

## Notes to the Half Year Report (continued)

### 4. FINANCE COSTS

|   | Six months<br>ended<br>30 September<br>2015<br>(unaudited)<br>£000 | Six months<br>ended<br>30 September<br>2014<br>(unaudited)<br>£000 | Year ended<br>31 March<br>2015<br>(audited)<br>£000 |
|---|--|--|---|
| Interest on bank borrowings                       | 5,449  | 5,184  | 10,080  |
| Capitalised interest                              | (258)  | (190)  | (399)   |
| Interest on finance lease obligations             | 464  | 533  | 1,023   |
| <b>Total interest payable</b>                     | <b>5,655</b>   | 5,527  | 10,704  |
| Change in fair value of interest rate derivatives | –  | 205  | 2,274   |
| <b>Total finance costs</b>                        | <b>5,655</b>   | 5,732  | 12,978  |

### 5. TAXATION

The Group converted to a REIT in January 2007. As a result the Group does not pay UK corporation tax on the profits and gains from its qualifying rental business in the UK provided that it meets certain conditions. Non-qualifying profits and gains of the Group are subject to corporation tax as normal. The Group monitors its compliance with the REIT conditions. There have been no breaches of the conditions to date.

|                            | Six months<br>ended<br>30 September<br>2015<br>(unaudited)<br>£000 | Six months<br>ended<br>30 September<br>2014<br>(unaudited)<br>£000 | Year ended<br>31 March<br>2015<br>(audited)<br>£000 |
|----------------------------|--|--|---|
| Current tax:               |  |  |   |
| – Current year             | 200  | –  | 90  |
| – Prior year               | –  | –  | (254)   |
| – Conversion charge refund | –  | –  | (187)   |
|                            | <b>200</b>   | –  | (351)   |

### 6. ADJUSTED PROFIT BEFORE TAX

|  | Six months<br>ended<br>30 September<br>2015<br>(unaudited)<br>£000 | Six months<br>ended<br>30 September<br>2014<br>(unaudited)<br>£000 | Year ended<br>31 March<br>2015<br>(audited)<br>£000 |
|--|--|--|---|
| Profit before tax  | 59,615   | 35,269   | 105,236   |
| Gain on revaluation of investment properties – Group                                     | (34,794)   | (15,274)   | (64,465)  |
| Share of gain on revaluation of investment properties – associates (net of deferred tax) | (450)  | (541)  | (2,731)   |
| Change in fair value of interest rate swaps – Group                                      | (482)  | 205  | 2,274   |
| Share of change in fair value of interest rate swaps – associates                        | (5)  | 18   | 124   |
| Gains on surplus land  | –  | (1,318)  | (1,318)   |
| Share of non-recurring losses in associates  | –  | –  | 285   |
| Adjusted profit before tax   | <b>23,884</b>  | 18,359   | 39,405  |
| Net bank and other interest  | 5,182  | 4,988  | 9,654   |
| Depreciation (see note 9b)   | 319  | 266  | 566   |
| Adjusted EBITDA  | <b>29,385</b>  | 23,613   | 49,625  |

Adjusted profit before tax which excludes the revaluation of investment properties, changes in fair value of interest rate derivatives, net gains and losses on surplus land, and any non-recurring items of income and expenditure, has been disclosed to give a clearer understanding of the Group's underlying trading performance.