26 November 2014

LONDONMETRIC PROPERTY PLC
("LondonMetric" or the "Group" or the "Company")
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

LONDONMETRIC DELIVERS STRONG RESULTS ACROSS ALL KEY METRICS AS IT BENEFITS FROM STRUCTURAL SHIFT IN SHOPPING PATTERNS

LondonMetric today announces its half yearly results for the six months to 30 September 2014.

HIGHLIGHTS

	Half Year 30 September 2014	Half Year 30 September 2013	Full Year 31 March 2014
Reported Profit (£m)	69.7	44.1	125.3
Revaluation Surplus[1] (£m)	52.3	35.6	95.9
EPRA earnings (£m)	20.9	11.7	26.4
EPRA NAV per share (p)	128.8	111.8	121.0
NAV per share (p)	128.5	111.3	120.8
EPRA EPS (p)	3.4	1.9	4.2
Dividend per share (p)	3.5	3.5	7.0
LTV[1] (%)	38	30	32

[1] Including share of joint ventures

Financial

- Reported profit of £69.7 million, an increase of 58% over the same period last year
- Revaluation surplus of £52.3 million, a portfolio uplift of 4.0%
- Interim dividend maintained at 3.5p to be paid on 19 December 2014
- EPRA EPS of 3.4p, an increase of 79% over same period last year. Actual dividend cover of 96% (March 2014 dividend cover of 60%)
- EPRA net asset value per share of 128.8p, an increase of 6.4% over March 2014
- Loan to value ratio of 38% (FY 2014 32%); weighted average cost of debt 3.7% (FY 2014 3.9%)
- Post period end, Helaba debt facility increased to £196.2 million on a new seven year term

Operational

- Six months ungeared property return of 8.8% (5.7% capital, 2.9% income)
- 6.4% increase in contracted rental income to £83.0 million per annum since March 2014
- £453.2 million (£416.2 million at share) of investment activity, including post period end, delivering 150 bps of positive yield arbitrage between acquisitions and disposals
- £226.0 million (£196.9 million at share) of transactions in the period
  - Acquisitions totalling £136.0 million (£124.3 million at share), average NIY of 6.5%, unexpired lease term 16.0 years
  - Total disposal proceeds of £90.0 million (£72.5 million at share), average NIY of 5.2%, unexpired lease term 14.3 years
- £227.2 million (£219.3 million at share) of post period end transactions
  - Acquisitions in core sectors totalling £29.1 million (£24.7 million at share)
  - Disposal proceeds of £198.1 million (£194.6 million at share) including One Carter Lane for £138.8 million reflecting a NIY of 4.3%
- Committed developments of 1.25 million sq ft, 83% pre-let securing £7.2 million per annum of rent
- Continued asset management activity
  - 26 occupier transactions secured across 920,000 sq ft

  - On average 6.8% ahead of previous passing rents and 4.1% ahead of ERV
  - Weighted average unexpired lease term of 18.6 years across the transactions
- Robust investment portfolio metrics as at today
  - 99.7% occupancy rate
  - Weighted average unexpired lease term of 12.7 years
  - Only 4.1% of rent due to expire in next 5 years
  - Security of income growth with 41.8% of portfolio rental income subject to fixed uplifts
  - Property net operating margin at 97.7%
- **Significant firepower available to capitalise on future opportunities**
  - £55.5 million of cash resources that will increase to c. £100 million following post period end transactions including the disposal of Carter Lane

Patrick Vaughan, Chairman of LondonMetric, commented:

“The last six months have continued to benefit from significant equity flows into the UK real estate sector as liquidity has continued to return to nearly every part of the market.

“This trend has driven further yield compression across most sectors, with some accelerating more quickly than others. Pricing continues to remain largely rational and with the weight of money available we expect further compression over the coming period on well let assets, especially as prospects for rental value growth continue to become more visible.

“The retail occupier market continues to go through seismic changes as consumers modify their shopping patterns. This is having a profound impact on the number and size of stores that retailers want and is prompting more and more retailers to actively ‘rightsize’ their existing store portfolios. This is particularly prominent in the food sector where the growth in convenience and online shopping is having a significant impact on the larger superstores. It is only a matter of time before this has a negative impact on the value of those large stores that occupiers no longer consider economically fit for purpose.”

Andrew Jones, Chief Executive of LondonMetric, commented:

“The first half of our financial year has been characterised by further intense portfolio activity and I am pleased Shareholders are now starting to see the benefits of our repositioning away from offices and London residential into the retail distribution sector, by strong growth in our earnings.

“We have continued to strengthen our portfolio with the disposal of non-core office and residential properties but have also taken advantage of a strong investment market to sell assets from our core retail portfolio where yields have compressed and asset management and development initiatives have been completed.

“The repositioning has seen us invest further into distribution centres which now account for 35% of our total assets. This investment will allow us to benefit from the increasing appetite from retailers to upgrade their supply chains as more and more embrace an omni channel strategy. These investments offer us secure, long term income with excellent growth potential in what is fast becoming a global asset class. Furthermore, our decision 18 months ago to invest heavily in the distribution sector has helped deliver excellent growth in our earnings which will enable us to review the dividend at the year end and adopt a progressive dividend policy going forward.”

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Meeting and conference call for investors and analysts

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

Peel Hunt
Moor House
120 London Wall
London, EC2Y 5ET

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 1916
Conference ID: 7853672

Event title: LondonMetric Property Half Year Results

Notes to editors:
LondonMetric (ticker: LMP) aims to deliver attractive returns for shareholders through a strategy of increasing income and improving capital values. It invests across the UK primarily in out-of-town retail and 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.

those expressed or implied by these forward-looking statements and forecasts. Certain statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Any forward-looking statements made by or on behalf of LondonMetric speak only as of the date they are made. LondonMetric does not undertake to update forward-looking statements to reflect any changes in LondonMetric's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Nothing in this announcement should be construed as a profit forecast. Past share price performance cannot be relied on as a guide to future performance.

BUSINESS REVIEW

Overview of results

We have had a good first half both operationally and financially. Our property portfolio reshaping is close to complete as we concentrate on our key sectors of out of town retail and retailer led distribution. Operationally, we are reporting a strong set of numbers driven by our earlier actions and valuation gains over the period.

ROBUST PORTFOLIO METRICS

As at 30 September 2014, our investment portfolio was 81% concentrated in our core sectors of retailer-led distribution and out of town retail, delivering robust portfolio metrics across the entire portfolio. This has risen to 89% post period end following further investment activity. Occupancy remains strong at 97.7%, rising to 99.7% post period end. Our average unexpired lease length is 13.0 years (12.0 years to first break) reducing to 12.7 years post period end. Only 4.0% of our rental income expires over the next five years (4.1% post period end) and 38.5% of our rental income is subject to contractual fixed uplifts, rising to 41.8% post period end and 45.1% on completion of our committed developments.

VALUATION GAINS DRIVING EPRA NAV GROWTH OF 6.4% TO 128.8p

The portfolio was valued at £1,346.4 million as at 30 September 2014 across 93 properties delivering a valuation surplus of £52.3 million or 4.0% since year end. The portfolio continues to perform strongly with the core portfolio delivering a total return of 9.6% outperforming IPD by 0.3%. Since March 2014 the property ungeared total return was 8.8%, with an income return of 2.9% and capital return of 5.7%.

The investment market continues to see yield compression with IPD yield shift recorded at 39 bps over the period. Our property portfolio saw 28 bps of yield compression of which 25% was due to our own asset management and development activities.

The revaluation surplus together with our retained profits contributed to growing the EPRA NAV per share to 128.8p, an increase of 7.8p per share or 6.4% compared to March 2014.

DELIVERING TO PLAN

We have continued to focus on our key objectives over the period:

- Growing income, both in quality and quantum
- Completing the divestments of our remaining office and residential assets
- Investing in our core sectors by growing our retail distribution and out of town portfolios
- Recycling capital within our core portfolio where value has been optimised and re-investing in opportunities with more attractive asset management or redevelopment opportunities
- Delivering on our growing development programme

GROWING INCOME TO SUPPORT FUTURE DIVIDEND GROWTH

Contracted annual income over the period has risen by £5.0 million to £83.0 million – an increase of 6.4%. In line with our real estate strategy, our investment activity has focused on selling lower yielding residential and office assets and successfully re-investing the proceeds into higher yielding distribution and retail properties, which can benefit from our deep occupier relationships. Over the period our investment activity added £3.5 million of net new income, reflecting a positive yield arbitrage of 130 bps which increased to 150 bps following post period end transactions. Our asset management and development activity successfully secured additional rental income of £0.6 million per annum, 6.8% ahead of previous passing rent and 4.1% ahead of ERV. Like for like income growth was 1.0% over the period and we increased our weighted average unexpired lease term by 0.3 years to 13.0 years overall.

EPRA earnings per share increased by 79% to 3.4p compared with 1.9p for the comparative period to September 2013, supporting our dividend of 3.5p. As at 30 September 2014, the portfolio benefited from 38.5% of rental income being subject to fixed uplifts (rising to 41.8% post period end) providing security of contractual income growth across the portfolio. We believe that our actions in improving both the quality and quantum of our income place us in a strong position and enable us to review the dividend at the year end and adopt a progressive dividend policy going forward.

