26 January 2015

LONDONMETRIC PROPERTY PLC

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

THIRD QUARTER 2015 INTERIM MANAGEMENT STATEMENT

SIGNIFICANT ACTIVITY ENHANCES PORTFLIO METRICS FOR FUTURE INCOME AND CAPITAL GROWTH

LondonMetric Property Plc (LSE: LMP), today announces its interim management statement for the period from 1 October 2014 to 26 January 2015 (the "Period").

HIGHLIGHTS:

- £362.1 million (LMP share) of investment activity of which £344.4 million has been announced previously:
  - Acquisition of nine properties totalling £157.8 million (LMP share) with an average yield of 6.1%, WAULT of 13.8 years
  - Completion of the sale of One Carter Lane for £138.8 million at an exit yield of 4.3%
  - Retail disposals of £61.6 million at an average exit yield of 6.3%
  - Sales of a further 11 residential units at Moore House. 36 out of 149 units have now been sold or are under offer
- Investment portfolio now substantially repositioned with 90% concentrated in core sectors of retailer led distribution and out of town retail
- Committed developments increased to 2.0 million sq ft across five locations, including the 1.0 million sq ft pre-let distribution warehouse in Islip and the 690,000 sq ft pre-let distribution warehouse in Warrington
- Asset management activity continues to deliver income growth and yield compression. Occupier transactions were completed across 94,000 sq ft generating rental uplift of £0.9 million on average lease lengths of 15.5 years
- Core portfolio is 99.5% occupied with a WAULT of 12.9 years and only 4.4% of rent due to expire in the next five years; 39.5% of portfolio rental income subject to fixed or RPI rental uplifts (distribution portfolio: 52.4%)

Andrew Jones, Chief Executive of LondonMetric, commented:

"The £362 million of investment activity undertaken during the period has strengthened our portfolio further, whilst providing greater alignment to the growth of eCommerce through retail led distribution assets and the convenience of click and collect offered by our out of town retail portfolio. We set out to increase our development activity, and have achieved this with the acquisition of new opportunities in Warrington and Bedford. In addition, our asset management activity is improving the quality and quantum of our income whilst delivering capital returns well ahead of general market yield compression.

"The occupational and investment markets are continuing to strengthen and, against this backdrop, we expect to benefit from further capital recycling across the portfolio, reinvesting proceeds into retail led distribution and retail warehousing, where we can benefit from our strong occupier relationships."

INVESTMENT ACTIVITY

Distribution

Our strong occupier relationships continue to generate new investment and development opportunities and, since the start of the Period, we have completed on £130.3 million of acquisitions at a blended NIY of 6.3%:

- 410,000 sq ft distribution facility for £56.5 million let to Eddie Stobart, reflecting a NIY of 5.1%

- 690,000 sq ft retail distribution centre in Warrington for £47.5 million on a forward funding contract, reflecting a NIY of 7.5%

- 173,000 sq ft Tesco.com Distribution Centre in Croydon for £21.1 million, reflecting a NIY of 5.5% with a reversionary rent review in October 2015

- 65,000 sq ft parcel distribution unit in Leicester let to DHL for £5.2 million, reflecting a NIY of 6.4%

The distribution portfolio, including the 70 acre distribution development in Islip (Northampton) and the Warrington distribution development, now comprises 22 assets with a combined portfolio value of £611.8 million (£529.1 million excluding Islip and Warrington), representing 46% of the Group's portfolio. The portfolio has a WAULT of 14.8 years and 52.4% of the portfolio benefits from income growth through fixed or RPI increases.

We continue to grow our distribution development pipeline and, as announced in the Period, we acquired a 37 acre site from Bedford Borough Council conditional on planning which is currently zoned for distribution and which is capable of accommodating up to 750,000 sq ft of distribution space.

Retail

Acquisitions

Over the Period, five retail assets were acquired for £20.8 million (LMP share) at an average net initial yield of 6.0%.

The MIPP JV acquired three assets for £24.8 million (£12.4 million LMP share):

- £8.9 million out of town retail asset in Totton, Southampton (£4.4 million LMP share)

- £12.2 million acquisition of a 58,000 sq ft, two unit retail park in Hemel Hempstead let to Wickes & Dunelm; NIY of 6.1% and WAULT of 10.3 years (£6.1 million LMP share)
- £3.7 million acquisition of a 21,500 sq ft retail unit in Grimsby pre-let to Wickes; NIY of 7.3% and WAULT of 15 years (£1.9 million LMP share)

The Group invested a further £6.6 million in the MIPP JV to increase its shareholding to 50% and, in addition, the Group acquired two convenience properties let to Aldi in Hull and Guisborough (near Middlesborough) for a total of £8.4 million; NIY of 5.8% and WAULT of 15.0 years.

