

## Notes to the Half Year Report (continued)

### 4. FINANCE COSTS

	Six months ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Interest on bank borrowings	5,750	5,449	11,187
Capitalised interest	–	(258)	(247)
Interest on finance lease obligations	470	464	926
<b>Total interest payable</b>	<b>6,220</b>	5,655	11,866
Change in fair value of interest rate derivatives	971	–	4
<b>Total finance costs</b>	<b>7,191</b>	5,655	11,870

### 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 ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Current tax:			
– Current year	325	200	247
– Prior year	–	–	–
	<b>325</b>	200	247

### 6. ADJUSTED PROFIT BEFORE TAX

	Six months ended 30 September 2016 (unaudited) £000	Six months ended 30 September 2015 (unaudited) £000	Year ended 31 March 2016 (audited) £000
Profit before tax	57,748	59,615	112,246
Gain on revaluation of investment properties – Group	(31,577)	(34,794)	(58,001)
Share of gain on revaluation of investment properties – associates (net of deferred tax)	(267)	(450)	(566)
Change in fair value of interest rate swaps – Group	971	(482)	4
Share of change in fair value of interest rate swaps – associates	54	(5)	23
Acquisition costs written off	296	–	–
Prior period VAT recovery	(328)	–	–
Share of associate acquisition costs written off	61	–	–
Gains on surplus land	–	–	(4,754)
Adjusted profit before tax	<b>26,958</b>	23,884	48,952

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.