£453.2M OF TOTAL INVESTMENT ACTIVITY ROTATING INTO OUR CORE SECTORS

Investment activity amounted to £226.0 million (£196.9 million at share) during the period, rising to £453.2 million (£416.2 million at share) including post period end activity. During the period we invested £136.0 million (£124.3 million at share) across seven assets in our core sectors reflecting a net initial yield of 6.5%. We also agreed the MIPP extension and equalisation agreement with our joint venture partner USS. In achieving this, MIPP acquired two assets during the period for £21.8 million reflecting a net initial yield of 6.6%. The acquisitions were funded entirely by the Group, thereby increasing our share of MIPP to 46.5% at the period end, which has increased to 50% post period end.

We disposed of 10 commercial properties and 38 residential units during the period for £90.0 million (£72.5 million at share) reflecting an average yield of 5.2%.

Post period end investment activity amounted to £227.2 million (£219.3 million at share). The majority of this was attributed to the sale of our last remaining London office building, One Carter Lane, with the remainder being made up of smaller disposals where we have decided to recycle capital from more mature retail assets.

In total we have invested £84.0 million into three assets in the distribution sector and a further £81.1 million (£65.1 million at share) into eight out of town retail assets at average yields of 6.4% and a weighted average unexpired lease term of 15.3 years.

Overall, our investment activity has resulted in a positive yield arbitrage of 150 bps. We have successfully increased our weighted average unexpired lease term through our investment activity as well as increasing our exposure to fixed uplifts, which now account for 41.8% of rental income.

£184.6M OF NON CORE ASSET SALES

As at 30 September 2014, 81% of our portfolio was concentrated in our core sectors of distribution and out of town retail. Following post period end activity, 89% of our portfolio is considered in our preferred sectors.

Our portfolio repositioning is nearly complete following our recent investment activity. Over the period we sold in total £40.1 million (£37.1 million at share) of non core assets at an average yield of 3.4%, which included the disposal of our two office properties in Crawley for £16.4 million. Post period end we agreed to sell our remaining office building in the City of London at One Carter Lane for £138.8 million reflecting a net initial yield of 4.3%.

Our residential sales programme successfully disposed of a further 38 residential units for £23.7 million (£20.7 million at share). Post period end we have sold a further eight units in Moore House for £5.8 million (£2.3 million at share) and a further eight units are under offer. In total we have now sold all but two of our wholly owned residential units and 31 of the units in Moore House. We will continue to patiently sell down our residential holdings and will opportunistically take advantage of market pricing to sell our remaining non core assets. Our non core portfolio now accounts for £142 million across three assets.

We continue to focus on our core sectors aligning to the strengths of eCommerce through retailer led distribution and the convenience of out of town retail which we believe will be a disproportionate beneficiary of the rise of 'click and collect'.

DELIVERING ON OUR DEVELOPMENT PROGRAMME

Works are underway on our committed developments at Islip and Kirkstall, Leeds. Total committed developments are now 83% pre-let securing £7.2 million of additional rental income rising to an estimated £8.7 million of rental income when fully let and completed in September 2015.

Investment and occupier outlook

The UK economy continues to perform well. Economic expansion continues and key indicators remain positive. However, there is increased hesitancy among commentators as global indicators appear to be weaker than anticipated with a lack of clarity of the potential spill over to the UK. The property market continues to see strong investor demand with increased investment volumes across all sub sectors and most geographies across the UK which has led to a further hardening of property yields.

Our property portfolio continues to benefit from these wider property investor trends and is further supported by focused asset management activity where we continue to lengthen and strengthen the income profile of our assets.

We believe that market pricing remains rational however further yield compression in some sub sectors could prompt further sales within our core portfolio.

THE RETAIL MARKET CONTINUES TO EVOLVE

Structural change to the retail market continues at pace. The share of total retail expenditure by location has shifted away from the high street having seen a significant reduction from 47.0% to 38.8% in the last 10 years. Out of town and neighbourhood retail remains robust with small increases in market share in the last 10 years. Online sales continue to increase and now account for 11.2% of retail sales, which is forecast to grow to 22% by 2020.

The interdependency of online and offline is increasingly understood. Retailers are adopting an omni channel approach, which is resulting in the need for an optimum store network that reflects consumer demand for convenience and accessibility. The rise of 'click and collect' will play into the strengths of out of town retail parks, matching the retailer's desire to meet the needs of the shopper.

Fulfilment and logistics remain a key challenge for retailers as consumers continue to demand a wider variety of delivery and collection options. Retailers need a fit for purpose supply chain network which provides efficient fulfilment and gains customer loyalty.

SHOPPING PATTERNS CONTINUE TO POLARISE

Retail sales have increased for 17 consecutive months demonstrating the improvement in consumer confidence. All retail sales grew by 2.7% year on year to September with online growth continuing its strong upward trend of 10.1% year on year.

Footfall remains negative with a 1.6% decline year on year however this masks the underlying trends in footfall. Shoppers are increasingly splitting their shopping journeys between destination shops and convenience shops. Shoppers are visiting destinations less often but spending more whilst they are topping up and accessing click and collect facilities in more convenient locations resulting in higher footfall and increased frequency in these locations.

With 53% of shoppers only travelling 15 minutes to their nearest store, rising to 88% within 30 minutes, we continue to believe that the convenience destination will be an essential element of the retailer's store portfolio.

RETAILERS EMBRACING OMNI CHANNEL

Omni channel retailing allows the retailer to meet the multi channel sales demands of customers in a seamless way. The ability to mix and match shopping channels and delivery options is now the norm. This approach requires a strong store, fulfilment and eCommerce platform that work interdependently with one another. The value of the omni channel shopper is greater than a single channel shopper with 29% of those that click and collect buying additional goods on collection. We expect retailers to continue to embrace this approach and optimise their physical real estate strategies to meet the demands of the consumer.

RESULTING IN…..AN IMPROVING OCCUPATIONAL MARKET

As a result of the changes to shopper behaviour, the retail distribution market is going through transformational change. The retailer's distribution network is increasingly critical to service stores, the customer directly and build brand loyalty with optimum service.

Take-up of logistics accommodation space maintained its steady momentum in the first half of 2014. A total of 6.9 million sq ft was taken with 45% of this accounted for by retailers. Design and build transactions have dominated the take-up of all new buildings, accounting for 91%.

Supply levels continue to decline with an estimated 16% reduction in available floorspace over the last 12 months. As a result, developers are increasingly considering speculative development, particularly in prime locations in the South East and M1/M6 corridors.

The 'click and collect' market will play to the strengths of out of town retail parks which require accessibility and convenience. Retailers continue to optimise their store portfolios with click and collect seen as a significant growth area. In addition, the housing market recovery is stimulating expansion in the bulky goods out of town retail sector with the likes of Dunelm, DFS, Home Bargains, Wren and Sofaworks all seeking new stores. Some of this demand has been driven by new entrants emerging from the internet, such as Oak Furniture Land. In the last few years the discount sector has also become more active in the out of town retail market. The recession forced shoppers to seek value which resulted in the rise of B&M, The Range and the single price point discount operators across the out of town market.

The level of available space in the out of town market continues to fall, with an estimated total availability standing at 8.8%. Development projects are limited and therefore we expect the amount of available space is likely to remain subdued and with continued occupational demand could lead to increased rental pressures in the better schemes.

Investments

Our acquisitions continue to concentrate on securing robust income streams in our preferred sectors of retail and distribution. The investment market is increasingly competitive as institutional, overseas and domestic investors seek well and long let institutional grade real estate. As a result yields have continued to harden over the period.

We continue to secure off market opportunities and have acquired several attractive new investments during the period. We made seven new acquisitions totalling £136.0 million (£124.3 million at share), which generated an additional rent of £7.7 million per annum at share. The average net initial yield was 6.5% with a weighted average unexpired lease length of 16.0 years. Post period end we made four further acquisitions for £29.1 million (£24.7 million at share) with an average net initial yield of 6.0% and an average unexpired lease term of 12.3 years adding income of £1.6 million per annum at share.

Our 10 commercial disposals during the period have focused on recycling capital out of the DFS and Odeon portfolios, the sale of two non core office buildings and the retail sales in Berkhamsted and Scarne. The disposals totalled £66.4 million (£51.9 million at share), with an average disposal yield of 6.3% representing a loss of income of £3.5 million at share. Post period end we have agreed to sell four commercial assets for £192.3 million at share reflecting an average net initial yield of 4.8%.

In addition we have sold 38 residential units in the period for £23.7 million (£20.7 million at share) and a further eight units post period end for £5.8 million (£2.3 million at share).

ACQUISITION OF THREE DISTRIBUTION WAREHOUSES FOR £84.0M, NIY 6.3%

During the period, we completed the acquisition of two distribution centres totalling £78.8 million at a blended yield of 6.3%. The income is subject to fixed or RPI linked uplifts at rent review with an average weighted unexpired lease term of 18.1 years.

