28 November 2013

LONDONMETRIC PROPERTY PLC

("LondonMetric" or the "Group" or the "Company")

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

PORTFOLIO REPOSITIONING BUILDING MOMENTUM WITH £812 MILLION OF INCOME ENHANCING INVESTMENT ACTIVITY SINCE MERGER

LondonMetric today announces its half yearly results for the six months ended 30 September 2013.

HIGHLIGHTS:[1]

	Six months ended 30 September 2013	Six months ended 30 September 2012	Twelve months ended 31 March 2013
Profit before exceptional items (£m)[2]	50.9	28.0	40.5
Revaluation surplus (£m)	35.6	16.9	20.3
EPRA earnings (£m)	11.7	13.4	22.0
EPRA NAV per share (p)	112	114	109
NAV per share (p)	111	112	108
EPRA EPS (p)	1.9	2.5	3.9
Dividend per share (p)	3.5	3.5	7.0
LTV (%)	30.3	28.5	43.3

1. Unless otherwise stated, all figures include LondonMetric's net share of joint ventures
2. IFRS profit after tax of £44.1 million and before exceptional items of £6.8 million

Financial:

- Profit adjusted for exceptional items of £50.9 million (September 2012: £28.0 million)
- Revaluation surplus of £35.6 million, a portfolio uplift of 3.5%
- Interim dividend of 3.5p to be paid on 20 December 2013 (September 2012: 3.5p)
- On target to cover dividend, on an annualised basis, for next financial year, 86% achieved at today's contracted rents
- EPRA net asset value per share of 112p, an increase of 2.8% over March 2013
- EPRA EPS of 1.9p (September 2012: 2.5p) driven by the repositioning of the portfolio
- Net debt £322.8 million (March 2013: £527.2 million)
- Loan to value ratio of 30% (March 2013: 43%)
- Weighted average cost of debt 4.2% (March 2013: 3.6%)
- On target to achieve merger cost synergies of £3 million (£2.5 million projected at merger).

Operational:

- Focus on portfolio repositioning capitalising on 310bps of positive yield arbitrage between acquisitions and disposals:
  - Acquisitions totalling £160.4 million (£135.6 million LondonMetric share) at an average NIY of 7.2%, unexpired lease terms 11.4 years
  - Disposal proceeds of £456.7 million (£347.6 million LondonMetric share) at an average NIY of 4.1%, unexpired lease terms 9.7 years
- Wholly-owned residential divestment programme on target releasing £109.4 million (81%) of equity to date, with a further £25.6 million expected to crystallise over the remaining half year
- Post period end investment activity comprises £92.9 million of acquisitions and £80.6 million of disposals

- 7.8% rise in annualised rent roll to £67.4 million, post period (March 2013: £62.5 million) driven by acquisitions funded by residential sales proceeds and underpinned by 1.6% increase in like-for-like rental growth over the last six months
- 190bps outperformance of IPD All Property Quarterly Index. Total property returns for the six month period on the like-for-like portfolio of 6.5% (IPD: 4.6%)
  - Revaluation surplus of £35.6 million contributing to a capital return of 4.0% compared to IPD All Property Quarterly Index of 1.7%
  - 25bps inward yield shift driven primarily by offices and distribution from both market movements and asset management initiatives
- Investment portfolio continues to exhibit long and strong income with high occupier contentment:
  - 22 occupier transactions across 659,000 sq ft, securing an additional £4.8 million of rental income over previous passing rentals, at average lease lengths of 15.2 years (13.9 years to first break)
  - Long unexpired leases averaging 11.3 years (10.6 years to first break); post period end 12.5 years (11.8 years to first break)
- MIPP joint venture grown to £133.9 million of assets under management at period end following net acquisitions of £37.0 million (£12.2 million at share) during the period and a further £9.6 million (£3.2 million at share) of acquisitions made post period end

Patrick Vaughan, Chairman of LondonMetric, commented:
"The LondonMetric team has worked diligently in their first half year together. Their principal focus has been on evolving the portfolio to focus on areas where we believe we can deliver strong long term returns as well as securing an income run rate that exceeds the dividend. Their efforts to date have achieved excellent operational results, which puts a solid foundation in place for an exciting second half to the year.

"Since the merger we have released £205.7 of equity from our office, legacy distribution and residential portfolio which has been redeployed on acquisitions in our preferred sectors of out of town and retail distribution. We have secured 310bps higher yields on the equity used for our purchases than was contributed by the assets we sold. This has given rise to an increase in our annual rent roll of 7.8% to £67.4 million, whilst also materially improving the lease lengths. We still have significant resources available to deploy which will add to our rental income.

"One of our objectives of covering the current dividend of 7p per annum with sustainable annualised income by the year-end has already been 86% achieved at today's contracted rents. We expect to continue our current pace of strategic acquisitions to further improve the portfolio and capitalise on our strong occupier and financial relationships.

"I should like to extend my thanks on your behalf to our occupiers, advisers, financiers and the home team for all that they have contributed to the half year."

For further information, please contact:

LONDONMETRIC PROPERTY PLC **+44 (0)20 7484 9000**

Andrew Jones (Chief Executive)

Martin McGann (Finance Director)

Juliana Weiss Dalton (Investor Relations)

FTI Consulting **+44 (0)20 7831 3113**
Stephanie Highett
Dido Laurimore
Nina Legge

Meeting and conference call for investors and analysts

A meeting for investors and analysts will be held at 9.00am today at:

FTI Consulting
Holborn Gate
26 Southampton Buildings
London WC2A 1PB

In addition, a simultaneous conference call will also be available and the presentation will be available to download from the Company's website www.londonmetric.com

To participate in the call, please dial:

Dial in number: +44 (0)20 3427 1919
Conference ID: 9716682

Event title: LondonMetric Property Half Year Results

Notes to editors:
LondonMetric (ticker: LMP) is a UK REIT admitted on the Official List and to trading on the Main Market of the London Stock Exchange on 28 January 2013 as a result of the merger between London & Stamford Property Plc (LSP) and Metric Property Investments plc (METP).

LondonMetric aims to deliver attractive returns for shareholders through a strategy of increasing income and improving capital values. It invests across the UK in Retail and predominantly retailer led Distribution properties. It employs an occupier-led approach to property investments through opportunistic acquisitions, joint ventures, active asset management and short cycle developments. The asset focus is on properties with enduring occupier appeal providing opportunities to improve both rental values and the security and longevity of income; and limited risk redevelopments with the aim of enhancing shareholder returns.

Further information on LondonMetric is available at www.londonmetric.com.

Business review

Overview of results

Significant progress has been made in reshaping the portfolio since year-end. A clear strategy is in place and we are on track to double our exposure to the retail distribution sector, whilst reducing our London investments and recycling some of our out of town retail.

ROBUST PORTFOLIO METRICS
Our investment portfolio metrics remain robust with occupancy up to 99% and our unexpired lease length increased to 11.3 years (10.6 years to first break), rising post period end to 12.5 years unexpired (11.8 years to first break). Only 3.4% of rental income expires over the next three years and 24.9% of our rental income is now subject to fixed uplifts, rising to 31.0% post period end.

YIELD ARBITRAGE OF 310 BPS BETWEEN PURCHASES AND SALES
We continue to focus on capital recycling out of low yielding mature stock that has successfully delivered capital growth and into our preferred sectors of retail distribution and out of town. This strategy has allowed us to profit from a yield arbitrage of 310 bps between the £135.6 million of purchases at average yields of 7.2% and £347.6 million of sales at average yields of 4.1%.

FULL YEAR DIVIDEND OF 7 PENCE 86% COVERED AT TODAY'S CONTRACTED RENTS
Contracted annual rental income has risen £4.9 million over the period – an increase of 7.8%. As a result we are now firmly on target to cover the dividend payment by the year-end, on an annualised basis, with sustainable recurring profits.

Profit before exceptional items was £50.9 million, including the revaluation surplus of £35.6 million. EPRA profit was £11.7 million or 1.9 pence per share, (September 2012: £13.4 million or 2.5 pence per share).

VALUATION SURPLUS OF £35.6 MILLION GROWING EPRA NAV BY 2.8% TO 112 PENCE
The portfolio was valued at £1,064.6 million across 68 properties delivering a valuation surplus of £35.6 million or 3.5% since year-end. The like-for-like portfolio has delivered a total ungeared property return of 6.5% outperforming the IPD All Property Quarterly Index of 4.6% by 190bps.

The revaluation surplus along with our retained profits more than offset dividends paid in the period to contribute to growing the EPRA NAV to 112p, an increase of 3 pence per share or 2.8% compared to March 2013. The final amortisation charge in respect of the internalisation of management in 2010 reduced NAV by 0.6p per share; there will be no further share based payment charges going forward. The LTV ratio stood at 30% at period end, rising to 40% post period end. This compares favourably to an LTV of 43% at year end.

£617 MILLION OF INVESTMENT ACTIVITY
We acquired 14 properties for £160.4 million (£135.6 million at share) on average yields of 7.2% and disposed of 13 commercial assets for £363.4 million (£254.2 million at share) on average yields of 5.3%. We are on track with the disposal of our wholly-owned residential assets which have been yielding us just 1.0%. During the period we sold £93.3 million across 182 units with a further £37.2 million agreed across 75 units. To date we have monetised 81% of our equity, realising £109.4 million, with a further £25.6 million to go.

Post period end we acquired a portfolio of ten Odeon multiplex cinemas for £80.6 million, reflecting a net initial yield of 7.2%. The acquisition fits well with our out of town strategy of long income and asset management opportunities where each cinema adjoins or is in close proximity to a retail park or shopping centre. Odeon becomes an important partner for us as our largest tenant paying £5.9 million per annum towards our total rent roll. We have also acquired the Travis Perkins Distribution Centre in Brackmills for £9.0 million at a net initial yield of 8.8% and are in active discussions to extend Travis Perkins' occupation. We have today sold two retail parks in Mansfield and Sheffield for £19.2 million reflecting a net initial yield of 6.8%, which compares to our yield on cost of 8.8%. These disposals endorse the validity of our business model by demonstrating the potential value that can be created through institutionalising good quality secondary stock. The transaction allows us to crystallise attractive profits and recycle our equity following completion of asset management initiatives.

