

# LondonMetric Property Plc Trading Update

5 May 2020





# Overview

Alignment to structurally supported sectors driving continued performance and attractive opportunities

## • Structural shifts accelerating

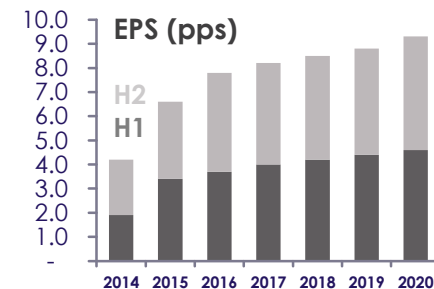
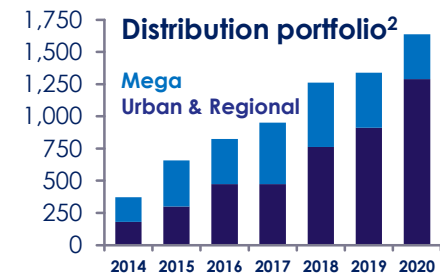
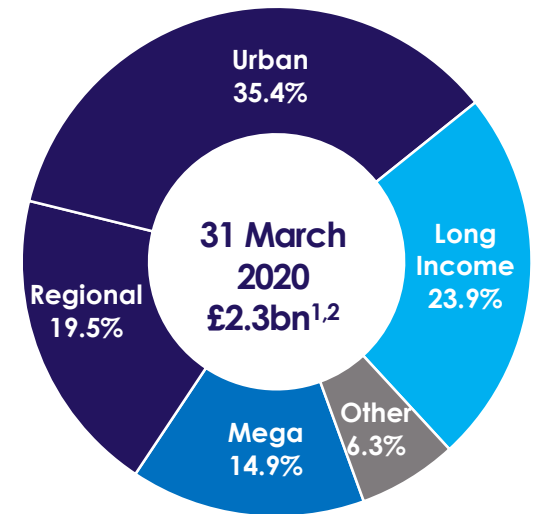
- Current conditions re-confirming the winners and losers
- Portfolio strategically aligned to structurally supported sectors
- Macro environment highly supportive for right real estate
- Our portfolio increased urban logistics and long income alignment

## • Strong operational and financial performance

- Earnings for FY 201 of 9.3p per share (+5.6%)
- Q4 dividend<sup>3</sup> of 2.3p per share anticipated (FY 20: 8.3p, +1.2%)
- Portfolio demonstrating good resilience
- FY Results to be announced on 10 June 2020

## • Equity placing announced with trading update

- Market uncertainty presenting attractive investment opportunities
- In discussions on a number of urban logistics and long income deals



1. Unaudited  
 2. As at 31 March 2020  
 3. Q4 dividend expected to be declared with FY 2020 results in June



# Market Background

COVID-19 accelerating structural trends with flight to quality

- **Structural shifts & trends accelerating**
  - Rapid changes in how we work, live & socialise
  - Temporary changes likely to be permanent
  - Structural tail winds benefiting certain sectors
- **Challenging markets exposing winners and losers**
  - Logistics expected to be the clear winner
  - Quality assets will become more sought after
- **Macro environment highly supportive for the right real estate**
  - Low interest rates support demand for long and strong income
  - Market uncertainty presenting opportunities to invest in higher quality product at attractive pricing
  - Global search for income heightened

Logistics  
Convenience & Discount  
Healthcare

Credit strength & WAULT  
Geography / Alternative Use  
Income growth  
Low operational costs

10yr gilts	0.2% <sup>1</sup>
10yr indexed gilts	-2.6% <sup>1</sup>
20yrs (RPI) let to Aldi	4.0% <sup>+2</sup>

Assessing future prospects of income security, predictability and trajectory remains key to long term investing

1. Source: Bloomberg, 1 May 2020  
2. Property NIY, based on recent market transactions



# Trading Update

Strong operational and financial performance

## • Highlights for FY 2020<sup>1</sup>

- EPRA EPS<sup>2</sup> of 9.3p (2019: 8.8p)
- EPRA NAV<sup>2</sup> of 172p (2019: 175p), after 2.5p of deal costs for A&J Mucklow
- Q4 dividend of 2.3p anticipated, progressing FY 20 dividend to 8.3p (2019: 8.2p)

## • Portfolio metrics remain strong<sup>1</sup>

- Contracted rent increased from £90m to £123m pa, contractual uplifts on 53%
- L-F-L income growth +4%, lettings & rent reviews added £5m pa of contracted income

## • Income granularity and security further improved

- Income concentration from top ten occupiers reduced over year from 51% to 35%<sup>1</sup>
- 92% of rents collected<sup>5</sup>, asset management deals on 4%, short term deferrals on 3%
- Monthly rents up from 13% to 18% due to COVID-19, similar collection levels for April