We acquired a 150,000 sq ft unit at Magna 34 in Rotherham situated one mile from J34 of M1. The unit has 13.9 years remaining on the lease and is let to Royal Mail. The purchase price of £10.3 million represented a net initial yield of 6.0% with the lease providing for five yearly fixed uplifts.

In Newark we acquired a 726,000 sq ft prime distribution unit let to DSG Retail Limited for £68.5 million, let off a topped-up rental income of £4.5 million per annum, reflecting a net initial yield of 6.4%. The lease provides five yearly uplifts to 3.0% per annum compounded and has an unexpired lease term of 18.8 years.

Since the period end, we have purchased a 65,000 sq ft parcel distribution unit in Leicester for £5.2 million. The property is let to DHL, expiring in August 2020. The rent of £350,000 per annum is considered reversionary with a review due in September 2015.

EIGHT OUT OF TOWN RETAIL AND LEISURE ACQUISITIONS FOR £81.2M, NIY 6.5%

During the period, we acquired five retail and leisure properties totalling £35.9 million (£24.3 million at share), reflecting a net initial yield of 7.2%.

We acquired a Vue cinema multiplex for £5.5 million reflecting a net initial yield of 7.7%, with 15.0 years unexpired and the benefit of RPI linked reviews compounded annually every five years. We also acquired two convenience stores in Bangor and the Isle of Man both let to Boots at yields of 7.0% and 7.9%, with unexpired lease terms of nine and seven years respectively.

Additionally our MIPP joint venture acquired two retail assets for £21.8 million reflecting a net initial yield of 6.6%. The acquisitions were funded entirely by the Group increasing its shareholding to 46.5% at the period end and reflecting additional investment in MIPP assets of £21.3 million.

Since the period end we have acquired a further three retail assets for £17.3 million (£12.9 million at share) reflecting a net initial yield of 5.8%. We have acquired two convenience led properties in Hull and Guisborough, near Middlesbrough. The property in Hull was acquired for £3.1 million reflecting a net initial yield of 5.8% and is let to Aldi on a 15 year term lease. Guisborough is located south east of Middlesbrough and is let to Aldi and Iceland with an average unexpired lease term of 18.1 years. The asset was acquired for £5.3 million reflecting a net initial yield of 5.8%.

In addition, our MIPP joint venture acquired a further out of town retail asset in Totton, Southampton for £8.9 million (£4.4 million at share). The Group invested a further £6.6 million in MIPP to increase its shareholding to 50%.

MIPP JOINT VENTURE GROWS TO £197.4M (£98.7M AT SHARE) ACROSS 21 ASSETS

Having achieved the target investment of £150 million in the previous period, we have subsequently completed the equalisation and extension agreement with our partner USS to grow our ownership from 33.3% to 50%.

During the period MIPP acquired Trostre South Retail Park in Llanelli for £12.8 million, reflecting a net initial yield of 6.9%. The 74,500 sq ft retail park let to B&Q, Pets at Home and KFC is let off a low average rent of £12.10 per sq ft and has an unexpired lease term of 14.7 years.

MIPP acquired Liskeard Retail Park in Cornwall for £9.0 million, reflecting a net initial yield of 6.2%. The 43,800 sq ft retail park is let to Homebase, Pets at Home and Argos on average rents of £13.45 per sq ft and has an unexpired lease term of 12.8 years.

Since the period end, MIPP has acquired a retail park in Totton, Southampton for £8.9 million reflecting a net initial yield of 5.9%. The 34,500 sq ft property is let to Lidl, Poundstretcher, Argos and Jolleys Pets, with an average unexpired lease term of 8.9 years. The average rent is £16.00 per sq ft. The asset acts as the town’s main convenience shopping with limited local competition.

MIPP now comprises 21 assets with a value of £197.4 million (£98.7 million at share), off a running yield of 6.1% with c. 21% of the income subject to fixed or RPI linked uplifts. The unexpired lease term of the portfolio is 13.9 years and over 55% of the income is derived from the South East with a low average rent of £15.00 per sq ft.

11 OUT OF TOWN RETAIL AND LEISURE DISPOSALS FOR £103.4M, NIY 5.8%

During the period, we concluded eight sales totalling £49.9 million (£35.5 million at share) achieving an average yield of 5.7% based on income of £2.1 million per annum at share. The sales were driven by a rationalisation of our DFS and Odeon ownerships and recycling capital from our core retail portfolio where we had completed our asset management plans.

The DFS disposals comprised two portfolio sales of five units in total that were sold to ARC and Oval at net initial yields of 8.5% and 7.8% respectively, compared to our acquisition yield of 10.2%. The Odeon in Huddersfield was sold to Henderson for £15.2 million reflecting a net initial yield of 6.1%. The average acquisition yield of the original portfolio was 7.2%. In addition, we sold our retail holdings in Berkhamsted and Scarne at yields of 3.9% and 7.0% respectively.

Post period end, we have disposed of a further three out of town retail assets for £53.5 million reflecting a net initial yield of 6.0%.

We have sold our Channons Hill Retail Park, Bristol to Threadneedle Property Unit Trust for £8.1 million, reflecting a net initial yield of 7.7%. Since our acquisition in 2011 for £6.3 million (9.3% net initial yield) the property has been refurbished with new lettings to Poundworld, B&M, Iceland, Card Factory and Xercise4Less.

At Bishop Auckland we have sold our retail park to Standard Life Investments for £23.6 million, reflecting a yield of 5.3%. The former Focus unit and adjacent land was acquired for £2.3 million and developed in two phases between 2012 and 2013 at a total cost of £15.8 million, reflecting a profit on cost of 49%. The property is let to Marks & Spencer, Boots, TK Maxx and Next with a weighted average unexpired lease term of 11.3 years (9.4 years to first break).

At Milton Keynes, we have sold Cairngorm Retail Park to Royal London Asset Management for £21.8 million, reflecting a net initial yield of 6.1%. The asset was acquired in January 2013 as part of the 'Saturn' portfolio for £16.0 million reflecting 8.3% net initial yield. The sale reflects a profit on cost of 29%. The property is let to DFS, Oak Furniture Land, SCS, Furniture Village and Carpetright with an average unexpired lease term of 8.7 years.

THREE OFFICE DISPOSALS TOTALLING £155.2M, NIY 4.7%

As part of our continued rationalisation of non core assets, two office buildings in Crawley were sold during the period for £16.4 million representing a combined average yield of 7.8% based on income of £1.3 million per annum. The larger of the two buildings, Forest House, was sold at a price that reflected an exit yield of 6.7%. The 38,000 sq ft building is let in its entirety to Bard Limited until 2029.

The smaller building was sold to Hillview Real Estate at a yield reflecting 11.7%. The property was let to Maple Oak Ltd, although they were not in occupation and there was less than two years remaining on the lease.

ONE CARTER LANE SALE

Post period end we have conditionally exchanged on the sale of One Carter Lane, London EC4 for £138.8 million reflecting a 4.3% net initial yield. The sale is conditional on the purchaser, Fubon Life Insurance Company Limited, receiving the necessary regulatory approvals. Completion of the sale is expected in January 2015. The contracted net rental income is £4.5 million per annum rising to £6.3 million upon letting of the remaining vacant space. The net receipt to LondonMetric will be c.£124.8 million after allowing for unexpired rent free deductions representing a further profit on disposal of c.£9 million over the 30 September 2014 book value.

RESIDENTIAL SALES

We continue to sell down our London residential holdings. At 30 September 2014 there were two remaining residential units at Bridges Wharf, Battersea and 134 residential units at Moore House, Chelsea.

We sold 38 residential units in the period for £23.7 million (£20.7 million at share).

Post period end we have sold a further eight residential units in Moore House for £5.8 million (£2.3 million at share) with a further eight units under offer. We have now sold or are under offer on 31 units at Moore House and will continue to patiently sell down the remaining 118 units over the coming periods.

Asset management

OCCUPIER TRANSACTIONS

During the six months to 30 September 2014 we undertook 26 occupier transactions, comprising 13 lettings, one re-gear and 12 rent reviews which in aggregate delivered an uplift in rent of £0.6 million per annum, reflecting a 4.1% uplift against ERV and a 6.8% uplift compared to the previous passing rent.

We continue to focus on strengthening our underlying income streams and capital values through our active asset management actions. We successfully surrendered the Tesco lease on our 268,000 sq ft distribution unit at Harlow. The unit was simultaneously re-let to Brake Bros for 25 years at the previous passing rent increasing the unexpired lease term by 16.0 years and benefiting from a yield re-rating of 150 bps as a result.

The 12 rent reviews across 588,000 sq ft secured an additional £0.2 million per annum of rental income, reflecting a 2.6% uplift against the previous passing rent. In addition, one lease re-gear was undertaken with Boots in Milton Keynes where we extended the lease term from 3 months to 10 years.

Our occupancy rate across the investment portfolio stood at 97.7% as at 30 September 2014, rising to 99.7% following post period end investment and asset management activity, with a weighted average unexpired lease length of 13.0 years (12.0 years to first break).