The MIPP joint venture with USS acquired Dartford Heath retail park in Dartford for £9.6 million (£3.2 million at share), reflecting a net initial yield of 6.5% and sold the Wickes unit in Oxford for £12.4 million (£4.1 million at share), reflecting a net initial yield of 5.3%. Including two assets, which are currently under offer, the fund has met its target investment of £150 million.

CARTER LANE ON TRACK FOR MARCH 2014

Our refurbishment work at Carter Lane totalling 127,400 sq ft is running on budget and on time to complete in March 2014. We have exchanged on 58% of projected rental income, equating to 67,400 sq ft on average lease lengths of 15 years term certain. We are in detailed negotiations on a further 11% and in active discussions on the remainder. We are confident that our remaining lettings will be ahead of appraisals and expect to be fully let by practical completion.

Investment and occupier outlook

As key indicators point towards economic recovery and a faster pace of growth, some commentators are lifting their economic growth forecasts. The property market is showing signs of buoyancy across all sectors as capital allocators are assigning a higher weighting to this asset class. This is benefiting our portfolio where we are seeing increasing interest in our assets from UK Institutions as we have successfully lengthened and strengthened the income profiles in line with our asset management programmes. We expect yields for long let, rack rented real estate to compress further over the next six months, supported by the off market approaches that we are receiving for many assets within our portfolio.

CONSUMER SPENDING IS ON THE RISE

Consumer confidence, while not yet positive, is recovering quickly and this is showing through improved retail sales volumes, with expectations for much improved trading and margin performance over the Christmas period. The increasingly rosy picture has some commentators expecting 2014 to show the largest increase in consumer spending since 2007. Whilst there are increasing pockets of growth the market remains challenging with significant disparity between regions and product and some areas of the UK remain in decline. We continue to believe that lease expiries, not administrations remain the chief risk to property valuations, demonstrated by the fact that in the first half of 2013 18 town centre shops closed each day.

SHOPPING HABITS TRANSFORMING MULTICHANNEL RETAIL…
Online sales growth remains robust, averaging about 11% over the last 12 months, compared to anaemic retail sales growth at 1.1% and footfall declines at -4.0%. Against this backdrop, online sales are benefitting from explosive growth of consumers shopping via their mobile devices, which has doubled over the last year, driven by increasing use of tablets. Sales growth to 2017 is forecast at 10.3% per annum. Physical stores are evolving to meet retailers' requirements towards larger formats and out of town destinations and consumer shopping patterns remain firmly polarised towards large format destinations and convenience shopping.

…AND SUPPLY CHAINS TO THE BENEFIT OF THE DISTRIBUTION SECTOR
Retailers' supply chains are progressively moving from B2B to B2C as click-and-collect and home delivery are becoming the norm, driving the positive momentum for the distribution and logistics sectors. The B2C online market is witnessing explosive growth globally and in particular in the UK where online penetration is the highest in the world. We expect click-and-collect to have increasing appeal to both retailers and consumers as the lower cost option to home delivery and the convenient option for consumers. The retail distribution market is going through transformational change to align itself to the structural shift in consumer shopping patterns and our strategy to double the size of our distribution portfolio capitalises on this.

STRONG STRUCTURAL DEMAND ACROSS DISTRIBUTION
Occupational demand across distribution continues to be robust (13.1 million sq ft let year-to-date) with take-up for 2013 anticipated to beat the five year average of almost 21 million sq ft. Grade A space coming to the market is letting up quickly and as such a growing number of occupiers are opting for design & build solutions and good quality secondary stock. Demand continues to be dominated by retailers, accounting for almost 50% of Grade A take-up; led by value and internet retailers and large supermarkets redefining their supply chains. With new development availability three-quarters lower than its pre-recession levels the demand-supply tension is now sufficiently strong that for the first time since the downturn confidence has returned for speculative development.

Strong investment demand across the board has compressed yields between 25 – 100bps, with greatest movement shown by short income investments of c. five years where there is growing confidence in the ability to regear, relet or redevelop. The investor demand for long-dated income of greater than 15 years is increasing, with premium prices paid for index-linked leases, which is reflected in the distribution sector being the top performing IPD subsector to date during 2013. We expect the appetite from UK institutions and overseas investors to continue to fuel demand and in the absence of prime stock availability, push down yields for good quality secondary stock further. Forty-four per cent of the rental income of our distribution portfolio is index-linked and should benefit from this premium.

OFFICE MARKET BENEFITING FROM STRONG INVESTMENT AND OCCUPATIONAL DEMAND
In Central London, activity across both occupational and investment markets continues to accelerate. Year-to-date take up to Q3 of 8.3 million sq ft has already surpassed all of 2012 at 7.2 million sq ft. Upward pressure on rents in the City is evident and our pre-letting activity at One Carter Lane is benefiting from increased demand for grade A space. Investment volumes have spiked in Q3 with UK investors doubling their presence and joining a market traditionally dominated by overseas investors. Our disposal of One Fleet Place and refurbishment at One Carter Lane capitalises on this strong demand which continues to push yields lower.

Investments

Our acquisitions have concentrated on securing higher quality properties in our preferred sectors of retail and retail distribution. The investment landscape is increasingly more competitive as institutional and overseas investors are bidding prices higher. However, our focus on occupier contentment and strong retailer relationships has delivered a robust pipeline of predominantly off-market deals.

During the period we made 14 new acquisitions totalling £160.4 million (£135.6 million at share) at an average yield on cost of 7.2% and a weighted unexpired lease length of 11.4 years (10.6 years to first break). Post period end we made 12 further acquisitions for £99.3 million (£92.9 million at share) with an average yield on cost of 7.3% and average unexpired lease term of 21.5 years.

Our disposal programme has been significant allowing us to free up capital locked into lower yielding assets where we have crystallised value to reinvest into higher yielding stock benefiting from a yield arbitrage of 310 bps; contributing to our annual rent roll rising more than 7.8% from £62.5 million at the end of March to £67.4 million, post period end.

FIVE DISTRIBUTION ACQUISITIONS FOR £93.9 MILLION, NIY 7.3%
Across our distribution portfolio we completed on the disposal of 11 distribution centres in July to a joint venture between ProLogis and Norges for £247.6 million (£138.4 million at share), NIY: 5.6%. During the period we completed the acquisitions of four distribution centres and one post period end. These were predominantly let to national retailers. In July we exchanged unconditionally on the purchase of the Argos Distribution Centre in Bedford for £51.7 million, NIY: 7.2%, in August we completed on the WH Smith Distribution Centre in Birmingham for £10.1 million, NIY: 7.5 % followed in September by the purchase of the Boden Distribution Centre in Leicester for £5.2 million, NIY: 8.3% and the Norbert Dentressengle Distribution Centre in Northamptonshire for £17.9 million, NIY: 7.0%. Post period end in November we acquired the Travis Perkins Distribution Centre in Brackmills for £9.0 million, NIY: 8.8%.

OUT OF TOWN RETAIL INVESTMENT ACQUISITIONS OF £82.8 MILLION, NIY 7.4%
In the retail sector, including our MIPP joint venture with USS, we acquired nine properties during the period and one post period end. LondonMetric completed the acquisition of Martlesham Heath, Ipswich in May for £10.4 million, NIY: 6.5% and in August we completed on a portfolio of two retail parks, Westcroft Retail Park in Milton Keynes and Seagar Retail Park in Cardiff for £25.8 million, NIY: 8.0%. Post period end in November, we sold two retail parks: Nottingham Road Retail Park in Mansfield and St Mary’s Road in Sheffield to clients of Henderson Global Investors for £19.2 million, reflecting a net initial yield of 6.8%. This compares favourably to our yield on cost of 8.8% and provides further indication of the pent up institutional demand for well-let, long dated income.

MIPP JOINT VENTURE REACHES FULL INVESTMENT
At 30 September, assets under management in MIPP totalled £133.9 million and included the purchases of Eastbourne in August for £9.0 million (£3.0 million at share), NIY: 7.2% and the portfolio of five Wickes units for £28.0 million (£9.3 million at share), NIY: 7.2%. In October MIPP acquired Dartford Heath Retail Park for £9.6 million (£3.2 million at share), NIY: 6.5%. In addition MIPP sold Wickes, Oxford, which formed part of the Wickes portfolio. The sale price was £12.4 million (£4.1 million at share), reflecting a disposal yield of 5.3%. MIPP retains the four remaining Wickes units. The fund now has 16 properties in total which produce a running yield of 6.8% with

28% of the portfolio benefiting from RPI linked income, and an unexpired lease term of 15.6 years. We have also agreed to acquire two further assets totalling £19.92 million (£6.64 million LondonMetric share) which will achieve the fund's target investment of £150 million.

ACQUIRED PORTFOLIO OF TEN ODEON MULTIPLEX CINEMAS FOR £80.6 MILLION

In November we purchased a portfolio of ten Odeon multiplex cinemas for £80.6 million, NIY: 7.2%. The leases have an unexpired lease term of 24.9 years term certain and the rents rise annually in line with RPI between at 1% to 5%. In addition to a double-digit cash-on-cash return the portfolio also provides value enhancing asset management opportunities. Each cinema either adjoins or is in close proximity to a retail park or shopping centre providing an excellent fit with our out of town strategy where leisure forms a growing component of the retail experience.

CRYSTALLISING VALUE ACROSS THE OFFICE PORTFOLIO

Across the office portfolio we completed on the sale of One Fleet Place in September for £112.5 million, NIY: 5.1% and are currently marketing the sale of Unilever House in Leatherhead in response to increasing demand for quality assets outside of London from institutional, overseas and high-net worth investors.

