios of investment properties are:

1) Estimated Rental Value ("ERV"); and

2) Equivalent yield.

Increases/(decreases) in the ERV (per sq ft per annum) in isolation would result in a higher/(lower) fair value measurement. Increases/(decreases) in the yield in isolation would result in a lower/(higher) fair value measurement.

The significant unobservable inputs used in the fair value measurement, categorised within Level 3 of the fair value hierarchy of the portfolio of investment property and investments are:

Class	Fair value £'000	Valuation technique	Significant unobservable inputs	Range
30 June 2021				
Investment Property	182,225	Direct capitalisation	ERV Equivalent yield	£13,654,102 4.25% - 10%
31 December 2020				
Investment Property	181,100	Direct capitalisation	ERV Equivalent yield	£14,969,172 4.25% - 10%

Where possible, sensitivity of the fair values of Level 3 assets are tested to changes in unobservable inputs to reasonable alternatives.

	30 June 2021			
	Change in ERV		Change in equivalent yield	
	£'000	£'000	£'000	£'000
Sensitivity Analysis	**+10%**	**-10%**	**+0.5%**	**-0.5%**
Resulting fair value of investment property	196,858	169,734	166,352	201,343

	31 December 2020			
	Change in ERV		Change in equivalent yield	
	£'000	£'000	£'000	£'000
Sensitivity Analysis	**+10%**	**-10%**	**+0.5%**	**-0.5%**
Resulting fair value of investment property	195,833	168,922	165,339	200,117

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

9. Trade and other receivables

	Unaudited 30 June 2021 £'000	*Audited* 31 December 2020 £'000
Tenant receivables	2,918	3,630
Less: Provision for impairment of trade receivables	(442)	(1,194)
Other receivables	2,890	1,967
Other prepayments	496	446
Total	**5,862**	**4,849**

Included within other receivables is £2.1 million (31 December 2020: £1.1 million) of cash collected and held with the property's managing agent which does not meet the criteria of cash and cash equivalents.

The impairment provision has decreased in the period where write offs have been formally agreed with the tenants and processed.

10. Interest bearing loans and borrowings

	Unaudited 30 June 2021 £'000	*Audited* 31 December 2020 £'000
At the beginning of the period / year	120,000	120,000
Bank borrowings repaid in the period / year	(11,500)	-
Total facility drawn	**108,500**	**120,000**
Less: opening unamortised loan issue costs	(1,001)	(1,512)
Less: loan issue costs incurred in period	(2,055)	-
Plus: amortisation of loan issue costs	386	511
Plus: accrued interest	641	663
At end of period	**106,471**	**119,662**
Interest bearing loans and borrowings < 1 year	-	20,663
Interest bearing loans and borrowings > 1 year	106,471	98,999
Total at end of period	**106,471**	**119,662**

During the period, the Group made repayments of the Deutsche Bank facility of £0.3 million and £1.5 million on, respectively, the January and April interest payment dates. The repayments were funded by rental receipts received by the Group.

Upon listing of the Company on the IPSX, the loan facility was amended reducing the loan facility by a further £9.7 million to £108.5 million and an increase in the margin from 2.75% to 2.95%. The repayment was funded with the proceeds from the listing. In accordance with IFRS 9, the amendment constituted a debt modification that was deemed to be a non-substantial modification by management.

The term of the loan and bank covenants remain the same.

The Company incurred finance costs of £2.0 million from the amendment to the loan.

11. Commitments

Capital commitment

It is the Groups intention to convert the level 1 units from retail to offices. This is expected to incur costs of £10.2 million with the conversion expected to complete in Q1 2022. As of the reporting date, £1.1 million had been incurred already.

12. Share capital

	Unaudited For the period ended 30 June 2021		*Audited For the year ended 31 December 2020*	
	£'000	**Number of Ordinary Shares**	**£'000**	**Number of Ordinary Shares**
Ordinary Shares issued and fully paid				
At the beginning of the period / year	100	1,000,001	-	2
Additions - £0.10 par value shares (2020: £1.00 per value shares)	8,385	83,850,000	100	999,999
At the end of the period / year	**8,485**	**84,850,001**	**100**	**1,000,001**

At 01 January 2020, the value of allotted, called up and fully paid share capital is £2, hence reflected as nil above (being less than the minimum value presented of £1,000).