Today, only 4.1% of our income is due to expire in the next five years and our weighting towards 10+ year income has improved relative to our position in March 2014, now representing 63.1% of annualised rental income.

Fixed uplifts provide security of income growth and continue to grow as a proportion of our total rental income. At 30 September 2014, 38.5% of our portfolio income was subject to fixed rental uplifts, increasing to 41.8% post period end.

Across the portfolio, there are a further eight transactions in solicitors' hands which will generate further income of circa £0.8 million per annum from tenants including Next, M&S, Halfords and Royal Mail.

Development

Strong occupier demand will continue to be a key driver in delivering a pipeline of short cycle developments which benefit from a favourable planning outlook. We have now commenced our developments at Islip (1,062,000 sq ft) and Kirkstall in Leeds (120,000 sq ft). The former is fully pre-let to a major international retailer and the completed distribution unit is expected to be handed over to the tenant in August 2015. At our shopping park in Kirkstall we are 43% pre-let with a further 7% in solicitors hands. We expect to grant access to retailers from July 2015 with completion forecast for September 2015.

Post period end, at Loughborough, we have agreed a 12,700 sq ft extension and new lease with Morrisons to take the store to 54,000 sq ft, subject to obtaining final planning approval, increasing the weighted average unexpired lease term by 21.1 years and the annual passing rent by £0.5 million.

At the St. Margaret's Retail Park in Leicester we have an option to acquire the adjacent site, subject to planning for a retail development of 28,000 sq ft. All the retail space has been let or is in solicitors' hands and a planning application is due to be submitted imminently.

At the Airport Retail Park in Coventry we have received planning consent and pre-let a unit of 15,000 sq ft to B&M who expect to commence trading in late summer 2015.

Development summary:

COMMITTED

Scheme name	Description	Progress
Islip	1,062,000 sq ft distribution development	• Planning achieved • Fully pre-let to major international retailer • Construction has commenced and completion due in August 2015 • Contracted rent £5.3 million per annum
Kirkstall, Leeds	120,000 sq ft open A1 shopping park	• Planning achieved • Pre-let to M&S, Outfit, BHS, Costa, Pure Gym and JD Sports • 50% pre-let or in solicitors' hands • Construction commenced and due for completion in September 2015 • Contracted rent £1.2 million per annum rising to £2.7 million when fully let
Loughborough	54,000 sq ft of retail development	• 12,700 sq ft extension agreed subject to final planning consent • New 25 year lease to Morrisons • Contracted rent £0.5 million per annum

Airport Retail Park, Coventry	15,000 sq ft of retail development	• Planning consent received • Pre-let to B&M • Practical completion expected end of August 2015 • Contracted rent £0.2 million per annum

CONDITIONAL

St. Margaret's Retail Park, Leicester	28,000 sq ft of open A1 retail development	• Subject to planning consent • Pre-lets exchanged or agreed on 100% of the space to Smyths Toys and Home Bargains • Contracted rent £0.5 million per annum

1.2M SQ FT OF PLANNING GAINS ACHIEVED

We received 10 planning consents across 1.2 million sq ft of retail and distribution space in the period. Most significantly we received planning consent for the 1.06 million sq ft pre-let retail/distribution development at Islip.

Property portfolio

VALUATION UPLIFT OF £52.3 MILLION

The portfolio generated a valuation uplift in the period of £52.3 million which was driven by a capital return of 5.7% and reflected an uplift of 4.0% over book value. This has contributed to the portfolio valuation of £1,346.4 million including our share of joint venture investment assets.

Our total return in the period was 8.8%, comprising an income return of 2.9% and a capital return of 5.7%. Our core portfolio return was 9.6% comprising an income return of 3.2% and a capital return of 6.3% outperforming IPD by 0.3%.

The portfolio benefited from an inward yield shift of 28 bps from a combination of asset management and development initiatives. Asset management initiatives accounted for 25% of the yield movement (7 bps), with the remaining 75% due to market yield movement (21 bps).

TENANT DIVERSITY AND COVENANT STRENGTH

One of our strategic priorities has been to rebalance the portfolio towards retail and retailer-led distribution, recycling capital out of the offices and residential sectors. At 30 September 2014, 87% of our contracted rental income was from our core sectors.

Our tenant sector exposure shows that we remain well diversified. The proportion of rental income generated by retail occupiers has increased from 78% in March 2014 to 82% at the period end.

The tenant exposure set out below provides a snapshot post period end. Our top ten customers currently account for 48% of the total contracted rent.

Tenant exposure (weighted by contracted rental income)

Trading name	Rent per annum £m	% of total rent
1. Dixons Carphone	5.7	6.9
2. DFS	5.1	6.1
3. Odeon	4.5	5.4
4. B&Q	4.2	5.1
5. Argos	4.1	4.9
6. Primark	3.9	4.7
7. Marks & Spencer	3.4	4.1
8. Royal Mail	3.2	3.9
9. Allergan	3.0	3.6
10. SEB	2.4	2.9
Total top ten customers	39.5	47.6
Committed developments	7.2	8.7
Other	36.3	43.7
Contracted rental income	**83.0**	**100.0**

Financial review

Income statement

The pursuit by the Group of its strategic objective to reposition the portfolio into core business areas and higher yielding assets has delivered growth in recurring EPRA earnings to support full dividend cover over the period.

EPRA earnings per share increased 79% to 3.4p compared with 1.9p for the comparative period to September 2013, achieving dividend cover on an actual basis of 96% which has increased from 53% for the same period last year. The interim dividend has been maintained at 3.5p per share. IFRS reported profit for the period was £69.7 million, an increase of 58% over the same period last year.

EPRA earnings and performance measures are used as alternatives to IFRS equivalent measures as they highlight the Group's underlying recurring performance. EPRA earnings is a key performance indicator, reflecting the recurring profit of the Group's property rental business and excludes non recurring items such as changes in property valuations and movements in the fair value of derivatives.

Management reviews the performance of the business principally on a proportionally consolidated basis although the statutory results reflect the share of joint ventures using the equity accounting method. The commentary in this review is consistent with the proportionally consolidated approach.

Proportionately consolidated income statement

	Group £000	JV £000	Six months to 30 September 2014 £000	Group £000	JV £000	Six months to 30 September 2013 £000
Gross rental income	28,941	7,796	36,737	26,850	4,483	31,333
Property costs	(592)	(244)	(836)	(1,765)	(298)	(2,063)
Net income	28,349	7,552	35,901	25,085	4,185	29,270
Management fees	982	(397)	585	58	(407)	(349)
Administrative costs	(6,503)	(119)	(6,622)	(6,138)	(335)	(6,473)
Net finance costs	(7,491)	(1,425)	(8,916)	(9,135)	(1,700)	(10,835)
Other	–	–	–	113	–	113
EPRA earnings	15,337	5,611	20,948	9,983	1,743	11,726

A full reconciliation between EPRA earnings and IFRS reported profit is given in note 7 to the condensed financial statements. The key differences are analysed in the table below.

	Group £000	JV £000	Six months to 30 September 2014 £000	Group £000	JV £000	Six months to 30 September 2013 £000
EPRA earnings	15,337	5,611	20,948	9,983	1,743	11,726
Revaluation of investment property	49,503	2,818	52,321	34,774	830	35,604
Fair value of derivatives	(1,066)	(293)	(1,359)	6,491	2,733	9,224
Financial instrument close out costs	(624)	–	(624)	(4,009)	(2,121)	(6,130)
(Loss)/profit on disposal	(1,135)	462	(673)	187	327	514
Amortisation of intangible assets	(177)	–	(177)	(2,120)	–	(2,120)
Share based payments	–	–	–	(3,961)	–	(3,961)
Deferred tax	(743)	–	(743)	(743)	–	(743)
IFRS reported profit	61,095	8,598	69,693	40,602	3,512	44,114

The Group's reported profit for the six months to 30 September 2014 was £69.7 million compared with £44.1 million in the previous comparative period. The most significant contribution is the £52.3 million valuation gain which increased by 47% from £35.6 million in the previous period through valuation yield compression and value enhancing asset management initiatives. This was offset in part by a small disposal loss following the sale of offices in Crawley, derivative movements and hedging break costs totalling £2.7 million. In 2013 the same non-recurring adjustments increased reported profit by £3.6 million. Exceptional items relating to the amortisation of management contracts and deferred tax thereon continue to flow through the income statement but at significantly reduced levels and primarily relate to adjustments arising as a result of the merger of London & Stamford and Metric Property Investments in January 2013.

EPRA earnings for the half year increased 79% to £20.9 million, compared with £11.7 million reported in the first half of 2013.

Gross rental income increased 17% to £36.7 million. Like for like gross rental income reported on a statutory basis increased by £3.6 million or 16%, principally due to the impact of acquisitions in the previous year, practical completion of the refurbishment and letting of Carter Lane and as a result of the Group's equity interest in the MIPP joint venture increasing from 33% to 46.5% in the period.