Our remaining office portfolio includes Unilever House in Leatherhead, Marlow International in Marlow and Forest House and Elm Park Court in Crawley, with a book value of £147 million. Our development portfolio includes our office at Carter Lane, where the let-up of remaining space is continuing. The property does not have any debt against it. At Marlow, we are undertaking asset management initiatives to extend the occupation of the major tenants on longer leases, which we expect to conclude shortly.

RESIDENTIAL SALES TO DATE OF £150.7 MILLION ACROSS 297 UNITS

Our residential sales programme is on track with 257 units sold or under offer in the period generating £130.5 million of gross sales receipts. Post period end we transacted on a further 40 units for £20.2 million, 1.7% ahead of valuation, realising equity of £11.5 million. To date the sales programme has generated £150.7 million of gross sales across 297 units in total.

We have completed the sale of our residential portfolio at Clerkenwell Quarter and generated a return on cost of 27.7% since acquisition. We acquired the asset for £47.8 million and sold the 107 units for £61.1 million in gross sales, releasing equity of £59.4 million. The remaining wholly-owned residential investment portfolio of Battersea, Highbury and Stockwell is trading well.

At 30 September 2013

	Sales (units)		Gross sales (£m)			Total equity released (£m)
Location	**Completed**	**Agreed**	**Completed**	**Agreed**	**Total**	
Clerkenwell Quarter	89	18	50.2	10.9	61.1	59.3
Highbury	47	20	22.4	9.7	32.1	17.1
Battersea	23	11	12.2	6.1	18.3	11.0
Stockwell	23	26	8.5	10.5	19.0	10.5
Total	182	75	93.3	37.2	130.5	97.9

The table summarises the units sold and equity released over the period to 30 September 2013. Within the wholly-owned portfolio we have a further £25.6 million of equity to be released over the remaining 69 units which we anticipate monetising by Spring 2014.

Our remaining residential asset at Moore House is held in a joint venture with Green Park and PSP, where our 40% share has a book value of £76.9 million. We have £50.9 million of equity to release and have recently commenced a targeted sales campaign on a number of units. We expect this to be a 'patient exit' of this property over the next few years.

Asset management

OCCUPIER TRANSACTIONS

During the period we executed on 22 occupier transactions, including five lease re-gears, two rent reviews and 15 new lettings as set out below.

Re-gears were undertaken across 471,000 sq ft achieving average lease terms of 13.8 years, securing an additional £457,000 of rental income per annum. Rent reviews across 24,600 sq ft secured an additional £15,000 per annum of rental income, an increase of 5.3%.

Letting Summary – re-gears

Scheme name	Asset management initiatives
Wickes, Barnsley (MIPP)	• Re-geared existing lease from 6 years to 17 years to expiry
Wickes, Chatham (MIPP)	• Re-geared existing lease from 5 years to 20 years to expiry
Wickes, Oxford (MIPP)	• Re-geared existing lease from 10 years to 25 years to expiry
WH Smith DC, Birmingham	• Re-geared existing lease from 10 years to 21 years to expiry • Increased rent from £4.00 psf to £4.75 psf +18.8%
Unilever House, Leatherhead	• Re-geared existing lease from 9 years to 10 years to expiry • Increased rent by 7.5% to £26.55 psf

Letting Summary – rent reviews

Scheme name	Asset management initiatives
Congleton Retail Park, Congleton	• Achieved rental uplift of 11.9% to £15.65 psf
Airport Retail Park, Coventry	• Achieved rental uplift of 3.7% to £11.25 psf

Fifteen new lettings were transacted across 163,700 sq ft on average lease terms of 16.9 years (14.0 years to first break), securing £4.3 million per annum of new rental income on newly constructed or previously vacant space. These lettings have further improved our occupancy rate across the investment portfolio to 99%. We have only seven vacant units, totalling 36,000 sq ft across the entire investment portfolio.

Letting Summary – new lettings

Scheme name	Asset management initiatives
Carter Lane, EC4	• New letting to MFS for 24,500 sq ft • New letting to SEB for 36,000 sq ft • PC expected March 2014
Watling Street, Cannock	• New letting to Porcelanosa on last remaining unit of 3,600 sq ft • Park is now fully let • Trading commenced November 2013
Pierpoint Retail Park, King's Lynn	• New letting to Greggs on former HSBC unit • 1 remaining unit to let; trading commenced October 2013
Launceston Retail Park, Launceston	• New letting to Brantano on former 5,000 sq ft Shoe Zone unit • 49% ahead previous passing, subject to vacant possession
Mountbatten Retail Park, Southampton	• New letting to Pure Gym on former Oak Furnitureland unit, 5.8% ahead of previous passing rent • Trading commenced November 2013
Tindale Crescent, Bishop Auckland	• New letting to Card Factory on unit of 1,400 sq ft • Last unit under offer; Trading commenced October 2013
Christchurch Retail Park, Christchurch	• New letting to Home Bargains on former Comet unit • Trading to commence February 2014
Martlesham Heath, Ipswich	• New letting to Brantano on vacant 5,000 sq ft unit • Park is fully let • Trading commenced October 2013
Damolly Retail Park, Newry	• New letting to Home Bargains on former Carpetright unit • Trading to commence January 2014
Channons Hill Retail Park, Bristol	• New letting to Poundworld on 6,000 sq ft • Trading commenced September 2013
Phase 2, Bishop Auckland	• New letting to Home Bargains on 11,100 sq ft • Trading due to commence April 2014
Kirkstall Bridge, Leeds	• New letting to Pure Gym on 12,000 sq ft • Construction to commence May 2014
St Austell	• New letting to M&S for a 25,500 sq ft general merchandise store • Awaiting planning consent
Cambridge Road, Haverhill (MIPP)	• New letting to Pets at Home for 6,000 sq ft • Planning consent due January 2014

Development

Our aim is to deliver a pipeline of short cycle redevelopments where there is strong occupier demand and a favourable planning outlook.

We are on track to complete our developments at Berkhamsted (22,500 sq ft), Bishop Auckland Phase 2 (27,300 sq ft) and at Carter Lane (127,400 sq ft) by March 2014.

At Berkhamsted we are 76% pre-let having let 18,000 sq ft to M&S for a Simply Food format. We have agreed terms with two national operators on the remaining two units totalling 4,500 sq ft.

At Bishop Auckland Phase 2 we are 39% pre-let having exchanged agreements with Home Bargains over 11,100 sq ft and agreed terms with TK Maxx on a 10,000 sq ft unit, taking pre-lets to 77%. One remaining unit of 6,200 sq ft is to be let.

At Carter Lane we are 58% pre-let having let floors two to five. This leaves 60,000 sq ft remaining and we are in detailed negotiations over 16,300 sq ft, which would take pre-letting to 70%.

Our 105,000 sq ft shopping park development at Kirkstall, Leeds, will commence construction in May 2014. It is now 62% pre-let including deals in solicitor's hands.

Development summary:

Scheme name	Description	Progress
Phase 2, Bishop Auckland	27,300 sq ft Open A1 new retail park development	• Planning consent received • 39% pre-let to Home Bargains • 38% in solicitor's hands • Practical completion expected in March 2014
Kirkstall Bridge, Leeds	105,000 sq ft Open A1 shopping park development	• Planning consent received • Pre-let to M&S, BHS, Outfit, Costa and others • 62% pre-let/ in solicitor's hands
M&S, Berkhamsted	22,500 sq ft food store development	• Planning consent received • 76% pre-let to M&S Simply Food • Practical completion expected in March 2014
St Austell	103,000 sq ft Open A1 shopping park development	• Planning application submitted • 22% pre-let to M&S, pre-sale to Sainsbury's
Carter Lane	127,400 sq ft office refurbishment	• 58% pre-let to MFS & SEB • Practical completion expected in March 2014

CONTINUED PLANNING GAINS ON EXISTING INVESTMENTS
In the six months to September 2013 we received nine planning consents on 84,300 sq ft (including 7,000 sq ft relating to PODS). Three of these were for small pod units and the remaining six were for specific retailer units as set out below.

Planning gains achieved

Scheme name	Planning success
Channons Hill, Bristol	• 22,600 sq ft Open A1 consent for three units • 14,500 sq ft exchanged to Xercise 4 Less • Remaining two units to let
Christchurch Retail Park, Christchurch	• 10,100 sq ft Open A1 consent for Home Bargains as part of re-letting of former Comet unit • Exchanged with trading to commence February 2014
Airport Retail Park, Coventry	• 15,000 sq ft bulky consent for Smyths Toys • Exchanged with trading to commence July 2014
Pierpoint Retail Park, King's Lynn	• 9,000 sq ft Open A1 consent for Paul Simon unit • In solicitors' hands
Damolly Retail Park, Newry	• 9,800 sq ft part food/part bulky consent for Home Bargains in the former Carpetright • Exchanged
Mountbatten Retail Park, Southampton	• 10,800 sq ft leisure consent for Pure Gym • Exchanged

Going forward we await a decision at St Austell where we submitted a detailed application to develop a new 103,000 sq ft Open A1 shopping park. We expect a decision in the early part of 2014.

Property portfolio

VALUATION UPLIFT OF £35.6 MILLION

The portfolio valuation as at 30 September 2013 was £1,064.6 million, reflecting a valuation uplift of 3.5% or £35.6 million over the six month period. Our weighted capital return over the period was 4.0% which compares to IPD All Property Quarterly Index at 1.7%, an outperformance of 230bps.

The portfolio benefited from an inward yield shift of 25bps, from a combination of asset management initiatives and market yield movements.

Valuation contributors

	Valuation uplift (%)
New lettings and rent reviews	14
New space	20
Asset management yield shift	14
Market yield shift	52
Total	100

Valuation contributors by sector

	Valuation uplift (%)
Office	11.3
Distribution	3.4
Residential	2.9
Retail	1.0
Total valuation uplift	3.5

Only 5.8% of our income is due to expire in the next five years. The significant investment and disposal activity post period end has contributed positively to this profile. Our weighted average unexpired lease term is 11.3 years (10.6 years to first break).

