7 August 2014

LONDONMETRIC PROPERTY PLC

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

FIRST QUARTER 2015 INTERIM MANAGEMENT STATEMENT

MATERIAL PROGRESS IN GROWING OUR INCOME

LondonMetric Property Plc (LSE: LMP), today announces its interim management statement for the period from 1 April 2014 to 6 August 2014 (the "Period").

HIGHLIGHTS:

- Continued portfolio repositioning with £77.0 million (LM share) of investment activity since the year end, capitalising on a positive 220bps yield arbitrage
  - Acquisitions of four properties for £26.4 million (LM share) at an average yield of 6.9%, WAULT 13.2 years
  - Commercial disposals of £33.8 million (LM share) at an average exit yield of 5.6% and 2.6% ahead of March valuation
  - Residential disposals of £16.9 million across 32 units at an average exit yield of 2.6%, in-line with March valuations and our business plan
- Ten occupier transactions across 729,000 sq ft generating additional rental income of £351,000 per annum, on average lease lengths of 23.1 years; the core portfolio is now 99.8% occupied with a WAULT of 12.7 years; with 34.2% of portfolio rental income subject to fixed or RPI rental uplifts
- New debt totalling £151.8 million (LM share £101.9 million) at an interest rate of 3.0% and term to maturity of 4.9 years; Group loan to value of 39%

Andrew Jones, Chief Executive of LondonMetric, commented:

"We are making material progress in growing our rental income through accretive investments and from our asset management and development activities. We are laying the foundations for future income and capital growth across our two core sectors and these will become the key financial metrics once market yield compression has run its course.

"The investment and occupational markets are strengthening and we remain disciplined in our investment approach, acquiring assets where we are able to add value and grow our income for dividend progression in the future. We continue to dispose of our non-core properties and will opportunistically sell properties in our core sectors where we can take advantage of very strong market pricing."

INVESTMENT ACTIVITY

The Period saw good progress in our investment programme and a detailed schedule of activity is shown in the Appendix below.

Distribution

The demand-supply dynamics within the occupier distribution market remain attractive with increased competition across all sub-sectors of the investment market. Our deep occupier relationships are proving a key catalyst in generating new investment and development opportunities which we look to grow further over the coming year.

We announced in June that we had acquired the Royal Mail Distribution Centre in Rotherham for £10.3 million, with a NIY of 6.0% and WAULT of 13.9 years and contracted income growth averaging 1.75% per annum. Looking forward, we continue to see a good pipeline of opportunities across the market and are in discussions on a number of potential transactions.

The distribution portfolio now comprises 16 assets with a combined portfolio value of £351.8 million, representing 29.0% of the enlarged LondonMetric portfolio. Upon completion of our new pre-let development in Islip, the weighting will increase to 34.0%. The portfolio benefits from strong metrics with an average yield of 6.2%, a WAULT of 12.8 years (11.6 years to first break) and 39.7% of the distribution portfolio rental income is subject to fixed or RPI rental uplifts, rising to 50.9% including the Islip development.

Retail

Acquisitions

Today we announce the acquisition of a Vue cinema in Birkenhead for £5.5 million reflecting a NIY of 7.7%. The seven-screen cinema is let to Vue for a further 15 years with RPI rental uplifts of between 2-4% per annum. The acquisition will complement our existing Odeon portfolio and provides attractive income characteristics.

Over the Period, we have also acquired the 75,400 sq ft Trostre South Retail Park in Llanelli for £12.8 million (LM share £5.3 million), NIY 6.9%. In addition, we acquired a 32,000 sq ft unit in the Isle of Man for £5.3 million, NIY 7.9%, predominantly let to Boots for a further seven years; while in Derby, we have conditionally exchanged contracts to acquire a development site for a new 22,000 sq ft retail park to be anchored by an 11,000 sq ft M&S Simply Food.

Disposals

As announced at our year-end we completed the sale of seven retail properties for £33.8 million (LM share):

- In Berkhamsted, we sold our development at 380bps better than our yield on cost
- We sold a further five DFS assets, taking our total disposals to 13 from our original joint venture portfolio of 27 assets; the sales to date have on average been c. 100bps better than the original portfolio acquisition yield
- In Huddersfield we sold the Odeon multiplex at 110bps better than the original portfolio acquisition yield.

The out of town investment portfolio now comprises 66 assets with a combined value of £544.3 million, representing 44.9% of the enlarged LondonMetric portfolio. The average yield is 6.5% with a WAULT of 12.6 years (11.9 years to first break) and 28.4% of the portfolio rental income is subject to fixed or RPI rental uplifts.

Residential disposals

Across our remaining residential units, we have exchanged on the sales of 32 units for £16.9 million (LM share), in line with March valuations. We now have only one wholly-owned residential unit remaining.

At Moore House we have now sold or agreed to sell 16 of the 149 units and will continue to sell down the remaining units.