Acquisitions in the period since September 2013 generated additional rental income of £10.2 million, which was offset in part by disposals reducing income by £8.4 million.

Net income increased by 23% to £35.9 million as property costs fell following the strategic exit from the residential sector in 2014 and in the first six months of this year. Property costs in the period represented 2.3% of gross rental income compared with 6.6% last year.

Management fees were £0.6 million compared with a cost of £0.3 million in the previous period which included an adjustment to performance fees previously accrued.

Administrative costs, net of management fees receivable, were £6.0 million compared with £6.8 million in the previous comparative period. This was a result of careful management and monitoring of the Group's staff and operational cost base and the pre-merger commitment to deliver significant cost synergies.

The EPRA cost ratio for the six months ended 30 September 2014 was 16% compared with 25% for the year to March 2014. The ratio is calculated as total operating costs, excluding the cost of vacancy, as a percentage of gross rental income. The reduction in 2014 reflects a fall in operating costs and an increase in gross rental income.

EPRA earnings from joint venture investments were £5.6 million, an increase of £3.9 million or 222% over the previous period. This was due to our investment in a portfolio of DFS assets acquired in March 2014 through the LMP Retail Warehouse joint venture and the Group's increased equity holding in MIPP.

Net finance costs, excluding the costs associated with repaying debt and terminating hedging arrangements on sales in the period, were £8.9 million, a reduction of £1.9 million over the previous period. This was achieved through a reduction in the average cost of borrowing, reduced commitment fees and lower weighted average borrowings in the period compared to the previous six months. Our interest rate exposure is hedged by a combination of fixed and forward starting interest rate swaps and caps. Independent advice is given by J C Rathbone Associates.

Balance sheet

During the six months to 30 September 2014 EPRA net assets increased by £47.0 million or 6.2% to £803.9 million. On a per share basis, net assets increased by 7.8p or 6.4% to 128.8p and the movement during the period is shown in the table below:

EPRA net asset value

	£000	pence per share
At 1 April 2014	756,970	121.0
EPRA earnings	20,948	3.4
Property revaluation	52,321	8.4
Dividends paid	(21,903)	(3.5)
Loss on disposal	(673)	(0.1)
Cost of acquiring and closing out financial instruments	(1,109)	(0.2)
Exceptional items	(920)	(0.2)
Shares held in trust	(1,702)	–
At 30 September 2014	803,932	128.8

(1) Exceptional items include amortisation of intangible assets and deferred tax.

The increase in EPRA net assets was principally due to the valuation surplus of £52.3 million. The impact on net assets of the uncovered dividend is significantly reduced as EPRA earnings of £20.9 million represents 96% of the 2014 final dividend payment of £21.9 million.

IFRS reported net assets increased by £46.1 million in the six months to £801.9 million.

PORTFOLIO VALUATION

At 30 September 2014, the Group's portfolio was valued at £1,346.4 million, an increase of £126.6 million over March 2014, reflecting the significant level of transactional activity and the valuation surplus in the period. Investment in the Group's core business areas of out of town retail and distribution has continued along with divestment of our non-core residential and office assets.

The core property portfolio of retail and distribution (including developments) represented 81% of the total portfolio valuation at the period end compared to 86% in March 2014 as reflected in the following segmental analysis. Following post period end transactions, including the sale of Carter Lane, our preferred core sectors increased to 89% of the total portfolio.

	30 September 2014 £000	30 September 2014 %	31 March 2014 £000	31 March 2014 %
Retail	589,628	44	539,790	44
Distribution	440,600	33	336,000	28
Offices	180,900	13	75,900	6
Residential	75,617	6	96,183	8
Development	59,680	4	171,885	14
Property value	1,346,425	100	1,219,758	100

The movement in the portfolio valuation is explained in the table below:

	Group £000	Share of JV £000	Total £000
Opening valuation at 1 April 2014	1,030,553	189,205	1,219,758
Acquisitions	92,457	32,649	125,106
Capital expenditure	7,183	150	7,333
Disposals	(64,430)	(7,746)	(72,176)
Revaluation	49,503	2,818	52,321
Lease incentives	9,964	4,119	14,083
Closing valuation at 30 September 2014	1,125,230	221,195	1,346,425

The Group spent £125.1 million on acquisitions and £7.3 million on capital expenditure in the period, the latter principally relating to the refurbishment of Carter Lane, London, which completed in May 2014, and developments at Kirkstall and Islip. The disposal of 10 commercial and 38 residential assets generating proceeds of £72.5 million at share, reduced the carrying value of property by £72.2 million.

Also included on the balance sheet under Group only trade and other payables of £40.7 million is £19.5 million payable on property acquisitions.

Financing

Our on balance sheet debt at 30 September 2014 was £485.7 million compared with £415.5 million in March 2014. On a look-through basis after taking account of our joint venture investments, gross debt was £573.3 million, up from £473.0 million in March 2014.

The £100.3 million movement in the six months can be summarised as follows:

Gross Debt	**Group £m**	**JV £m**	**Total £m**
Opening balance	415.5	57.5	473.0
Acquisitions	45.0	31.7	76.7
Disposals	(34.3)	(1.6)	(35.9)
Refinancing	59.5	-	59.5
Closing balance	485.7	87.6	573.3

In the period to 30 September 2014 we drew additional debt of £76.7 million to fund acquisitions and repaid £35.9 million following disposals. Carter Lane was refinanced through our RBS revolver and debt of £59.5 million was drawn.

We refinanced two of our existing facilities and entered into one new facility in the period as detailed below;

- Refinancing of the RBS revolving credit facility extending term to expiry by 2.5 years. The £90 million facility has been fully utilised to finance four assets, three of which were acquisitions completing in the period.
- Refinancing of the Deutsche Pfandbrief MIPP joint venture loan as part of the extension and equalisation of ownership between ourselves and USS. The loan commitment was increased by £50 million to £125 million and the term to expiry increased by two years. The additional £50 million (Group share £23.2 million) remains available to draw to finance planned acquisitions.
- New £71.8 million facility with M&G (Group share £21.9 million) to refinance the acquisition of the DFS portfolio which was acquired in joint venture completing in March 2014.

The blended margin across the above three facilities is now 1.98%.

Post period end we have increased and drawn an additional £41.1 million of debt with Helaba to finance the acquisition of Newark. We have also increased the facility secured against the majority of our distribution portfolio by a further £20.8 million and extended the term by 3 years so that it now expires in November 2021. The facility now stands at £196.2 million and the additional £20.8 million is available to be drawn.

Following the sale of One Carter Lane we are committed to repay £59.5 million of the RBS revolving credit facility, £49.5 million of which then becomes available to redraw.

Loan to value at the half year on a look through basis and net of cash resources was 38% compared with 32% in March 2014. Debt maturity was 3.6 years compared with 3.7 years in March 2014 but has risen to 4.4 years following the refinancing of the Helaba facility in November.

The Group has hedged 71% of its exposure to interest rate fluctuations. The Group's average cost of debt including the amortisation of arrangement fees is 3.7% (March 2014: 3.9%).

After the post period end transactions noted above our average debt maturity will increase to 4.4 years, LTV will reduce to 35% and the Group will have £44.0 million of available undrawn facilities.

Liquidity and Cash

The Group including its share of joint ventures has cash resources of £55.5 million (31 March 2014: £87.4 million) which will increase to c. £100 million following post period end transactions including the disposal of Carter Lane.

Key risks and uncertainties

Principal risks and uncertainties

The Group recognises that risk is inherent in the operation of the business and that effective management of risk is key to the success of the organisation whilst it aims to maximise shareholder returns. The process for identifying, assessing and mitigating the principal risks of the business are set out in the Risk Management section on pages 51 to 56 of the 2014 Annual Report. The Board is satisfied that the systems for identifying, managing and mitigating risk are sound. There are no significant changes since publication of the 2014 Annual Report.

The summary below includes the principal uncertainties and risks facing the Group.

STRATEGIC AND ECONOMIC RISKS

- **Unclear strategy** – An unrealistic strategy in the economic climate and property cycle leads to suboptimal returns for shareholders and poor investment decisions
- **Economic conditions** – the property market and economic conditions are not in the Group's control

TRANSACTIONAL RISKS

- **Investment opportunities** – Investment opportunities are missed
- **Valuation risk** – There is no certainty that property values will be realised
- **Investments underperform** – Investments underperform financial objectives
- **Development returns** - Development projects fail to deliver expected returns due to inconsistent timing with the economic cycle and adverse letting conditions or increased costs, planning or construction delays
- **Corporate transactions** – Corporate acquisitions import the risk of unforeseen actual and contingent liabilities for which there is no recourse

FINANCIAL RISKS

- **Interest rates** – Adverse interest rate movements can significantly increase financing costs on debt, reduce profitability and increase the risk of a loan covenant breach
- **Availability of finance** – The inability to raise debt could adversely impact the Group's investment strategy or significantly increase borrowing costs
- **Loan covenants** – A breach of loan covenant could result from a substantial decline in property values, a material loss of rental income or increased borrowing costs

OPERATIONAL RISKS

- **Tenant default** – Tenant default and failure to let vacant units leads to a loss of recurring net income and reduced dividend cover

- **Staff** – An inability to attract, motivate and retain high calibre skilled staff will impact the delivery of the Company's strategy. Executive succession planning is vital to the long-term success of the business.