Lease expiry profile - % of contracted rental income

	At 30 September	Today[1]
0-5 years	5.8	6.4
5-10 years	36.0	32.2
10-15 years	42.0	37.6
15 years +	16.2	23.8
Total	100.0	100.0

1. As at 27 November 2013 including post period end acquisitions and disposals

FIXED UPLIFTS COMPRISE 25% OF RENTAL INCOME RISING TO 31% POST PERIOD END

Fixed uplifts form an increasing part of the makeup of our rental income. It provides us with security of growth and it is increasingly sought-after by institutions, which generates a premium yield.

At period end 24.9% of the investment portfolio's income was subject to fixed rental uplifts with the split between sectors set out below. Across retail the split between LondonMetric and MIPP is

LondonMetric: 86.7%, MIPP: 13.3%. The table also shows the rise in fixed uplifts to 31.0% post period end owing to acquisitions and disposals.

Fixed uplifts - % of contracted rental income

	At 30 September	Today[1]
Out of town		
Retail	12.2	9.6
Leisure	-	10.0
Distribution	11.4	10.3
Office	1.3	1.1
Residential	-	-
Total portfolio	24.9	31.0

1. As at 27 November 2013 including post period end acquisitions and disposals

TENANT DIVERSITY AND COVENANT STRENGTH

One of our strategic priorities has been to rebalance the portfolio towards retail and retail distribution and the table below shows the significant progress we have made recycling capital out of offices and residential into these sectors.

Sector exposure (%)

	At merger	At 30 September	Today[1]
Out of town			
Retail	24	39	37
Leisure	-	-	7
Distribution	19	19	20
Office	24	14	14
Residential	21	16	10
Development	12	12	12
Total	100	100	100

1. As at 27 November 2013 including post period end acquisitions and disposals

Our tenant sector exposure shows that we remain well diversified across many sectors. We would expect our exposure to retailers to continue to rise as we aim to double the size of our retail distribution portfolio. The proportion of rental income generated by retail occupiers has increased from 56% at merger to 71% today.

Tenant sector exposure[1]

	(% of contracted rental income)
DIY	16.2
General merchandise	16.5
Professional services	14.3
Furniture	11.0
Food	9.1
Leisure	10.0
Consumer goods	7.0
Electrical	4.0
Residential	5.2
Other retailers	4.3
3PL	2.4
Total	100.0

1. As at 27 November 2013

The tenant exposure set out below provides a snapshot post period end to include our significant acquisition of the Odeon portfolio, now being our largest tenant by rental income. Our top ten customers currently account for 49% of the total contracted rent.

Tenant exposure (weighted by contracted rental income)[1]

Trading name	Rent p.a. £m	% of total rent
1. Odeon Cinema Ltd	5.9	8.7
2. Unilever UK Ltd	4.8	7.1
3. Argos	4.0	5.9
4. Primark	3.9	5.8
5. B&Q	3.7	5.6
6. Dixons	2.4	3.6
7. Allergan	2.4	3.5
8. SEB	2.2	3.3
9. Somerfield	1.8	2.7
10.Travis Perkins/Wickes	1.7	2.5
Total top ten customers	32.8	48.7
Other	34.6	51.3
Total income	**67.4**	**100.0**

1. As at 27 November 2013

Financial review

Income statement

The results for the six months to 30 September 2013 are the first full set of results for the newly merged LondonMetric Group. The results for the comparative period to 30 September 2012 are pre-merger and for London & Stamford alone, as statutorily required and as reported in the income statement.

The Company has appointed Deloitte LLP as auditor to the Group following a formal tender process that took place in September 2013. The Board would like to thank BDO LLP, the former auditor to the Group, for their hard work and dedication over the last seven years.

To enable a better understanding of the evolution of the business, the table below includes the Group's key financial metrics of EPRA earnings and profit before exceptional items for the current and comparative period and also for the previous six month period to 31 March 2013, which is considered a more appropriate period of comparison for the newly merged Group. The results for the six months to 31 March 2013 reflect four months of London & Stamford and two months of the enlarged Group.

Proportionately consolidated income statement

			Six months to 30 September 2013	Six months to 31 March 2013	Six months to 30 September 2012
	Group £m	Share of JV £m	Total £m	Total £m	Total £m
Net income	25.0	4.2	29.2	23.6	22.0
Management fees	0.1	(0.4)	(0.3)	(0.1)	7.2
Administrative costs	(6.1)	(0.3)	(6.4)	(6.6)	(5.1)
Net finance costs (1)	(9.1)	(1.7)	(10.8)	(8.5)	(11.1)
Other	0.1	(0.1)	–	0.1	0.4
EPRA earnings	10.0	1.7	11.7	8.5	13.4
Revaluation surplus	34.8	0.8	35.6	3.4	16.9
Derivative movements	6.5	2.7	9.2	0.6	(3.4)
Profit on sales (2)	0.2	0.3	0.5	–	1.1
Finance break costs	(4.0)	(2.1)	(6.1)	–	–
Other	(0.1)	0.1	–	–	–
Profit before exceptional items	47.4	3.5	50.9	12.5	28.0
Exceptional items(3)	(6.8)	–	(6.8)	(21.0)	(32.8)
Profit after tax	40.6	3.5	44.1	(8.5)	(4.8)

(1) Excludes finance break costs associated with sales not included in EPRA earnings (see note 4)
(2) Comprises loss on sale of investment property of £0.2 million and profit on sale of trading property of £0.4 million
(3) Comprises share based payments, amortisation of intangible assets and deferred tax relating to the internalisation of management in 2010

Profit before tax and exceptional items was £50.9 million compared with £12.5 million for the six months to 31 March 2013 representing a 307% increase. This excludes the accounting impact of the internalisation of management in 2010 of £6.8 million (six months to 31 March 2013: £17.7 million) which continues to unwind through the Income Statement as the intangible asset is amortised, although the share based payment is now fully amortised.

The growth in EPRA earnings and the achievement of full dividend cover continues to be a strategic priority. EPRA earnings in the period were £11.7 million compared with £8.5 million for the last six months of 2013, a 38% increase and a dividend cover of 53%. On an annualised basis, as at today's date, the dividend cover is 86%.

The Group has benefited from favourable valuation yield movements and value enhancing asset management initiatives which give rise to a £35.6 million valuation surplus, including its share of joint ventures, in the half year.

Net income was £29.2 million compared with £23.6 million for the second half of 2013. Income has increased by £11.1 million due to the acquisition of the Saturn Portfolio of six retail parks and the Primark Distribution Unit in Thrapston late in 2013, and the additional four months' contribution from the Metric portfolio. Offset against this was the loss of rent at Carter Lane of £3.0 million as the refurbishment and redevelopment work commenced and due to a one-off receipt in the previous period.

Management fees have fallen following the sales of joint venture investments in Meadowhall and in Distribution assets.

Administrative expenses have decreased by £0.2 million compared to the second half of last year as a result of cost synergies associated with the merger. The combined administrative expense of the pre merged companies for the year to 31 March 2013 was £15.6 million. At the time of the merger, we anticipated cost synergies of £2.5 million. We now expect that number to exceed £3 million.

EPRA earnings from joint venture operations was £1.7 million, £0.3m less than in the previous six months due to the corporate sale of 10 distribution assets in July 2013 offset in part by a full six months' contribution from the MIPP joint venture acquired on merger with Metric.

Net finance costs, excluding the costs associated with repaying debt and terminating derivative arrangements on sales or refinancings, was £10.8 million, an increase of £2.3 million over the second half of last year. This increase reflects interest on debt drawn to finance acquisitions in the latter part of 2013.

Careful consideration is given to the management of our interest rate exposure and hedging entered into in the period consisted of a combination of fixed rate swaps and caps. We take independent advice from J C Rathbone Associates before entering into derivative arrangements. The average cost of debt at 30 September 2013 is 4.2%.

We have unutilised revolving credit facilities with Lloyds Bank and RBS of £127.1 million. If these facilities were fully drawn, our average cost of debt would fall to 3.8%.

The favourable derivative movement of £9.2 million comprises £7.5 million of instruments which were terminated as a result of sales and £1.7 million due to movement in future swap rates.

It has been a busy first half year with 14 property acquisitions totalling £135.6 million including our share of joint ventures and 13 commercial and 182 residential asset disposals, all of which are discussed in the Business Review. Profit on sale of investment and trading properties and before deducting associated finance break costs was £0.5 million.

Balance sheet

At 30 September 2013, the Group's portfolio was valued at £1,064.6 million including its share of joint ventures and trading properties (March 2013: £1,216.8 million). The movement is explained in the investment property table below. The Group spent £135.6 million on property acquisitions (excluding costs) and £7.1 million on capital expenditure relating to the redevelopment and refurbishment of property, principally at Carter Lane, London. The disposal of 182 residential flats, offices at Fleet Place London, 11 distribution units and development land at Gillingham reduced the carrying value of investment property by £340.9 million.