Disposals

Since the half year-end we have completed the sale of four retail properties for £61.6 million at an average net initial yield of 6.2%:

- Channon's Hill Retail Park, Bristol sold for £8.1 million
- Bishop Auckland retail park sold for £23.6 million
- Cairngorm Retail Park in Milton Keynes sold for £21.8 million
- Wick Retail Park sold for £8.1 million

The out of town retail investment portfolio now comprises 68 assets with a combined value of £550.9 million, representing 42% of the Group's portfolio. The average yield is 6.2% with a WAULT of 12.7 years (12.1 years to first break), and 30.0% of the portfolio rental income is subject to fixed or RPI rental uplifts.

Non-core disposals

On 16 January we received proceeds of £124.8 million following completion of the £138.8 million disposal of One Carter Lane, London. The sale price was achieved at £10.8 million above the 30 September 2014 valuation.

At Moore House, our last residential investment, we sold 11 units during the Period (3.3% above book value) and have a further 10 units under offer, representing in total £7.1 million of sales (LMP share). There are 113 units remaining and we will continue to patiently sell down.

ASSET MANAGEMENT

During the Period, we have completed occupier transactions across 94,000 sq ft, representing an uplift in rental income of £0.9 million per annum, on average lease lengths of 15.5 years. Key highlights during the Period include:

- Loughborough: Morrisons has signed a new 25 year lease on a larger store of 54,000 sq ft (previously 41,300 sq ft) subject to planning
- Tonbridge: M&S has exchanged on a new 11,000 sq ft unit

- Kings Lynn: Next has taken a new 15 year lease on a 21,000 sq ft unit being created out of the Homebase store
- Leeds (Kirkstall): Pets at Home has signed a new 15 year lease on a new 8,000 sq ft unit at our 120,000 sq ft development which remains on track for completion in September

The investment portfolio totals £1,146.4 million (no revaluation was undertaken in the Period) with a topped up initial yield of 6.0% (September 2014: 6.1%), and a WAULT of 12.7 years. Only 4.4% of our rental income is due to expire over the next five years and occupancy rates are at 99.5%.

At Islip, construction is on track for completion by the end of August.

FINANCING

During the Period, we increased the Helaba facility to £196.2 million and extended the facility term by three years, expiring in November 2021. Our gross debt, including joint ventures, now stands at £557.1 million compared to £573.3 million at the half year end. The main movements are represented by the draw-down of an additional £41.1 million to finance the Dixons Carphone distribution acquisition at Newark and, the repayment of £59.5 million following completion of the One Carter Lane disposal. Following completion of the recent Dagenham distribution acquisition, net debt is £486.1 million. Our loan to value net of cash resources is 38% and £92.1 million of undrawn facilities are available. The average cost of debt is 3.7% and the term to maturity is 4.4 years.

MARKET UPDATE AND OUTLOOK

The UK economy continues to perform well with positive key indicators. Recent falls in oil and energy prices should feed through to the end consumer boosting disposable income and increasing consumer confidence. The property market continues to see strong investor demand with high investment volumes in the year ended 2014 of c£55 billion, with increased activity across the UK regions. Despite market yield compression through 2014, the UK real estate sector remains attractive relative to other asset classes and there is little to suggest the strength of demand changing for the foreseeable future.

Overall, we believe that the market remains rational which is supported by long income streams, a low interest rate environment, strengthening consumer demand and the distinct lack of new developments over the last seven years. We remain alert to the market to ensure that we capitalise on and recycle those assets which no longer meet our return criteria.

Retailers continue to rightsize their store portfolios as a result of changing shopping habits which will see the majority continue to reduce the size of their store portfolio as existing lease commitments continue to expire. This is likely to delay organic market rental growth across the retail sector except on assets where a strong demand/supply tension exists. Conversely, however, the pressure continues to build on retailers to optimise efficiencies within their supply chains with recent Christmas trading highlighting the frailties of some existing logistics networks and demonstrating the need for retailers to invest in fit for purpose fulfilment and logistics to meet rising consumer service expectations.

Research suggests that online shopping is continuing to grow, with 47% of UK shoppers doing at least half of their Christmas shopping online over the festive period with 39% also using click and collect services. This trend is likely to continue with retailers embracing an omni channel approach. We believe that this will result in a demand/supply imbalance creating upward pressure on rental levels for the right buildings across the sector.

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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.

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