## • Continued balance sheet discipline

- Debt strengthened with recent £75m HSBC financing
- Average debt maturity of 4.7 years<sup>1</sup>, marginal cost of debt currently 1.5%
- Undrawn facilities & cash of £220m<sup>1,4</sup>

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**Net Rental income<sup>1,2</sup>**

**+24%**

to £116 million

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**Total Accounting Return<sup>1,2</sup>**

**+3%**

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**Occupancy<sup>1</sup>**

**99%**

Up from 98%

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**WAULT<sup>1</sup>**

**11.2 years**

11.9 years on H2 lettings

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**LTV<sup>1,2,3,4</sup>    Interest Cover<sup>1,2,4</sup>**

**35.9%    4.3x**

Significant headroom

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1. As at 31 March 2020 or during FY 2020. Dividend expected to be declared with FY 2020 results

2. Unaudited financials

3. LTV includes £64m of sales that had exchanged but not completed at year end. Excluding these sales, LTV is 37.7%

4. In relation to undrawn facilities & cash this includes share of JVs. In relation to interest cover this is on unsecured facilities

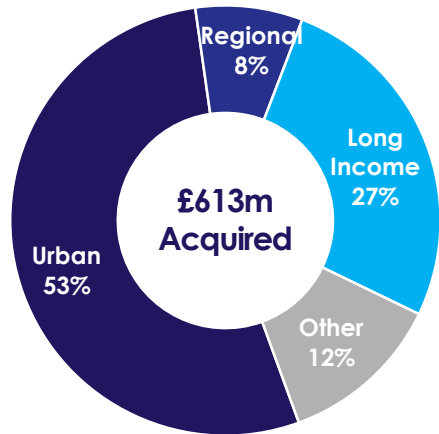
5. Due by 1 April or being collected monthly



# Investment Activity<sup>1</sup>

15 months activity to 31 March 2020

## ACQUISITIONS



**£327m acquired**

- South East & Birmingham



**£49m acquired**

- WAULT 18 yrs, 100% RPI uplift

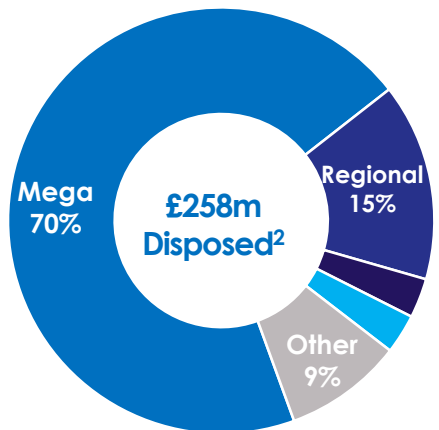


**£161m acquired**

- WAULT 16 yrs, 70% contractual uplift



## DISPOSALS



**£181m disposed**

- Newark (x1) and Yorkshire (x3)



**£39m disposed**

- Doncaster & Rotherham



**£23m offices & residential sales**

- 2 offices sold in Worcester & Leicester, acquired as part of Mucklow deal

1. LondonMetric share of transactions  
 2. As at 31 March 2020, £64 million of disposals had exchanged but not completed. These sales are unconditional and due to complete by the end of June 2020



# Our Portfolio<sup>1</sup>

Aligned to structurally supported sectors, let on long leases to diverse occupier base

## Urban Logistics – 35.4%



- 98 assets, 6.5m sq ft
- £41.9m rent (£6.50 psf)
- WAULT 8 years
- Occupancy 98%

- Contractual uplifts: 33%
- Rent Reviews<sup>2</sup>: +24% (5% pa)
- TPR<sup>3</sup> (1yr): +8%

## Regional & Mega Distribution – 34.4%



- 17 assets, 6.1 m sq ft
- £35.4m rent (£5.80 psf)
- WAULT 14 years
- Occupancy 98%

- Contractual uplifts: 82%
- Rent Reviews<sup>2</sup>: +9% (2% pa)
- TPR<sup>3</sup> (1yr): +7% mega, +9% regional

## Long Income – 23.9%



- 112 assets, 2.7 m sq ft
- £33.7m rent (£14.70 psf)
- WAULT 13 years
- Occupancy 100%

- Contractual uplifts: 57%
- Rent Reviews<sup>2</sup>: +13% (3% pa)
- TPR<sup>3</sup> (1yr): +2%



1. As at 31 March 2020. 6% of portfolio not shown consists of offices, retail parks and residential  
 2. 5 yearly equivalent uplift  
 3. LondonMetric calculated 12 month total return on like for like portfolio