Proportionately consolidated balance sheet

	30 September 2013			31 March 2013		
	Group £m	Share of JV £m	Total £m	Group £m	Share of JV £m	Total £m
Investment property [1]	930.4	134.2	1,064.6	990.6	226.2	1,216.8
Gross debt	349.8	49.9	399.7	464.6	108.5	573.1
Cash	73.6	3.2	76.8	37.6	8.3	45.9
Net gearing	30%	35%	30%	43%	44%	43%
Cost of debt	4.3%	3.8%	4.2%	3.6%	3.8%	3.6%
Undrawn facilities	221.7	8.6	230.3	37.0	16.7	53.7

(1) Includes trading properties

Investment property

	Group £m	Share of JV £m	Total £m
Investment and trading property at 31 March 2013	990.6	226.2	1,216.8
Property acquisitions	123.3	12.3	135.6
Acquisition costs	4.9	0.7	5.6
Capital expenditure	6.9	0.2	7.1
Disposals	(234.8)	(106.1)	(340.9)
Revaluation	34.8	0.8	35.6
Lease incentive movement	4.7	0.1	4.8
Investment and trading property at 30 September 2013	930.4	134.2	1,064.6

EPRA net asset value per share at 30 September 2013 was 112p compared with 109p at 31 March 2013. The movement can be summarised as follows:

EPRA net asset value

	£m	pence per share
At 1 April 2013	687.3	109.4
EPRA earnings	11.7	1.9
Property revaluation(1)	35.1	5.6
Profit on disposals	0.5	0.1
Finance break costs (2)	(6.1)	(1.0)
Dividends paid	(22.0)	(3.5)
Exceptional items and tax(3)	(4.4)	(0.7)
Shares held in trust	(2.1)	–
At 30 September 2013	700.0	111.8

(1) Including revaluation deficit on trading properties of £0.5 million
(2) Excludes favourable derivative movement of £7.5 million
(3) Exceptional items of £6.8 million net of prior year deferred tax on intangible assets of £2.4 million

Financing

Group debt at 30 September 2013 was £349.8 million and net of cash deposits of £73.6 million. Group gearing was 30%. On a look through basis, after taking account of joint venture funding arrangements, gross debt was £399.7 million and gearing remains at 30%. The Group (including its share of joint ventures) has hedged 90% (31 March 2013: 80%) of its exposure to interest rate fluctuations and has complied throughout the period with its loan covenants. Its undrawn facilities amounted to £230.3 million at 30 September 2013, falling to £127.1 million following the acquisition of 10 Odeon cinemas in November 2013 which was financed in part through a term loan with Lloyds, and as assets recently acquired have been charged.

Since 31 March 2013 the Group has agreed new five year debt facilities with Helaba and RBS totalling £252.5 million at a blended margin of 2.4%.

The £112.5 million facility with Helaba has now been fully utilised to finance seven assets, three of which were acquired in the period under review.

Our new five year £140 million term facility with RBS has been utilised to refinance certain of the former Metric portfolio of assets acquired on merger and the Saturn portfolio of retail units acquired in the last financial year. The £80 million revolving credit facility with RBS has become fully available to finance our acquisition pipeline.

The £130 million debt drawn under our revolving facility with Lloyds was repaid as part of the refinancing and following the post period end acquisition of 10 Odeon cinemas £56.5 million is available to redraw.

Following the sale of One Fleet Place in September 2013, the entire £96 million facility used to finance both our City assets was repaid in full.

Following the disposal of 11 distribution assets in July 2013, debt of £133.3 million (Group share £66.6 million) was assigned as part of the corporate transaction undertaken by our joint venture with Green Park Investments and £4.6 million was repaid.

Debt of £4.4 million was repaid following residential sales in the period and a further £15 million was repaid post period end.

Further debt of £24.0 million (Group share £8.0 million) was drawn in the period and £11.5 million (Group share £3.8 million) post period end by our MIPP joint venture following its acquisitions, increasing total debt drawn to £60.8 million (Group share £20.3 million).

The new debt arrangements increase our debt maturity to 4.1 years from 3.0 years in March 2013.

The average interest rate payable by the Group and its share of joint ventures was 4.2% (31 March 2013: 3.6%).

Liquidity and Cash

The Group had cash resources of £73.6 million at 30 September 2013. Following the post period end transactions, our anticipated geared firepower is expected to be £198 million, calculated as follows:

Firepower

	Group £m
Cash at bank at 30 September	73.6
Post period end transactions;	
Acquisitions and disposals(1)	(41.4)
Debt financing(2)	94.3
Capital commitments	(37.3)
Anticipated cash balance	89.2
Potential debt funding at assumed gearing of 55%	109.0
Anticipated firepower	198.2

(1) Committed acquisitions and disposals and sales of the remaining wholly owned residential portfolio

(2) Committed debt financing and anticipated development funding

Key risks and uncertainties

Strategic risks

PROPERTY MARKETS

Financial markets have become more stable and property markets have started to show signs of an upturn. However both remain subject to economic conditions and are outside of the Board's control. As the Company operates only in the UK its exposure to financial uncertainty and instability in the Eurozone is minimised. In addition, the portfolio is let to high quality tenants, the covenant of which is thoroughly reviewed before entering into lease agreements, thus reducing the risk of tenant failure in challenging economic conditions.

PROPERTY VALUATIONS

Being a snapshot in time, there is no certainty property valuations will be ultimately realised given uncertain and changing market conditions. The Group's net asset value may fluctuate as property valuations are the most significant component of net asset value with a resulting negative impact on gearing. To alleviate this risk the Group has invested in a diversified property portfolio of assets spread geographically and which are let to a large number of tenants. Gearing is low at 30% and loan covenants are met comfortably.

INVESTMENT OPPORTUNITIES

The identification of high yielding investment opportunities continues to be a key focus. Extensive experience and network of connections of the Directors and Executive Committee provide a privileged insight into the property market and opportunities within, evidenced by the recent investment activity undertaken to deploy the Group's cash.

Operational Risks

LETTING RISK AND TENANT DEFAULT

Tenant defaults and failure to let vacant units would lead to a loss of recurring net income and dividend cover. To control this risk, tenant covenant strength and concentration is assessed for all acquisitions and leasing transactions.

The Group's dedicated and experienced property management team work closely with tenants and consider appropriate action for slow payers. Rent collection is closely monitored and reported to the property management team to quickly identify those tenants that may have difficulty paying rent.

DEVELOPMENTS

With a growing development pipeline there is a risk that returns are compromised due to increased costs, planning or construction delays or adverse letting conditions.

The Group's exposure to developments and phasing of projects is considered as part of the quarterly financial forecasting process for the Board.

Standardised appraisals and cost budgets are prepared for all developments with regular monitoring of actual expenditure against budget to highlight potential overruns at an early stage. The procurement process includes tendering and the use of highly regarded firms to minimise uncertainty over costs. Developments are only undertaken in areas of high occupier demand and significant pre-lets are secured where possible before development work commences to de-risk projects

Financial Risks

INTEREST RATE MOVEMENTS
Adverse interest rate movements can significantly increase interest charged on bank borrowings and reduce profitability.

To manage and mitigate this risk, a high proportion of debt is hedged with fixed or capped interest rates through derivative products. At 30 September 2013 the Group had hedged 90% of its drawn debt.

LIQUIDITY
The inability to raise finance could prohibit the Group's investment strategy or significantly increase borrowing costs.

The Group has undrawn bank loan facilities of £189 million at 30 September 2013 and significant equity investment commitment from joint venture partners. Cash flow requirements are reviewed by the Executive Board on a weekly basis and excellent relationships have been built with a diversified range of key lending banks.

Group income statement

Six months ended 30 September 2013

	Note	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Gross rental income		26,850	13,774	32,752
Property operating expenses		(1,765)	(1,500)	(3,511)
Net rental income	3	25,085	12,274	29,241
Property advisory fee income		58	8,236	8,466
Net proceeds from sales of trading properties	3	386	–	–
Other operating income		–	–	1,913
Net income		25,529	20,510	39,620
Administrative costs		(6,138)	(4,546)	(10,956)
Share-based payments		(3,961)	(6,769)	(10,484)
Amortisation of intangible asset	10	(2,120)	(1,983)	(3,954)
Write down of goodwill on acquisition of subsidiaries		–	–	(6,251)
Acquisition costs		–	–	(5,661)
		(12,219)	(13,298)	(37,306)
Profit on revaluation of investment properties	8	34,774	4,968	8,394
Loss on sale of investment properties		(199)	–	(10)
Profit on sale of subsidiaries		–	1,086	1,086
Impairment of investment in associate		–	(23,178)	(23,178)
Share of profits of associates and joint ventures	9	3,512	13,845	15,969
Operating profit		51,397	3,933	4,575
Finance income	4	63	344	730
Finance costs	4	(13,207)	(5,870)	(12,553)
Change in fair value of derivative financial instruments	14	6,491	(2,106)	(1,704)
Profit/(loss) before tax		44,744	(3,699)	(8,952)
Taxation	5	(630)	(1,138)	(4,441)
Profit/(loss) after tax		44,114	(4,837)	(13,393)

Profit/(loss) for the period and total comprehensive income attributable to:				
Equity shareholders		44,114	(4,900)	(13,456)
Non-controlling interest		–	63	63
		44,114	(4,837)	(13,393)
Earnings per share				
Basic and diluted	7	7.0p	(0.9)p	(2.4)p
EPRA earnings per share	7	1.9p	2.5p	3.9p

All amounts relate to continuing activities.

