17 November 2011

METRIC PROPERTY INVESTMENTS PLC

("Metric" or the "Group" or the "Company")

HALF YEARLY RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

Metric, the UK specialist retail real estate investment trust (REIT) today announces its half yearly results for the six months ended 30 September 2011.

	Six months ended 30 September 2011	Twelve months ended 31 March 2011	Six months ended 30 September 2010
EPRA[1] NAV per share (p)	104	101	97
NAV per share (p)	103	101	97
EPRA[1] EPS (p)	2.1	0.5	(0.3)
Dividend per share (p)	1.0	0.6	--
EPRA[1] profit after tax (£m)	3.9	0.9	(0.2)
Revaluation surplus (£m)	3.4	7.6	1.9
Profit after tax (£m)	6.0	8.5	1.7
Debt facilities[2] (£m)	114.7	84.7	50.0

HIGHLIGHTS:[3]

- Total property return for the period of 5.7%[4] (capital return: 2.9% and income return: 2.8%) outperforming the IPD All Retail Quarterly Universe return of 3.3% (capital return: 0.4% and income return: 2.9%).
- Valuation uplift since March 2011 of £3.4 million, up 1.5%, net of acquisition costs representing an underlying uplift of £5.0 million, up 2.2%.
- Like for like rent up 6.1%[5] to-date over previous passing rent.
- Five new lettings on average leases of 15.1 years. High occupancy across portfolio at 97%, with an average unexpired lease term of 12.1 years (11.4 years to first break).
- Post period end, formation of Metric Income Plus Limited Partnership ("MIPP"), a new £150 million joint venture with Universities Superannuation Scheme ("USS") to invest in smaller, higher income yielding retail warehouses.
- Acquisitions completed during the period at Sheffield, King's Lynn and Swindon for a total consideration of £27.6 million (net of acquisition costs), off an expected yield on cost of 7.1%. Further conditional exchanges on acquisitions at Cannock, Bishop Auckland and Rochdale, for 150,000 sq ft of new retail development.
- Post period end significant progress in achieving value enhancing planning consents:
  - Resolution to grant planning consent received at Leeds for a new Open A1 105,000 sq ft shopping park.
  - Resolution to grant planning consent received at Bishop Auckland for new Open A1 49,000 sq ft retail park.
  - Planning consent received at Cannock for the development of 24,700 sq ft of retail warehouse space.
- Post period end, £30 million increase and extension for a further year to existing five year revolving credit facility.

1. Calculated in accordance with European Public Real Estate Association (EPRA) guidelines (after adjusting for £1.3m loss on mark-to-market on derivatives see note 7 and 15).

2. Debt facilities are as at the date of this announcement.
3. All property and asset management activity reflects the period to the date of this announcement.
4. The total net rental income and revaluation surplus expressed as a percentage of the capital invested from 1 April 2011 to 30 September 2011.
5. Rental income growth is the increase in contracted annual rental income of the occupier transactions from 1 April 2011 to-date.

Andrew Jones, Chief Executive of Metric, commented:

"Our robust operational performance has helped deliver a solid set of results against an increasingly turbulent economic backdrop. We have achieved gains in all areas of the business, with more off-market acquisitions, material planning consents and accretive asset management actions. We are pleased with the composition of the portfolio which has delivered strong income growth in an environment of rental deflation, underpinning our total property return over the period of 5.7%, beating the IPD benchmark.

"Our portfolio continues to demonstrate defensive qualities, with higher occupancy levels and longer unexpired lease lengths, as well as continuing to offer significant asset management and development upside. These strong portfolio characteristics together with a robust balance sheet provide a position of strength from which to take advantage of the opportunities these challenging markets present.

"We are also very excited with our new retail warehouse joint venture with USS, a major UK institution. We look forward to growing this area of our business and taking advantage of current market uncertainty and the considerable spread between long dated property income and the low cost of debt finance, to deliver very attractive income returns."