Group income statement

Six months ended 30 September 2014

	Note	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Gross rental income		28,941	26,850	54,061
Property operating expenses		(592)	(1,765)	(2,789)
Net rental income	3	28,349	25,085	51,272
Property advisory fee income		982	58	799
Net proceeds from sales of trading properties	3	–	386	499
Net income		29,331	25,529	52,570
Administrative costs		(6,503)	(6,138)	(13,484)
Share-based payments		–	(3,961)	(3,790)
Amortisation of intangible asset	10	(177)	(2,120)	(8,794)
Acquisition costs		–	–	(189)
Total administrative costs		(6,680)	(12,219)	(26,257)
Profit on revaluation of investment properties	8	49,503	34,774	87,519
(Loss)/profit on sale of investment properties and subsidiaries		(1,135)	(199)	11,682
Share of profits of associates and joint ventures	9	8,598	3,512	14,424
Operating profit		79,617	51,397	139,938
Finance income	4	59	63	162
Finance costs	4	(8,174)	(13,207)	(21,794)
Change in fair value of derivative financial instruments	4,14	(1,066)	6,491	8,383
Profit before tax		70,436	44,744	126,689
Taxation	5	(743)	(630)	(1,352)
Profit for the period and total comprehensive income		69,693	44,114	125,337

Earnings per share				
Basic and diluted	7	11.2p	7.0p	20.0p
EPRA earnings per share	7	3.4p	1.9p	4.2p

All amounts relate to continuing activities.

Group balance sheet

As at 30 September 2014

	Note	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Non current assets				
Investment properties	8	1,125,230	929,472	1,030,553
Investment in equity accounted associates and joint ventures	9	142,060	84,474	108,990
Intangible asset	10	667	7,518	844
Other tangible assets		434	516	451
Deferred tax assets	5	86	1,568	829
		1,268,477	1,023,548	1,141,667
Current assets				
Trading properties		–	905	–
Trade and other receivables	11	11,737	21,580	44,050
Cash and cash equivalents	12	45,309	73,634	78,357
		57,046	96,119	122,407
Total assets		1,325,523	1,119,667	1,264,074
Current liabilities				
Trade and other payables	13	40,723	73,641	96,839
Taxation payable		–	1,133	–
		40,723	74,774	96,839
Non current liabilities				
Borrowings	14	480,460	344,784	409,938
Derivative financial instruments	14	2,398	3,392	1,443
		482,858	348,176	411,381
Total liabilities		523,581	422,950	508,220
Net assets		801,942	696,717	755,854
Equity				
Called up share capital	15	62,804	62,804	62,804
Capital redemption reserve	16	9,636	9,636	9,636
Other reserve	16	223,252	225,665	225,420
Retained earnings	16	506,250	398,612	457,994
Equity shareholders' funds		801,942	696,717	755,854
Net asset value per share	7	128.5p	111.3p	120.8p
EPRA net asset value per share	7	128.8p	111.8p	121.0p

Group statement of changes in equity

Six months ended 30 September 2014 (Unaudited)

	Note	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Total £000
At 1 April 2014		62,804	9,636	225,420	457,994	755,854
Profit for the period and total comprehensive income		–	–	–	69,693	69,693
Purchase of shares held in trust		–	–	(2,168)	–	(2,168)
Share-based awards		–	–	–	466	466
Dividends paid	6	–	–	–	(21,903)	(21,903)
At 30 September 2014		62,804	9,636	223,252	506,250	801,942

Year ended 31 March 2014 (Audited)

	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 year and total comprehensive income		–	–	–	125,337	125,337
Purchase of shares held in trust		–	–	(2,500)	–	(2,500)
Share-based awards		–	–	–	311	311
Dividends paid	6	–	–	–	(43,963)	(43,963)
At 31 March 2014		62,804	9,636	225,420	457,994	755,854

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

Group cash flow statement

Six months ended 30 September 2014

	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Cash flows from operating activities			
Profit before tax	70,436	44,744	126,689
Adjustments for non-cash items:			
Profit on revaluation of investment properties	(49,503)	(34,774)	(87,519)
Loss/(profit) on sale of investment properties and subsidiaries	1,135	199	(11,682)
Share of post-tax profit of associates and joint ventures	(8,598)	(3,512)	(14,424)
Share-based payment	–	3,961	3,790
Amortisation of intangible asset	177	2,120	8,794
Net finance costs	9,181	6,653	13,249
Cash flows from operations before changes in working capital	22,828	19,391	38,897
Change in trade and other receivables	(3,226)	(5,086)	777
Movement in lease incentives	(9,964)	(4,725)	(7,881)
Change in trade and other payables	1,167	457	(2,610)
Disposal of trading properties	–	2,859	3,837
Cash flows from operations	10,805	12,896	33,020
Interest received	59	63	162
Interest paid	(6,728)	(7,906)	(12,722)
Tax received/(paid)	8	–	(114)
Financial arrangement fees and break costs	(1,158)	(6,351)	(10,436)
Cash flows from operating activities	2,986	(1,298)	9,910
Investing activities			
Purchase of investment properties and subsidiaries	(149,337)	(81,382)	(263,871)
Purchase of other tangible assets	(24)	(225)	(257)
Capital expenditure on investment properties	(8,226)	(6,878)	(26,157)
Sale of investment properties and subsidiaries	66,122	223,666	422,171
Investments in associates and joint ventures	(3,502)	(926)	(52,597)
Distributions from associates and joint ventures	11,151	40,883	46,829
Cash flow from investing activities	(83,816)	175,138	126,118
Financing activities			
Dividends paid	(20,759)	(20,738)	(43,963)
Purchase of shares held in trust	(1,702)	(2,255)	(2,190)
New borrowings	104,455	120,190	292,870
Repayment of loan facilities	(34,212)	(234,975)	(341,960)
Cash flows from financing activities	47,782	(137,778)	(95,243)
Net (decrease)/increase in cash and cash equivalents	(33,048)	36,062	40,785
Opening cash and cash equivalents	78,357	37,572	37,572
Closing cash and cash equivalents	45,309	73,634	78,357

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 S434 of the Companies Act 2006.

The financial information for the year to 31 March 2014 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 2014 and in accordance with those the Group expects to be applicable at 31 March 2015.

New standards including IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements and IFRS 12 Disclosure of interests in other entities and amendments to existing standards which came into effect during 2014 have not had a significant impact on the accounting policies, method of computation or presentation of the condensed financial statements.

These condensed financial statements were approved by the Board of Directors on 25 November 2014.

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	Share of JV £000	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Retail	457,590	132,038	589,628	432,510	539,790
Distribution	423,425	17,175	440,600	203,755	336,000
Offices	180,900	–	180,900	146,950	75,900
Residential	3,635	71,982	75,617	169,781	96,183
Development	59,680	–	59,680	111,610	171,885
	1,125,230	221,195	1,346,425	1,064,606	1,219,758

GROSS RENTAL INCOME

	100% owned £000	Share of JV £000	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Retail	15,133	4,179	19,312	14,094	30,801
Distribution	9,887	2,720	12,607	5,949	13,582
Offices	3,710	–	3,710	8,178	12,679
Residential	–	897	897	2,779	4,588
Development	211	–	211	333	184
	28,941	7,796	36,737	31,333	61,834

NET RENTAL INCOME

	100% owned £000	Share of JV £000	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Retail	15,024	4,192	19,216	13,774	29,920
Distribution	9,856	2,732	12,588	5,482	13,109
Offices	3,334	–	3,334	8,126	12,499
Residential	(54)	628	574	1,691	2,751
Development	189	–	189	197	166
	28,349	7,552	35,901	29,270	58,445

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 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Gross rental income	28,941	26,850	54,061
Property operating expenses	(592)	(1,765)	(2,789)
	28,349	25,085	51,272
Proceeds from sales of trading properties	–	3,386	4,426
Cost of sales of trading properties	–	(3,000)	(3,927)
	–	386	499

For the six months to 30 September 2013 21% of the Group's gross rental income was receivable from two tenants included within the offices sector of the portfolio. For the six months ended 30 September 2014 no single tenant contributed more than 10% of the Group's gross rental income.

4. Finance income and costs

	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Finance income			
Interest receivable	59	63	162
	59	63	162
Finance costs			
Interest payable on bank loans	6,848	7,615	12,715
Financial instrument early close out costs	624	4,009	6,228
Amortisation of loan issue costs	702	1,583	2,851
	8,174	13,207	21,794
Fair value loss/(gain) on derivative financial instruments	1,066	(6,491)	(8,383)
	9,240	6,716	13,411

Borrowing costs of £0.6 million have been capitalised in the period (30 September 2013: £1.0 million, 31 March 2014: £2.2 million).