Group balance sheet

As at 30 September 2013

	Note	Unaudited 30 September 2013 £000	As restated Unaudited 30 September 2012 £000	Audited 31 March 2013 £000
Non current assets				
Investment properties	8	929,472	525,029	986,793
Investment in equity accounted associates and joint ventures	9	84,474	97,534	120,919
Intangible asset	10	7,518	10,441	9,638
Other tangible assets		516	294	311
Deferred tax assets	5	1,568	4,991	2,311
		1,023,548	638,289	1,119,972
Current assets				
Trading properties		905	3,837	3,837
Investments held for sale		–	95,832	–
Trade and other receivables	11	21,580	22,811	11,731
Cash and cash equivalents	12	73,634	98,874	37,572
		96,119	221,354	53,140
Total assets		1,119,667	859,643	1,173,112
Current liabilities				
Trade and other payables	13	73,641	11,193	26,232
Taxation payable		1,133	989	-
		74,774	12,182	26,232
Non current liabilities				
Borrowings	14	344,784	231,596	460,328
Derivative financial instruments	14	3,392	8,691	9,883
		348,176	240,287	470,211
Total liabilities		422,950	252,469	496,443
Net assets		696,717	607,174	676,669
Equity				
Called up share capital	15	62,804	54,280	62,804
Capital redemption reserve		9,636	300	9,636
Other reserve		225,665	47,069	227,920
Retained earnings		398,612	505,525	376,309
Equity shareholders’ funds		696,717	607,174	676,669
Net asset value per share	7	111.3p	111.9p	107.7p
EPRA net asset value per share	7	111.8p	113.5p	109.4p

Group statement of changes in equity

Six months ended 30 September 2013 (Unaudited)

	Note	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Total £000
At 1 April 2013		62,804	9,636	227,920	376,309	676,669
Profit for the period and total comprehensive income		–	–	–	44,114	44,114
Purchase of shares held in trust		–	–	(2,255)	–	(2,255)
Share-based awards		–	–	–	171	171
Dividends paid	6	–	–	–	(21,982)	(21,982)
At 30 September 2013		62,804	9,636	225,665	398,612	696,717

Year ended 31 March 2013 (Audited)

	Note	Share capital £000	Capital redem-ption reserve £000	Other reserve £000	Retained earnings £000	Subtotal £000	Non-controll-ing interest £000	Total £000
At 1 April 2012 (as previously reported)		54,280	300	47,069	531,905	633,554	5,783	639,337
Restatement	8	–	–	–	(2,650)	(2,650)	–	(2,650)
At 1 April 2012 (after restatement)		54,280	300	47,069	529,255	630,904	5,783	636,687
(Loss)/profit for the period and total comprehensive income		–	–	–	(13,456)	(13,456)	63	(13,393)
Share issue on merger with Metric		17,860	–	184,851	–	202,711	–	202,711
Clawback and cancellation of own shares		(479)	479	(5,015)	(479)	(5,494)	–	(5,494)
Purchase and cancellation of own shares following Tender Offer		(8,857)	8,857	–	(100,650)	(100,650)	–	(100,650)
Share-based awards		–	–	1,015	(365)	650	–	650
Distribution paid to non-controlling interest		–	–	–	–	–	(5,846)	(5,846)
Dividends paid	6	–	–	–	(37,996)	(37,996)	–	(37,996)
At 31 March 2013		62,804	9,636	227,920	376,309	676,669	–	676,669

Six months ended 30 September 2012 (Unaudited)

	Note	Share capital £000	Capital redemp-tion reserve £000	Other reserve £000	Retained earnings £000	Subtotal £000	Non-controll-ing interest £000	Total £000
At 1 April 2012 (as previously reported)		54,280	300	47,069	531,905	633,554	5,783	639,337
Restatement		–	–	–	(2,650)	(2,650)	–	(2,650)
At 1 April 2012 (after restatement)		54,280	300	47,069	529,255	630,904	5,783	636,687
(Loss)/profit for the period and total comprehensive income		–	–	–	(4,900)	(4,900)	63	(4,837)
Share-based awards		–	–	–	168	168	–	168
Distribution paid to non-controlling interest		–	–	–	–	–	(5,846)	(5,846)
Dividends paid	6	–	–	–	(18,998)	(18,998)	–	(18,998)
At 30 September 2012		54,280	300	47,069	505,525	607,174	–	607,174

Group cash flow statement

Six months ended 30 September 2013

	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Cash flows from operating activities			
Profit/(loss) before tax	44,744	(3,699)	(8,952)
Adjustments for non-cash items:			
Profit on revaluation of investment properties	(34,774)	(4,968)	(8,394)
Loss on sale of investment properties	199	–	10
Profit on sale of subsidiaries	–	(1,086)	(1,086)
Share of post-tax profit of associates and joint ventures	(3,512)	(13,845)	(15,969)
Share-based payment	3,961	6,769	10,484
Impairment of investment	–	23,178	23,178
Amortisation of intangible asset	2,120	1,983	3,954
Write down of positive goodwill on acquisition of subsidiary	–	–	6,251
Finance income	(6,554)	(344)	(730)
Finance costs	13,207	7,976	14,257
Cash flows from operations before changes in working capital	19,391	15,964	23,003
Change in trade and other receivables	(5,086)	(7,272)	(2,774)
Movement in lease incentives	(4,725)	19	(604)
Change in trade and other payables	457	343	1,304
Disposal of trading properties	2,859	–	–
Cash flows from operations	12,896	9,054	20,929
Interest received	63	357	743
Interest paid	(7,906)	(4,146)	(9,775)
Tax received	–	338	454
Cash flows from operating activities	5,053	5,603	12,351
Investing activities			
Purchase of subsidiary undertakings net of cash acquired	–	–	3,610
Purchase of investment properties	(81,382)	(115,789)	(319,224)
Purchase of other tangible assets	(225)	–	–
Capital expenditure on investment properties	(6,878)	(1,459)	(712)
Sale of investment properties	223,666	435	900
Sale of subsidiary undertakings net of cash disposed	–	72,144	72,144
Investments in associates and joint ventures	(926)	(43,559)	(44,297)
Distributions from associates and joint ventures	40,883	2,435	101,449
Cash flow from investing activities	175,138	(85,793)	(186,130)
Financing activities			
Dividends paid	(20,738)	(18,009)	(37,996)
Financial arrangement fees and break costs	(6,351)	(1,636)	(2,682)
Purchase of shares held in trust	(2,255)	–	–
Sale of shares held in trust	–	–	650
Purchase of own shares	–	–	(100,650)
New borrowings	120,190	61,775	215,095
Repayment of loan facilities	(234,975)	–	–
Cash flows from financing activities	(144,129)	42,130	74,417
Net increase/(decrease) in cash and cash equivalents	36,062	(38,060)	(99,362)
Opening cash and cash equivalents	37,572	136,934	136,934
Closing cash and cash equivalents	73,634	98,874	37,572

Notes to the financial statements

1. Basis of preparation and general information

BASIS OF PREPARATION

The condensed consolidated financial information included in this half yearly report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 "Interim Financial Reporting", as adopted by the European Union. The current period information presented in this document is reviewed but unaudited and does not constitute statutory accounts within the meaning of S435 of the Companies Act 2006.

The financial information for the year to 31 March 2013 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The accounting policies adopted are consistent with those as reported in the Group's annual financial statements for the year to 31 March 2013 and in accordance with those the Group expects to be applicable at 31 March 2014.

These condensed financial statements were approved by the Board of Directors on 27 November 2013.

GOING CONCERN

The Group's business activities, together with the factors affecting its performance, position and future development are set out in the Business Review. The finances of the Group, its liquidity position and borrowing facilities are set out in the Financial Review.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review the Directors have considered the Group's cash balances, debt maturity profile of its undrawn facilities, and the long-term nature of tenant leases. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Half Year Report.

2. Segmental information

PROPERTY VALUE

	100% owned £000	Trading property £000	Share of JV £000	Unaudited 30 September 2013 £000	Unaudited 30 September 2012 £000	Audited 31 March 2013 £000
Retail	387,890	–	44,620	432,510	–	378,107
Distribution	191,030	–	12,725	203,755	182,492	243,838
Offices	146,950	–	–	146,950	321,618	242,438
Residential	91,992	905	76,884	169,781	207,744	258,802
Development	103,685	–	–	103,685	–	82,624
Other	7,925	–	–	7,925	12,456	10,951
	929,472	905	134,229	1,064,606	724,310	1,216,760

GROSS RENTAL INCOME

	100% owned £000	Share of JV £000	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Retail	12,963	1,131	14,094	6,164	9,595
Distribution	3,493	2,456	5,949	6,541	11,947
Offices	8,178	–	8,178	8,714	20,310
Residential	1,883	896	2,779	2,649	5,727
Development	87	–	87	–	–
Other	246	–	246	32	118
	26,850	4,483	31,333	24,100	47,697

NET RENTAL INCOME

	100% owned £000	Share of JV £000	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Retail	12,645	1,129	13,774	5,628	9,437
Distribution	3,034	2,448	5,482	6,271	11,179
Offices	8,126	–	8,126	8,424	19,681
Residential	1,083	608	1,691	1,711	3,525
Development	78	–	78	–	–
Other	119	–	119	(88)	(185)
	25,085	4,185	29,270	21,946	43,637

An operating segment is a distinguishable component of the Group that engages in business activities, earns revenue and incurs expenses, whose results are reviewed by the Group's chief operating decision makers and for which discrete financial information is available. Gross rental income represents the Group's revenues from its tenants and the net rental income is the principal profit measure used to determine the performance of each sector. Total assets are not monitored by segment. However, property assets are reviewed on an on-going basis. The Group operates entirely in the United Kingdom and no geographical split is provided in information reported to the Board.

3. Net income

	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Gross rental income	26,850	13,774	32,752
Property operating expenses	(1,765)	(1,500)	(3,511)
	25,085	12,274	29,241
Proceeds from sales of trading properties	3,386	–	–
Cost of sales of trading properties	(3,000)	–	–
	386	–	–

For the six months to 30 September 2013 21% (30 September 2012: 43%, 31 March 2013: 48%) of the Group's gross rental income was receivable from two tenants (31 March 2013: three tenants).

4. Finance income and costs

	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Finance income			
Interest receivable and short-term deposits	63	344	730
	63	344	730
Finance costs			
Interest payable on bank loans	7,615	5,071	11,261
Loan break costs and amortisation of loan issue costs	5,592	799	1,292
	13,207	5,870	12,553

Borrowing costs of £1.0 million have been capitalised in the period at an average rate of 5.2% (30 September 2012 and 31 March 2013: nil). Loan and hedging break costs on sale of property in the period were £4.0 million (30 September 2012 and 31 March 2013: nil). These costs are not included in EPRA earnings.

5. Taxation

	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
The tax (credit)/charge comprises:			
Current tax			
UK tax (credit)/charge on profit	(113)	32	32
Deferred tax			
Change in deferred tax	743	1,106	4,409
	630	1,138	4,441

Deferred tax asset

	Intangible assets £000	Total £000
At March 2013 (audited)	2,311	2,311
Charged during the year	(743)	(743)
At 30 September 2013 (unaudited)	1,568	1,568

As the Group is a UK-REIT there is no provision for deferred tax arising on the revaluation of properties or other temporary differences.

