2 April 2020

LONDONMETRIC PROPERTY PLC
Trading update ahead of full year results

LondonMetric Property Plc ("LondonMetric") announces a trading update ahead of its results for the year ended 31 March 2020 ("FY 2020"), which are expected to be announced in early June.

At this time of uncertainty caused by COVID-19, LondonMetric's primary focus is to keep its people safe, maintain close working relationships with its occupiers and ensure that its financings can comfortably withstand a further deterioration in economic conditions.

Our strategic decisions and actions over the past few years have aligned the portfolio to structurally supported sectors that continue to offer superior growth prospects, as well as assets that are underpinned by high intrinsic values. These actions mean we have built a highly desirable and resilient portfolio that is c.99% occupied and let on long leases to a diverse range of occupiers across multiple industries. With c.70% of our portfolio in logistics, this warehousing space provides our occupiers with operationally critical infrastructure.

Our operational and financial performance to date has been strong. EPRA Earnings for FY 2020 are anticipated to be in line with expectations and our third quarter dividend of 2.0 pence per share will be paid as planned on 16 April.

In respect of advanced quarterly rental payments that were due by 1 April, 85% has been collected, 7% is expected to be received shortly and on a further 4% we are in advanced discussions on short term rental concessions in return for compensatory asset management initiatives.

Unsurprisingly, some of our customers are experiencing unprecedented short term disruption to their business models, which is putting enormous pressure on the robustness and sustainability of their cash flows. Therefore, through our occupier-led strategy we are actively assisting those that are being materially impacted by providing proportionate assistance. Some companies are also seeking help with short term cash flows to improve liquidity. Consequently, following conclusion of current occupier discussions, we expect that 17% of our rent will be paid monthly compared to 13% previously.

Clearly this will have some impact on our short term cashflows. However, where any liability is deferred, it still remains due and so we will expect compensation by way of lease extensions, removal of break clauses or additional payments in the future.

Our financial position was strengthened in the second half of the financial year by £174 million of disposals (LondonMetric share: £167 million). £106 million of these sales have already completed, including the Dixons Carphone warehouse in Newark and in the last few days a DFS unit in Nottingham and an office park in Worcester. The remaining sales are unconditional and are scheduled to complete by the end of June.

Over the same period, we acquired £50 million of long let assets with a WAULT of 19 years which have further diversified our income base and where all rental payments due in March have been received.

We have no debt maturing during this financial year and, as at 31 March 2020, we had £134 million of undrawn facilities and £81 million of cash on the balance sheet. Our committed development expenditure is £22 million, of which 89% relates to developments that are pre-let.

We recently strengthened our debt profile through a new £75 million unsecured revolving credit facility for a three-year term with HSBC at an attractive opening margin over LIBOR of 150bps. The facility has the same covenants as our other unsecured facilities, which have significant headroom both on an LTV and ICR basis: compared to 30 September 2019, valuations would need to fall c.32% or rent would need to fall c.58% before testing these covenants.

Looking forward, it is still too early to assess the full impact of COVID-19 on both the wider economy and the real estate industry. The tectonic plates have undoubtedly shifted for most businesses and whilst we expect them to realign back, for many, they are unlikely to return to exactly where they started.

We enjoy excellent relationships with our stakeholders which, combined with our long experience, financing structure and significant resources means we are well placed to deal with the current disruption and emerge with a stronger portfolio and deeper occupier relationships.

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About LondonMetric Property Plc
LondonMetric is a FTSE 250 REIT that owns one of the UK's leading listed logistics platforms alongside a diversified long income portfolio. It owns and manages desirable real estate that meets occupiers' demands, delivers reliable, repetitive and growing income-led returns and outperforms over the long term. LondonMetric has 16 million sq ft under management. Further information is available at www.londonmetric.com