5. Taxation

	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
The tax charge comprises:			
Current tax			
UK tax credit on profit	–	(113)	(130)
Deferred tax			
Change in deferred tax	743	743	1,482
	743	630	1,352

	Intangible assets £000
Deferred tax asset	
At 31 March 2014 (audited)	829
Charged during the period	(743)
At 30 September 2014 (unaudited)	86

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 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Ordinary dividends paid			
2013 Final dividend: 3.5p per share	–	21,982	21,982
2014 Interim dividend: 3.5p per share	–	–	21,982
2014 Final dividend: 3.5p per share	21,903	–	–
	21,903	21,982	43,964
Proposed dividend			
2015 Interim dividend: 3.5p per share	21,848	–	–

The proposed dividend was approved by the Board on 25 November 2014 and has not been included as a liability or deducted from retained earnings as at 30 September 2014. The proposed dividend of 3.5p per share, of which 2.75p per share is a Property Income Distribution, is payable on 19 December 2014 to ordinary shareholders on the register at the close of business on 5 December 2014 and will be recognised as an appropriation of retained earnings in the six months to 31 March 2015.

7. Earnings and net assets per share

Adjusted earnings and net assets per share are calculated in accordance with the Best Practice Recommendations of The European Public Real Estate Association (EPRA). The EPRA earnings measure highlights the underlying recurring performance of the property rental business.

The earnings per share calculation uses the weighted average number of ordinary shares during the period and excludes the average number of shares held by the Employee Benefit Trust for the period.

The net asset per share calculation uses the number of shares in issue at the period end and excludes the actual number of shares held by the Employee Benefit Trust at the period end.

i) EPRA Earnings

EPRA earnings for the Group and its share of joint ventures are detailed as follows:

	Group £000	JV £000	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Gross rental income	28,941	7,796	36,737	31,333	61,834
Property costs	(592)	(244)	(836)	(2,063)	(3,389)
Net income	28,349	7,552	35,901	29,270	58,445
Management fees	982	(397)	585	(349)	43
Administrative costs	(6,503)	(119)	(6,622)	(6,473)	(13,940)
Net finance costs	(7,491)	(1,425)	(8,916)	(10,835)	(18,309)
Other	–	–	–	113	130
EPRA earnings	15,337	5,611	20,948	11,726	26,369

The reconciliation of EPRA earnings to IFRS reported profit can be summarised as follows:

	Group £000	JV £000	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
EPRA earnings	15,337	5,611	20,948	11,726	26,369
Revaluation of investment property	49,503	2,818	52,321	35,604	95,879
Fair value of derivatives	(1,066)	(293)	(1,359)	9,224	11,221
Financial instrument early close out costs	(624)	–	(624)	(6,130)	(8,349)
(Loss)/profit on disposal [(1)]	(1,135)	462	(673)	514	14,472
Amortisation of intangible assets	(177)	–	(177)	(2,120)	(8,794)
Share based payments	–	–	–	(3,961)	(3,790)
Acquisition costs	–	–	–	–	(189)
Deferred tax	(743)	–	(743)	(743)	(1,482)
IFRS reported profit	61,095	8,598	69,693	44,114	125,337

(1)(Loss)/profit on disposal of investment and trading property and subsidiaries.

ii) Earnings per ordinary share

	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Basic and diluted earnings	69,693	44,114	125,337
EPRA adjustments [1]	(48,745)	(32,388)	(98,968)
EPRA earnings	20,948	11,726	26,369

[1] Adjustments shown in table reconciling EPRA profit with IFRS reported profit

	Unaudited Six months to 30 September 2014	Unaudited Six months to 30 September 2013	Audited Year to 31 March 2014
Number of shares (in thousands)			
Opening ordinary share capital	628,044	628,044	628,044
Average number of shares held in employee trust	(3,125)	(216)	(1,147)
Weighted average number of ordinary shares	624,919	627,828	626,897

Basic and diluted earnings per share	11.2p	7.0p	20.0p
EPRA earnings per share	3.4p	1.9p	4.2p

iii) Net assets per share

	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Equity shareholders' funds	801,942	696,717	755,854
Fair value of derivatives	2,398	3,392	1,443
Fair value of associate and joint ventures' derivatives	(408)	(10)	(115)
Cost of cap and swaption	–	(155)	(212)
Revaluation of trading properties	–	105	–
EPRA net asset value	803,932	700,049	756,970

	Unaudited Six months to 30 September 2014	Unaudited Six months to 30 September 2013	Audited Year to 31 March 2014
Number of shares (in thousands)			
Opening ordinary share capital	628,044	628,044	628,044
Number of shares held in employee trust	(3,821)	(2,029)	(2,247)
Number of ordinary shares	624,223	626,015	625,797

Basic net asset value per share	128.5p	111.3p	120.8p
EPRA net asset value per share	128.8p	111.8p	121.0p

8. Investment properties

	Unaudited 30 September 2014			Audited 31 March 2014		
	Freehold £000	Long leasehold £000	Total £000	Freehold £000	Long leasehold £000	Total £000
Investment properties						
Opening balance	725,140	133,528	858,668	710,864	193,305	904,169
Acquisitions	92,467	–	92,467	256,795	61,518	318,313
Reclassification	(8,625)	8,625	–	–	–	–
Other capital expenditure	3,853	1,527	5,380	6,900	763	7,663
Disposals	(19,808)	(32,680)	(52,488)	(280,775)	(130,136)	(410,911)
Transfer from/(to) investment property under development	–	106,200	106,200	(25,935)	(600)	(26,535)
Revaluation movement	36,270	9,089	45,359	49,502	8,586	58,088
Movement in tenant incentives and rent free periods	8,393	1,571	9,964	7,789	92	7,881
Closing balance	837,690	227,860	1,065,550	725,140	133,528	858,668

	Unaudited 30 September 2014			Audited 31 March 2014		
	Freehold £000	Long leasehold £000	Total £000	Freehold £000	Long leasehold £000	Total £000
Investment properties under development						
Opening balance	65,085	106,800	171,885	5,624	77,000	82,624
Acquisitions	(10)	–	(10)	17,015	–	17,015
Other capital expenditure	1,803	–	1,803	4,809	14,862	19,671
Disposals	(11,942)	–	(11,942)	(3,391)	–	(3,391)
Transfer (to)/from investment property	–	(106,200)	(106,200)	25,935	600	26,535
Revaluation movement	4,144	–	4,144	15,093	14,338	29,431
Closing balance	59,080	600	59,680	65,085	106,800	171,885
Total investment properties	896,770	228,460	1,125,230	790,225	240,328	1,030,553

At 30 September 2014, 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 £1,125.2 million. The valuation of property held for sale at 30 September 2014 was £116.5 million (30 September 2013: £110.3 million, 31 March 2014: £22.2 million).

The valuations were undertaken in accordance with the RICS Valuation - Professional Standards 2012 on the basis of fair value. 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 £19.2 million (30 September 2013: £6.0 million, 31 March 2014: £9.2 million) in respect of lease incentives and rent free periods.

The historical cost of all of the Group's investment properties at 30 September 2014 was £994.2 million (30 September 2013: £884.6 million, 31 March 2014: £946.7 million).

Capital commitments have been entered into amounting to £64.2 million (30 September 2013: £37.3 million, 31 March 2014: £56.0 million) which have not been provided for in the financial statements.

Internal staff costs of the development team of £0.5 million have been capitalised in the period, being directly attributable to the development projects in progress.

9. Investment in associates and joint ventures

	Unaudited Six months to 30 September 2014 £000	Unaudited Six months to 30 September 2013 £000	Audited Year to 31 March 2014 £000
Opening balance	108,990	120,919	120,919
Additions at cost	35,623	926	20,476
Share of profit in the period	8,598	3,512	14,424
Disposals	–	–	(43,968)
Profit distributions received	(11,151)	(40,883)	(2,861)
Closing balance	142,060	84,474	108,990

Metric Income Plus Limited Partnership (MIPP), in which the Group has an interest, acquired two properties for £21.8 million (£10.0 million at share) in the period. As part of the Company's strategy to become an equal shareholder in MIPP the acquisitions were funded entirely by the Company increasing its interest from 33% to 46.5% at the period end.

The Group disposed of five properties for £20.8 million (£6.4 million at share) through its 30.5% interest in LMP Retail Warehouse JV Property Unit Trust in the period.

The Group's 40% interest in LSP London Residential Investments Limited disposed of five residential flats for £4.9 million (£2.0 million at share).