ASSET MANAGEMENT

The investment portfolio totals £1,078 million (no revaluation was undertaken in the Period) with a topped up initial yield of 6.5% (March 2014: 6.4%), and a WAULT of 12.8 years (March 2014: 12.7 years). Only 4.6% of our rental income is due to expire over the next five years.

At our 268,000 sq ft distribution centre in Harlow, held in a 50% joint venture with Green Park, we negotiated a surrender from Tesco with 9.5 years remaining on the lease and signed a new 25-year lease with Brake Brothers at the same rental, generating 75bps of net yield compression, after costs.

In our retail portfolio we have negotiated surrenders and taken space back from PC World, Carpetright and Store 21 and agreed new lettings to Next, B&M, TKMaxx and Aldi. These lettings have not only increased our occupancy and improved our tenant mix but also strengthened our income profile, at average lease lengths of 16.0 years, materially longer than the 4.9 years of income they have replaced.

At Islip, practical completion of the ground works of our 1 million sq ft distribution unit is on track for the end of August with acquisition of the site and construction works to commence immediately thereafter.

FINANCING

During the Period we refinanced or completed on new loans totalling £151.8 million (LM share £101.9 million) comprising the:

- Refinancing of an £80 million RBS revolving credit facility and extending its term to 2019 at a reduced margin
- Completion on a new facility for the DFS joint venture with M&G for £71.8 million (LM share £21.9 million) over five years.

Our net debt, including joint ventures, now stands at £469.4 million and we have £64.5 million of undrawn facilities available. Our loan to value is 39% with hedging in place equating to 81% of drawn debt. Assuming the facilities were fully drawn, the all in cost of debt would be c. 3.7% based on current Libor and swap rates and our term to maturity is 3.6 years.

MARKET UPDATE AND OUTLOOK

The UK economic recovery is gaining momentum and positive economic data is driving increasing appetite from investors for income and risk across many geographies in the UK property market. This is supported by a significant weight of money chasing the sector from UK institutions, private equity and overseas investors, with the result that the investment market is seeing further hardening in property yields in our core sectors.

In some sub-sectors we are witnessing demand-supply imbalances and expect sustained yield compression, especially on good properties where rents are low and which are expected to be early beneficiaries of market rental growth. These assets are beginning to be priced off equivalent, rather than initial, yields in anticipation of this growth.

The occupational market is improving and, whilst strong evidence of organic rental growth has not yet emerged across the market, we are seeing good opportunities to grow our income off a low rental base and through our active and retailer-inspired asset management programme.

Overall, we believe that current market pricing remains rational; however, if money flows from investors continue at their present rate some evidence of irrational pricing could emerge. Our ability to navigate the investment market while remaining disciplined and finding value is a major focus of investment strategy.

-Ends-

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About LondonMetric Property Plc

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.

Appendix

Commercial acquisitions

Location	Sub-sector	No. of assets	Date of Completion	Cost at Share (£m)	NIY (%)	WAULT[1] (years)
Rotherham	Distribution	1	13-May-14	10.3	6.0	13.9
Llanelli[2]	Retail	1	3-Jul-14	5.3	6.9	15.3
Isle of Man	Retail	1	4-Jul-14	5.3	7.9	5.1
Birkenhead	Leisure	1	5-Aug-14	5.5	7.7	14.5
Total		**4**		**26.4**	**6.9**	**12.3**

1 Weighted average unexpired lease term, to first break
2 MIPP JV, total purchase price £12.8 million

Commercial disposals

Location	Sub-sector	No. of assets	Date of Completion	Proceeds at Share (£m)	NIY (%)	WAULT[1] (years)
DFS JV (Leaseholds)[2]	Retail	2	25-Apr-14	1.1	8.5	16.0
Berkhamsted	Retail	1	30-May-14	12.3	3.9	19.0
Huddersfield	Leisure	1	4-Jun-14	15.2	6.1	24.4
DFS JV[3]	Retail	3	29-Sep-14	5.2	7.8	16.0
Total		**7**		**33.8**	**5.6**	**20.8**

1 Weighted average unexpired lease term, to first break
2 DFS JV, Leaseholds: Adwick Le Street and Kingston upon Hull, total sales proceeds £3.7 million
3 DFS JV: Ashby-de-la-Zouch, Bury St Edmunds, Droitwich, total sales proceeds £17.1 million

Non-core residential disposals

	Sales (units)		Gross sales (£m)			Total equity
Location	**Completed**	**Agreed**	**Completed**	**Agreed**	**Total**	**Released (£m)**
Highbury	23	2	12.9	1.6	14.5	11.6
Clapham	2	-	0.9	-	0.9	0.7
Battersea	5	2	2.7	1.2	3.9	3.3
Moore House (40%)	2	4	0.4	1.9	2.3	1.2
Total	**32**	**8**	**16.9**	**4.7**	**21.6**	**16.8**