6. Dividends

	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Ordinary dividends paid			
2012 Final dividend: 3.5p per share	–	18,998	18,998
2013 Interim dividend: 3.5p per share	–	–	18,998
2013 Final dividend: 3.5p per share	21,982	–	–
	21,982	18,998	37,996
Proposed dividend			
2014 Interim dividend: 3.5p per share	21,982		

The proposed dividend was approved by the Board on 27 November 2013 and has not been included as a liability or deducted from retained earnings as at 30 September 2013. The proposed dividend of 3.5p per share, of which 1.5p per share is a Property Income Distribution, is payable on 20 December 2013 to ordinary shareholders on the register at the close of business on 6 December 2013 and will be recognised as an appropriation of retained earnings in the six months to 31 March 2014.

7. Earnings and net assets per share

Earnings per share of 7.0p (30 September 2012: (0.9)p, 31 March 2013: (2.4)p) is calculated on a weighted average of 627,828,427 (30 September 2012: 541,931,747, 31 March 2013: 561,508,387) ordinary shares of 10p each and is based on profits attributable to ordinary shareholders of £44.1 million (30 September 2012: loss of £4.9 million, 31 March 2013: loss of £13.5 million). There are no potentially dilutive or anti-dilutive share options in the period.

Net assets per share is based on equity shareholders' funds at 30 September 2013 of £696.7 million (30 September 2012: £607.2 million, 31 March 2013: £676.7 million) and 626,014,561 ordinary shares in issue excluding those held in the Employee Benefit Trust at that date (30 September 2012: 542,795,171; 31 March 2013: 628,043,905).

Adjusted earnings and adjusted net assets per share are calculated in accordance with guidance issued by the European Public Real Estate Association (EPRA) as follows:

	Group **Six months to 30 September 2013 £000**	**Share of JV** **Six months to 30 September 2013 £000**	**Unaudited** **Six months to 30 September 2013 £000**	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Basic and adjusted earnings					
Basic earnings attributable to ordinary shareholders	40,602	3,512	44,114	(4,900)	(13,456)
Revaluation of investment property	(34,774)	(830)	(35,604)	(16,934)	(20,320)
Fair value of derivatives	(6,491)	(2,733)	(9,224)	3,369	2,803
Cost on closing out of derivatives	4,009	2,121	6,130	–	–
Profit on disposal (1)	(187)	(327)	(514)	(1,088)	(1,076)
Amortisation of intangible assets	2,120	–	2,120	1,983	3,954
Share-based payments(2)	3,961	–	3,961	6,769	10,484
Deferred tax	743	–	743	1,106	4,409
Goodwill on acquisitions	–	–	–	–	6,251
Acquisition costs	–	–	–	–	5,661
Impairment of investment held for sale	–	–	–	23,178	23,178
Minority interest in respect of the above	–	–	–	(68)	63
EPRA earnings	9,983	1,743	11,726	13,415	21,951

(1) Profit on disposal of investment and trading property and subsidiaries
(2) Amortisation of share based payments created on the internalisation of management in 2010

	Unaudited Six months to 30 September 2013	Unaudited Six months to 30 September 2012	Audited Year to 31 March 2013
Number of shares			
Opening ordinary share capital	628,043,905	542,795,171	542,795,171
Shares held in employee trust	(215,478)	(863,424)	(863,424)
Issue of 178,599,912 ordinary shares (28 January 2013)	–	–	30,337,519
Clawback and cancellation of 4,777,268 shares (28 January 2013)	–	–	(811,481)
Purchase and cancellation of tender offer shares (18 February 2013)	–	–	(9,949,398)
Weighted average number of ordinary shares	627,828,427	541,931,747	561,508,387
Basic and diluted earnings per share	7.0p	(0.9)p	(2.4)p
EPRA earnings per share	1.9p	2.5p	3.9p

	Unaudited 30 September 2013 £000	As restated Unaudited 30 September 2012 £000	Audited 31 March 2013 £000
Net assets per share			
Equity shareholders' funds	696,717	607,174	676,669
Fair value of derivatives	3,392	8,691	9,883
Cost of cap and swaption	(155)	–	(336)
Revaluation of trading properties	105	588	633
Fair value of associate and joint ventures' derivatives	(10)	2,882	2,723
Deferred tax	–	(3,183)	(2,311)
EPRA adjusted net assets	700,049	616,152	687,261
Basic net assets per share	111.3p	111.9p	107.7p
EPRA net assets per share	111.8p	113.5p	109.4p

8. Investment properties

	Unaudited 30 September 2013			Audited 31 March 2013		
	Freehold £000	Long leasehold £000	Total £000	Freehold £000	Long leasehold £000	Total £000
Investment properties						
Opening balance	710,864	193,305	904,169	474,435	185,587	660,022
Acquisitions	125,734	138	125,872	487,979	81,319	569,298
Other capital expenditure	601	614	1,215	857	(168)	689
Disposals	(150,827)	(81,054)	(231,881)	(242,151)	(6,198)	(248,349)
Transfer of development properties	(2,565)	–	(2,565)	–	(77,000)	(77,000)
Revaluation movement	21,605	2,648	24,253	(1,606)	9,760	8,154
Movement in tenant incentives and rent free uplifts	4,828	(103)	4,725	(8,650)	5	(8,645)
Closing balance	710,240	115,548	825,788	710,864	193,305	904,169

	Unaudited 30 September 2013			Audited 31 March 2013		
	Freehold £000	Long leasehold £000	Total £000	Freehold £000	Long leasehold £000	Total £000
Investment properties under development						
Opening balance	5,624	77,000	82,624	–	–	–
Acquisitions	2,311	–	2,311	5,360	–	5,360
Other capital expenditure	1,913	3,750	5,663	24	–	24
Transfer from investment properties	2,565	–	2,565	–	77,000	77,000
Revaluation movement	1,521	9,000	10,521	240	–	240
Closing balance	13,934	89,750	103,684	5,624	77,000	82,624
Total investment properties	724,174	205,298	929,472	716,488	270,305	986,793

At 30 September 2013, the Group's freehold and leasehold investment properties were externally valued by the Royal Institution of Chartered Surveyors ("RICS") registered valuers of CBRE Limited ("CBRE") and Savills Advisory Services Limited ("Savills"), both Chartered Surveyors, at £929.5 million. The valuation of property held for sale at 30 September 2013 was £110.3 million (31 March 2013: £58.8 million).

Investment property in the course of construction at Clerkenwell Quarter, Islington in the previous period to 30 September 2012 was valued by the Directors at £13.1 million. At the request of the Financial Reporting Council, the Company agreed to restate the valuation for this property at 31 March 2012 in the 2013 financial statements reducing its value by £2.65 million. This reduction has been reflected in the 30 September 2012 financial statements which have been restated accordingly.

The valuations were undertaken in accordance with the RICS Valuation - Professional Standards 2012 on the basis of fair value and were primarily derived using comparable recent market transactions on arm's length terms. Fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The total fees earned by CBRE and Savills from the Company represent less than 5% of their total UK revenues. CBRE and Savills have continuously been the signatory of valuations for the Company since October 2007 and September 2010 respectively.

Included within the investment property valuation is £6.0 million (30 September 2012: £0.4 million, 31 March 2013: £1.3 million) in respect of lease incentives and rent free periods.

The historical cost of all of the Group's investment properties at 30 September 2013 was £884.6 million (30 September 2012: £475.9 million, 31 March 2013: £885.3 million).

Capital commitments have been entered into amounting to £37.3 million (30 September 2012: nil, 31 March 2013: £5.6 million) which have not been provided for in the financial statements.

9. Investment in associates and joint venture

	Unaudited Six months to 30 September 2013 £000	Unaudited Six months to 30 September 2012 £000	Audited Year to 31 March 2013 £000
Opening balance	120,919	161,575	161,575
Additions at cost	926	43,559	68,002
Share of profit in the period	3,512	13,845	15,969
Disposals	–	(119,010)	(119,165)
Profit distributions received	(40,883)	(2,435)	(5,462)
Closing balance	84,474	97,534	120,919

In July 2013 LSP Green Park Distribution Holdings Limited, in which the Group has a 50% interest, disposed of ten out of its eleven assets by way of a corporate disposal of 3 companies.

The Group's one-third interest in Metric Income Plus Limited Partnership (MIPP) acquired 6 properties for £13.1 million (including purchase costs) in the period and its 40% interest in LSP London Residential Investments Limited acquired 149 apartments at Moore House, London in the previous year.

All Group interests are equity accounted for in these financial statements. The Group's share of the profit after tax and net assets of its associates and joint ventures is as follows:

	LSP Green Park Distribution Holdings £000	LSP London Residential Investments £000	Metric Income Plus £000	Unaudited 30 September 2013 £000	Unaudited 30 September 2012 £000	Audited 31 March 2013 £00
Summarised income statement						
Net rental income	2,448	608	1,129	4,185	9,672	14,396
Administration expenses	(105)	(217)	(13)	(335)	(567)	(723)
Management fees	(246)	(97)	(64)	(407)	(1,060)	(1,385)
(Deficit)/surplus on revaluation of investment properties	–	(77)	907	830	11,966	11,926
Net interest payable	(2,961)	(543)	(317)	(3,821)	(5,614)	(7,857)
Movement in fair value of derivatives	2,397	197	139	2,733	(1,263)	(1,099)
Profit or loss on sale	327	–	–	327	–	–
Taxation	–	–	–	–	711	711
Profit after tax	1,860	(129)	1,781	3,512	13,845	15,969

	LSP Green Park Distribution Holdings £000	LSP London Residential Investments £000	Metric Income Plus £000	Unaudited 30 September 2013 £000	Unaudited 30 September 2012 £000	Audited 31 March 2013 £000
Summarised balance sheet						
Investment properties	12,725	76,884	44,620	134,229	195,444	226,130
Other current assets	164	76	330	570	2,212	668
Cash	685	2,080	420	3,185	6,024	8,264
Current liabilities	(305)	(714)	(3,400)	(4,419)	(4,335)	(4,282)
Bank debt	(7,445)	(26,000)	(16,433)	(49,878)	(100,070)	(108,473)
Unamortised finance costs	85	341	351	777	1,141	1,335
Derivative financial instruments	(96)	46	60	10	(2,882)	(2,723)
Net assets	5,813	52,713	25,948	84,474	97,534	120,919

At 31 March 2013, the freehold and leasehold investment properties were externally valued by Royal Institution of Chartered Surveyors (RICS) Registered Valuers of CBRE Limited and Savills Advisory Services Ltd.