Upon listing of the Group, the Group issued 83.85 million shares with a par value of £0.10.

13. Share premium

	Unaudited **30 June 2021 £'000**	***Audited*** **31 December 2020 £'000**
At the beginning of the period / year	-	-
Share issue	75,465	-
Less: Transaction costs arising on share issue	(208)	-
At the end of the period / year	**75,257**	**-**

83.85 million shares were issued with an issue price of £1 at a par value of £0.10 (note 12). Costs of £0.2 million were incurred upon the issue of these shares.

14.Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Transactions with controlling shareholder

As at 30 June 2021, there were loans of £Nil (31 December 2020: £68.9 million) due to M7 Real Estate Investment Partners MB LP, a significant shareholder holding 70% of the Company. Prior to the listing of the Company, the loan had a balance of £68.7 million and accrued interest of £1.8 million. As part of the listing process £58.0 million of this balance (after factoring in the loan repayment of £1.7 million that was left outstanding at admission), was capitalised and the balance amounting to £10.8 million was waived and released.

Asset Manager & Alternative Investment Fund Manager (AIFM)

M7 Real Estate Ltd - from 22 September 2020 to date

M7 Real Estate Ltd was appointed as Asset Manager and AIFM on 22 September 2020. The Asset Manager and AIFM is related to the Group by virtue of common ownership. Fees of £54,000 (30 June 2020: £Nil) were accrued for the Asset Manager and AIFM during the period and remain unpaid.

Directors

Directors of the Group are considered to be the key management personnel. Directors' remuneration of £50,045 (30 June 2020: £3,341) were charged during the period. The Directors hold 55,000 shares in the Company.

15. Events after reporting date

Dividend

On 29 July 2021, the Board declared an interim dividend of 0.92 pence per share in respect of the period from Admission, 14 May 2021, to 30 June 2021. This was paid on 27 August 2021 to shareholders on the register as at 6 August 2021. The ex-dividend date was 5 August 2021.

Cancellation of share premium

On 7 July 2021, the board approved a cancellation of the share premium of £75,465,000 which was subsequently credited to distributable reserves. Court approval has been received for this cancellation.

Hedge

In addition, on 22 July 2021, the Company entered into an Interest Rate Cap hedging agreement with the senior lender for a premium of £62,500. The Cap has a term of 19 months with a cap rate of 1.5%

Appendix 1. EPRA Performance Measure Calculations (unaudited)

A) Calculation of EPRA NIY and 'Topped-up' NIY

	Six month period ended 30 June 2021 £'000	Six month period ended 30 June 2020 £'000
Investment property - wholly owned*	182,225	179,000
Allowance for estimated purchaser's costs	12,381	12,162
Gross up completed property portfolio valuation	194,606	191,162
Annualised cash passing rental income	8,314	8,480
Property outgoings	-	-
Annualised net rents	8,314	8,480
Rent expiration of rent-free periods and fixed uplifts	1,058	1,385
EPRA 'topped-up' NIY	9,371	9,865
EPRA NIY	**4.27%**	**4.44%**
EPRA 'topped-up' NIY	**4.82%**	**5.16%**

** Investment property for the six month period ended 30 June 2020 is based off the August 2020 valuation as considered a better representative value than the prevailing 31 December 2019 value (£200.0m).*

EPRA NIY basis of calculation

EPRA NIY is calculated as the annualised net rent, divided by the gross value of the completed property portfolio.

The valuation of grossed up completed property portfolio is determined by our external valuers as at 30 June 2021, plus an allowance for estimated purchasers' costs. Estimated purchasers' costs are determined by the relevant stamp duty liability, plus an estimate by our valuers of agent legal fees on notional acquisition. The net rent deduction allowed for property outgoings is based on our valuers' assumptions on future recurring non-recoverable revenue expenditure.

In calculating the EPRA 'topped-up' NIY, the annualised net rent is increased by the total contracted rent from expiry of rent-free periods and future contracted rental uplifts.

B) Calculation of EPRA Vacancy Rate

	Six month period ended 30 June 2021 £'000	Six month period ended 30 June 2020 £'000
Annualised potential rental value of vacant premises	1,236	1,007
Annualised potential rental value for the completed property portfolio	13,654	12,816
EPRA Vacancy Rate	**9.05%**	**7.86%**