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:

	LMP Retail Warehouse JV Holdings £000	LSP Green Park Distribution Holdings £000	LSP London Residential Investments £000	Metric Income Plus £000	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £00
Summarised income statement							
Net rental income	2,118	2,732	628	2,074	7,552	4,185	7,173
Administration expenses	(86)	–	(10)	(23)	(119)	(335)	(456)
Management fees	(82)	(61)	(108)	(146)	(397)	(407)	(756)
Revaluation gain/(loss)	1,614	(88)	(90)	1,382	2,818	830	8,360
Net interest payable	(152)	(147)	(514)	(612)	(1,425)	(3,821)	(5,026)
Movement in derivatives	(65)	17	(21)	(224)	(293)	2,733	2,838
Profit/(loss) on disposal	522	–	(61)	1	462	327	2,291
Profit/(loss) after tax	3,869	2,453	(176)	2,452	8,598	3,512	14,424
EPRA adjustments							
Revaluation (gain)/loss	(1,614)	88	90	(1,382)	(2,818)	(830)	(8,360)
Movement in derivatives	65	(17)	21	224	293	(2,733)	(2,838)
(Profit)/loss on disposal	(522)	–	61	(1)	(462)	(327)	(2,291)
Financial instrument early close out costs	–	–	–	–	–	2,121	2,121
EPRA earnings	1,798	2,524	(4)	1,293	5,611	1,743	3,056

Summarised balance sheet							
Investment properties	44,370	17,175	71,982	87,668	221,195	134,229	189,205
Other current assets	12	256	142	453	863	570	5,637
Cash	6,041	945	1,907	1,257	10,150	3,185	9,062
Current liabilities	(651)	(778)	(551)	(2,396)	(4,376)	(4,419)	(38,181)
Bank debt	(21,899)	(7,445)	(23,385)	(34,868)	(87,597)	(49,878)	(57,551)
Unamortised finance costs	408	51	224	734	1,417	777	703
Derivative financial instruments	133	(47)	70	252	408	10	115
Net assets	28,414	10,157	50,389	53,100	142,060	84,474	108,990

At 30 September 2014, 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 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Cost			
Opening balance	54,428	54,428	54,428
Additions	–	–	–
Closing balance	54,428	54,428	54,428
Amortisation			
Opening balance	53,584	44,790	44,790
Amortisation during the period	177	2,120	8,794
Closing balance	53,761	46,910	53,584
Net carrying amount	667	7,518	844

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 on 1 October 2010 and was fully impaired in the year to 31 March 2014.

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 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Trade receivables	4,451	5,365	2,386
Performance fees receivable	2,712	2,712	2,712
Amounts receivable from property sales	1,188	8,533	4,420
Taxation	–	–	227
Prepayments and accrued income	2,376	4,648	1,556
Other receivables	1,010	322	32,749
	11,737	21,580	44,050

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.

At 30 September 2014 there were trade receivables of £469,000 which were overdue and considered at risk (30 September 2013: £188,000, 31 March 2014: £405,000). A full provision has been made against these receivables.

12. Cash and cash equivalents

Cash and cash equivalents include £8.0 million (30 September 2013: £21.8 million, 31 March 2014: £30.7 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 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Trade payables	2,333	3,078	1,139
Amounts payable on property acquisitions and disposals	19,512	52,536	77,740
Rent received in advance	8,987	8,744	8,577
Accrued interest	2,852	2,448	2,732
Other payables	2,537	1,719	996
Other accruals	4,502	5,116	5,655
	40,723	73,641	96,839

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 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Secured bank loans	485,717	349,779	415,474
Unamortised finance costs	(5,257)	(4,995)	(5,536)
	480,460	344,784	409,938

The bank loans are secured by fixed charges over certain of the Group's investment properties with a carrying value of £964 million and are repayable within two to five years of the balance sheet date.

The following table shows the contractual maturity profile of the Group's bank loans on an undiscounted cashflow basis and assuming settlement on the earliest repayment date.

	Principal £000	Interest £000	Unaudited 30 September Total 2014 £000	Unaudited 30 September Total 2013 £000	Audited 31 March Total 2014 £000
Expiry:					
Less than one year	–	13,480	13,480	8,444	12,531
One to two years	99,685	12,596	112,281	8,444	12,566
Two to five years	386,032	21,171	407,203	369,307	437,550
	485,717	47,247	532,964	386,195	462,647

The Group is exposed to interest rate risk from the use of debt financing at a variable rate. It is Group policy that a reasonable portion of external borrowings are at a fixed interest rate in order to manage this risk.

The Group uses interest rate swaps and caps to manage its interest rate exposure and hedge future interest rate risk for the term of the bank loan.

At 30 September 2014 and including its share of joint ventures, the Group had £406 million (30 September 2013: £359 million, 31 March 2014: £401 million) of hedges in place and its debt of £573.3 million (30 September 2013: £399.7 million, 31 March 2014: £473.0 million) was 71% (30 September 2013: 90%, 31 March 2014: 85%) fixed.

Including its share of joint ventures, the average interest rate at 30 September 2014 including the amortisation of finance costs was 3.7% (30 September 2013: 4.2%, 31 March 2014: 3.9%).

Details of the fair value of the Group's derivative financial instruments that were in place at 30 September 2014 are provided below:

	Notional Amount			Fair Value		
	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Interest rate caps - expiry						
Less than one year	30,500	–	26,500	–	–	–
One to two years	41,000	30,500	4,000	41	1	–
Two to five years	136,312	141,000	167,313	1,681	2,671	2,660
	207,812	171,500	197,813	1,722	2,672	2,660

	Notional Amount			Fair Value		
	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Interest rate swaps - expiry						
Less than one year	–	–	–	–	–	–
One to two years	10,500	–	–	(377)	–	–
Two to five years	178,420	228,578	221,504	(3,743)	(6,064)	(4,103)
	188,920	228,578	221,504	(4,120)	(6,064)	(4,103)
Total fair value				(2,398)	(3,392)	(1,443)

All derivative financial instruments are non-current interest rate derivatives and are carried at fair value following a valuation as at 30 September 2014 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 estimated by calculating the present value of future cash flows, using appropriate market discount rates. For all derivative financial instruments this equates to a Level 2 fair value measurement as defined by IFRS 13 Fair Value Measurement. The valuation therefore does not reflect the cost or gain to the Group of cancelling its interest rate protection at the balance sheet date, which is generally a marginally higher cost (or smaller gain) than a market valuation.

15. Share capital

	Unaudited 30 September 2014 Number	Unaudited 30 September 2014 £000	Audited 31 March 2014 Number	Audited 31 March 2014 £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 June 2014 the Company granted options over 2,475,929 ordinary shares under its Long Term Incentive Plan and Deferred Bonus Plan and acquired 1,573,947 through its Employee Benefit Trust, at a cost of £2.2 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 LondonMetric 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 2014	Ordinary shares of 10p each 30 September 2013	Ordinary shares of 10p each 31 March 2014
Patrick Vaughan	16,337,997	16,619,997	16,337,997
Andrew Jones	2,243,479	2,243,479	2,243,479
Martin McGann	2,341,585	2,341,585	2,341,585
Valentine Beresford	2,114,036	2,114,036	2,114,036
Mark Stirling	1,592,117	1,592,117	1,592,117
Charles Cayzer	–	–	–
James Dean	20,000	20,000	20,000
Alec Pelmore	120,500	120,500	120,500
Humphrey Price	2,015,733	2,015,733	2,015,733
Andrew Varley	47,000	47,000	47,000
Philip Watson	214,000	94,000	174,000
Rosalyn Wilton	50,000	–	–

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 September 2014 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 2014 £000	Six months to 30 September 2013 £000	Year to 31 March 2014 £000
LSP Green Park Property Trust	31.4%	–	(745)	(745)
LSP Green Park Distribution Holdings	50.0%	106	492	614
LSP London Residential Investments	40.0%	226	242	483
Metric Income Plus Partnership	46.5%	382	193	489
LMP Retail Warehouse JV Holdings	30.5%	268	–	177
Group non recoverable VAT		–	(124)	(219)
		982	58	799

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation.

18. Post balance sheet events

On 29 October 2014 the Group exchanged contracts to acquire Cleveland Gate Retail Park, Guisborough for £5.3 million.

On 4 November 2014 the Group exchanged contracts to acquire land at Sutton Road, Hull for the purposes of development for £3.2 million.

On 5 November 2014 the Group completed the acquisition of Unit 11, Meridian Business Park, Leicester for £5.2 million.

On 18 November 2014 the Group completed the disposal of Channons Hill Retail Park, Bristol for £8.1 million.

On 21 November 2014 the Group exchanged contracts to dispose One Carter Lane, London for £138.8 million to Fubon Life Insurance Company Limited, conditional upon receiving the necessary regulatory approvals.

On 21 November the MIPP joint venture exchanged contracts to acquire Totton Park Retail Park, Southampton for £8.9 million. The Group's shareholding in MIPP increased to 50%.

On 21 November the Group exchanged contracts to dispose Bishop Auckland Shopping Park to Standard Life Investments for £23.6 million.

On 25 November the Group exchanged contracts to dispose Cairngorm Retail Park, Milton Keynes to Royal London Asset Management for £21.8 million.

On 13 October 2014 the Group increased its debt facility with Helaba and drew additional debt of £41.1 million to finance the acquisition of Newark. On 14 November the Helaba debt facility was refinanced extending the total facility to £196.2 million and extending the term by three years to November 2021.

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 Conduct Authority.

By order of the Board

ANDREW JONES
Chief Executive

MARTIN MCGANN
Finance Director

26 November 2014

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 2014 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 2014 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 Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
26 November 2014