10. Intangible assets

	Unaudited 30 September 2013 £000	Unaudited 30 September 2012 £000	Audited 31 March 2013 £000
Cost			
Opening balance	54,428	53,260	53,260
Additions	–	–	1,168
Closing balance	54,428	53,260	54,428
Amortisation			
Opening balance	44,790	40,836	40,836
Amortisation during the period	2,120	1,983	3,954
Closing balance	46,910	42,819	44,790
Net carrying amount	7,518	10,441	9,638

An intangible asset of £53.3 million was created on the acquisition by the Company of the LSP Green Park Property Trust Property Advisory Agreement and is being amortised on a straight-line basis over the remaining period of the contract to May 2015.

As part of the merger with Metric the Group created a further intangible asset of £1.2 million, representing the fair valuation of the Management Agreement with Metric Income Plus Limited Partnership. This is being amortised on a straight-line basis over the remaining period of the contract to November 2016.

11. Trade and other receivables

	Unaudited 30 September 2013 £000	Unaudited 30 September 2012 £000	Audited 31 March 2013 £000
Trade receivables	5,365	4,343	1,942
Performance fees receivable	2,712	4,229	3,457
Amounts receivable from property sales	8,533	–	–
Amounts receivable from income guarantees	–	240	–
Share-based payment prepayment	–	13,166	3,789
Corporation tax debtor	–	100	–
Prepayments and accrued income	4,648	594	1,057
Other receivables	322	139	1,486
At end of period	21,580	22,811	11,731

All amounts fall due for payment in less than one year.

Trade receivables comprise rental income which is due on contractual payment dates with no credit period.

A provision for doubtful debts is made based on estimated irrecoverable amounts determined by past experience and knowledge of the tenants' circumstances. The amount charged to the income statement in respect of doubtful debts was £188,000 (30 September 2012 and 31 March 2013: nil).

12. Cash and cash equivalents

Cash and cash equivalents include £21.8 million (30 September 2012: £4.0 million, 31 March 2013: £9.6 million) retained in rent and restricted accounts which are not readily available to the Group for day to day commercial purposes.

13. Trade and other payables

	Unaudited 30 September 2013 £000	Unaudited 30 September 2012 £000	Audited 31 March 2013 £000
Trade payables	3,078	879	2,096
Amounts payable on property acquisitions and disposals	52,536	393	4,499
Rent received in advance	8,744	5,686	8,051
Accrued interest	2,448	2,074	2,739
Other payables	1,719	643	1,263
Other accruals	5,116	1,518	7,584
At end of period	73,641	11,193	26,232

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

14. Borrowings

	Unaudited 30 September 2013 £000	Unaudited 30 September 2012 £000	Audited 31 March 2013 £000
Secured bank loans	349,779	234,544	464,564
Unamortised finance costs	(4,995)	(2,948)	(4,236)
At end of period	344,784	231,596	460,328

The bank loans are secured by fixed charges over certain of the Group's investment properties with a carrying value of £680.2 million and are repayable within two to five years of the balance sheet date.

Details of the fair value of the Group's derivative financial instruments that were in place at 30 September 2013 are provided below:

	Protected rate %	Expiry	Audited Market value 31 March 2013 £000	Movement recognised in income statement £000	Unaudited Market value 30 September 2013 £000
£38.1 million swap	2.69	January 2015	(1,487)	1,487	–
£55.3 million swap	3.77	October 2014	(2,865)	2,865	–
£25.0 million fixed rate	2.03	July 2016	(1,184)	443	(741)
£17.6 million fixed rate	1.31	July 2016	(414)	247	(167)
£61.8 million swap	1.07	July 2017	(874)	1,361	487
£100.0 million swap	4.00	March 2016	23	(23)	–
£4.0 million cap	4.00	July 2015	1	(1)	–
£40.7 million swap	1.19	July 2015	(879)	879	–
£17.7 million cap	2.00	June 2016	36	40	76
£5.8 million cap	2.00	June 2016	63	74	137
£20.0 million swap	1.48	October 2015	(477)	477	–
£20.0 million swap	2.03	October 2016	(235)	235	–
£10.0 million swap	1.56	October 2016	(329)	329	–
£10.0 million swap	1.19	October 2016	(199)	199	–
£10.0 million swap	1.20	October 2016	(199)	199	–
£10.5 million fixed rate	3.34	April 2016	(881)	232	(649)
£17.5 million cap	3.00	April 2016	17	17	34
£40.7 million swap[(1)]	2.07	July 2018	–	(1,492)	(1,492)
£30.0 million cap	2.00	July 2018	–	719	719
£50.0 million swap	3.05	August 2018	–	(3,501)	(3,501)
£70.0 million cap	2.00	August 2018	–	1,705	1,705
Total all derivative financial instruments			(9,883)	6,491	(3,392)

(1)Increases to £63.72 million on 30 October 2013

All derivative financial instruments are non-current interest rate derivatives, and are carried at fair value following a valuation as at 30 September 2013 by J C Rathbone Associates Limited.

The market values of hedging products change with interest rate fluctuations, but the exposure of the Group to movements in interest rates is protected by way of the hedging products listed above. In accordance with accounting standards, fair value is calculated on a replacement basis using mid-market rates. For all derivative financial instruments this equates to a Level 2 fair value measurement as defined by IFRS 7 Financial Instruments: Disclosures.

15. Share capital

	Unaudited 30 September 2013 Number	Unaudited 30 September 2013 £000	Audited 31March 2013 Number	(Audited) 31March 2013 £000
Authorised				
Ordinary shares of 10p each	Unlimited	Unlimited	Unlimited	Unlimited
Issued, called up and fully paid				
Ordinary shares of 10p each	628,043,905	62,804	628,043,905	62,804

In August 2013 the Company granted options over 2,029,344 ordinary shares under its Long Term Incentive Plan and acquired the same number of shares through its Employee Benefit Trust, at a cost of £2.3 million.

16. Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital	The nominal value of shares issued.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued ordinary shares.
Other reserve	A reserve relating to the application of merger relief in the acquisition of LSI Management Limited and Metric Property Investments Plc by the Company, the cost of the Company's shares held in treasury and the cost of shares held in trust to provide for the Company's future obligations under share award schemes.
Retained earnings	The cumulative profits and losses after the payment of dividends.

17. Related party transactions and balances

The interests of the current and former Directors and their families in the shares of the Company are as follows:

	Ordinary shares of 10p each 30 September 2013	Ordinary shares of 10p each 30 September 2012	Ordinary shares of 10p each 31 March 2013
Patrick Vaughan	16,619,997	18,383,510	16,619,997
Andrew Jones	2,243,479	–	2,178,979
Martin McGann	3,341,585	3,823,795	3,341,585
Charles Cayzer	–	–	–
James Dean	20,000	–	–
Alec Pelmore	120,500	–	120,500
Humphrey Price	2,015,733	–	2,015,733
Andrew Varley	47,000	–	47,000
Philip Watson	94,000	–	94,000

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 September 2013 and the date of this report.

Management fees receivable from the Group's joint venture arrangements in which it has an equity interest were as follows;

Related Party	Group Interest	Six months to 30 September 2013 £000	Six months to 30 September 2012 £000	Year to 31 March 2013 £000
LSP Green Park Property Trust	31.4%	–	7,400	6,600
LSP Green Park Distribution Holdings	50.0%	492	700	1,400
LSP London Residential Investments	40.0%	242	100	400
Metric Income Plus Partnership	33.3%	193	–	–

In addition performance fees receivable were reduced by £0.8 million in the six months to 30 September 2013.

18. Post balance sheet events

On 15 October 2013 the Group completed the acquisition of the Dartford Heath Retail Park for £9.6 million (Group share £3.2 million) and on 31 October the sale of Botley Road, Oxford for £12.4 million (Group share £4.1 million), both through its investment in the Metric Income Plus Partnership (MIPP). Further debt of £11.5 million (Group share £3.8 million) was drawn by MIPP.

On 13 November 2013 additional funding of £41.7 million was received from Helaba to refinance property acquisitions at Bedford and Crick.

On 18 November 2013 the Group completed the acquisition of 10 Odeon cinemas for £80.6 million, which was funded in part by a new facility arrangement with Lloyds Bank.

On 21 November 2013 the Group completed the acquisition of the Travis Perkins Distribution Unit in Northampton for £9.0 million.

On 27 November 2013 the Group completed the sale of two retail parks in Mansfield and Sheffield for £19.2 million.

On 30 September 2013 the three year lock-in period for certain employees created on the internalisation of the management company in 2010 came to an end. Following this, on 27 November 2013, the Company approved a nil-cost option award for Martin McGann over 167,885 ordinary shares under the terms of the Company's Long Term Incentive Plan.

Directors' responsibility statement

The Directors are responsible for preparing the condensed set of financial statements, in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:

- This condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union, and
- This condensed set of financial statements includes a fair review of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

By order of the Board

ANDREW JONES
Chief Executive

MARTIN MCGANN
Finance Director

28 November 2013

Independent review report to LondonMetric Property Plc

We have been engaged by the company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 September 2013 which comprises the Group income statement, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and related notes 1 to 18. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 September 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom
28 November 2013