

Key Performance Indicators

Our objective is to deliver attractive, low-risk returns to Shareholders, by executing the strategy described on pages 32 and 33. Set out below are the key performance indicators we use to track our progress. For a more detailed explanation of performance, please refer to the Manager's Report on pages 42 to 74.

KPI and definition	Relevance to strategy	Performance	Result
1. Total return (TR)	TR measures the ultimate outcome of our strategy, which is to deliver value to our Shareholders through our portfolio and to deliver a secure and growing income stream.	3.3% for the year to 31 December 2019 (2018: 12.1%).	The underlying Total return performance was 5.8% when excluding one-off transactional costs incurred in the year.
2. Dividend¹	The dividend reflects our ability to deliver a low-risk but growing income stream from our portfolio and is a key element of our TR.	6.85p per share for the year to 31 December 2019 (2018: 6.70 pence per share).	Achieved our 2019 target of 6.85 pence. Our target dividend for 2020 has been increased to 7.00 pence.
3. EPRA NAV per share²	The EPRA NAV reflects our ability to grow the portfolio and to add value to it throughout the lifecycle of our assets.	151.06p at 31 December 2019 (31 December 2018: 152.83 pence).	Decrease in EPRA NAV per share over the year of 1.77 pence (1.2%). Excluding the one-off transactional costs incurred, the EPRA NAV per share increased by 2.06 pence or 1.3%.
4. Loan to value ratio (LTV)	The LTV measures the prudence of our financing strategy, balancing the potential amplification of returns and portfolio diversification that come with using debt against the need to successfully manage risk.	30.4% at 31 December 2019 (31 December 2018: 27.3%).	Within our medium-term LTV target of up to 40%.
5. Adjusted earnings per share	The Adjusted EPS reflects our ability to generate earnings from our portfolio, which ultimately underpins our dividend payments.	6.64p per share for the year to 31 December 2019 (2018: 6.88 pence). See note 13, page 130.	Adjusted EPS supports the total dividend for the year.
6. Total expense ratio (TER)	This is a key measure of our operational performance. Keeping costs low supports our ability to pay dividends.	0.87% for the year to 31 December 2019 (2018: 0.87%).	Our TER is expected to reduce as the Company grows and we successfully deliver the development pipeline.
7. Weighted average unexpired lease term (WAULT)	The WAULT is a key measure of the quality of our portfolio. Long lease terms underpin the security of our income stream.	14.1 years at 31 December 2019 (31 December 2018: 14.4 years).	Remaining above our 12-year target.
8. GRESB score³	GRESB reflects the sustainability of our assets and how well we are managing ESG risks and opportunities. Sustainable assets protect us against climate change and help our Customers operate efficiently.	55/100 One star rating (2018: No rating).	We have firm plans to improve our score and achieve two stars in 2020 and up to five stars over the long-term.

1 This is a target only and not a profit forecast. There can be no assurances that the target will be met and it should not be taken as an indicator of the Company's expected or actual future results.

2 EPRA NAV is calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA). We use these alternative metrics as they provide a transparent and consistent basis to enable comparison between European property companies.

3 Global Real Estate Sustainability Benchmark (GRESB).

EPRA Performance Indicators

The table below shows additional performance measures, calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA). We provide these measures to aid comparison with other European real estate businesses.

For a full reconciliation of all EPRA performance indicators, please see Notes to the EPRA and other key performance indicators.

Measure and definition	Purpose	Performance
1. EPRA Earnings (Diluted) See note 13, page 131	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.	£89.4m/ 5.29p per share for the year to 31 December 2019 (2018: £91.8 million/6.37 pence per share).
2. EPRA NAV (Diluted) See note 28, page 141	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company, with a long-term investment strategy.	£2,578.6m/ 151.06p per share as at 31 December 2019 (31 December 2018: £2,253.1 million/152.83 pence per share).
3. EPRA Triple Net Asset Value (NNNAV)	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.	£2,508.2m/ 146.94p per share as at 31 December 2019 (31 December 2018: £2,257.7 million/153.14p per share).
4.1 EPRA Net Initial Yield (NIY)	This measure should make it easier for investors to judge for themselves how the valuations of portfolios compare.	4.34% at 31 December 2019 (31 December 2018: 4.37%).
4.2 EPRA 'Topped-Up' (NIY)	This measure should make it easier for investors to judge for themselves how the valuations of portfolios compare.	4.60% at 31 December 2019 (31 December 2018: 4.68%).
5. EPRA Vacancy	A "pure" (%) measure of investment property space that is vacant, based on ERV.	1.2% as at 31 December 2019 (31 December 2018: 0.0%).
6. EPRA Cost Ratio	A key measure to enable meaningful measurement of the changes in a company's operating costs.	15.1% for the year to 31 December 2019 (2018: 13.7%). Both the 2019 and 2018 ratios include and exclude vacancy costs.