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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:

FTI Consulting
Holborn Gate
26 Southampton Buildings
London WC2A 1PB

In addition, a simultaneous conference call will also be available and the presentation will be available to download from the Company's website www.metricproperty.co.uk. To participate in the call, please dial:

Dial in number: +44 (0)20 7136 2050
Conference ID: 4272048

Event title: Metric Property Investments - Results Conference Call

About Metric Property Investments

Metric Property is a UK retail focused Real Estate Investment Trust (REIT) established in early 2010 to invest in retail assets located across the UK. It aims to deliver attractive returns for shareholders through a strategy of increasing income and improving capital values. The occupier sits at the heart of Metric's investment strategy, where retailer demand and occupier contentment are key to driving rents through our asset management programme of leasing, rent reviews, lease renewals, extensions and redevelopments.

This Interim Report and other information are available on Metric's website www.metricproperty.co.uk

METRIC'S STRATEGY

We aim to deliver attractive returns for shareholders by focussing on our bottom-up approach to stock selection. This ensures we invest in opportunities where we can grow income independent of broader market conditions. Over the medium term we look to narrow the gap between the relatively low passing rents at acquisition and the sustainable levels of rent that we believe our customers can afford to pay. Our strategy focuses on:

ACQUISITIONS – Buying well by leveraging our strong retailer relationships to accurately assess occupier contentment and demand, trading profitability, covenant strength and likely future income performance.

ASSET MANAGEMENT – Increasing existing income, adding new income and improving the valuation yield by lengthening and strengthening the contracted rental income across our investment and development portfolios.

DISPOSALS – Opportunistically and selectively selling assets when we believe sufficient value has been created and the market pricing is attractive.

Our portfolio includes:

- Investments – the core of our portfolio, comprising multi-let schemes offering a full programme of asset management opportunities;
- Income Plus – our JV with USS ("MIPP") which aims to acquire smaller out-of-town retail parks and solus units;
- Partnering – where we work closely with specific retailers to help them unlock opportunities; and
- Redevelopments – longer-term schemes with favourable planning outlooks with attractive demand/supply dynamics.

BUSINESS REVIEW[1]

ACQUISITIONS

During the period we completed on three retail parks in Sheffield, King's Lynn and Swindon for £27.6 million (net of acquisition costs). These acquisitions reflect an average yield on cost, including committed expenditure of 7.1%.

We have also entered into conditional contracts for the acquisition of three retail park development opportunities at Cannock, Bishop Auckland and Rochdale, where we can use our asset management skills and strong retailer relationships to deliver long-term value.

- At Cannock, planning consent for 24,700 sq ft of new retail accommodation has been obtained post period-end and the outstanding conditions surrounding the acquisition have been satisfied. We have signed a pre-letting to DFS for a 17,000 sq ft store on a new 20 year lease at £18.50 psf and have a further 3,850 sq ft unit under offer to Sleepright at £21.00 psf. Completion of the acquisition is expected to take place in January 2012 and start on site in February 2012.

1. All property and asset management activity reflects the period to the date of this announcement.

- At Bishop Auckland, we have received a resolution to grant planning consent for a new 49,000 sq ft Open A1 retail park on the site of a former Focus DIY unit. Completion of the acquisition is expected to take place in early 2012 and construction is expected to commence shortly thereafter.
- We have also entered into a conditional joint venture agreement with Town Centre Securities PLC to develop a new 75,000 sq ft Open A1 retail park in Rochdale. We are currently looking to value engineer the existing consent and anticipate commencing on site during the latter half of 2012 once this has been completed and suitable occupiers have been identified.

To date we have invested £217 million (net of acquisition costs) across 18 schemes with average rents of £12.60 psf. Across the investment portfolio (15 schemes totalling 884,000 sq ft), the average rent is £14.20 psf and occupancy is 97% with a weighted average unexpired lease term of 12.1 years (11.4 years to first break). The average portfolio yield on cost is 6.4%, which will rise to 6.9% once all current asset management initiatives have been implemented.

USS joint venture

Post period end, Metric and USS have formed a new £150 million joint venture, Metric Income Plus Limited Partnership ('MIPP'), which has been created to invest in smaller, higher yielding, income focussed retail warehouse parks and solus units ranging in value from £2m to £20m. The focus will be to acquire operationally strong well let assets with average lease lengths of greater than 12 years. The target portfolio yield will be in excess of 7% to deliver attractive post leverage cash on cash returns.

USS has committed initial equity of £50 million, with Metric investing £25 million for a one-third equity stake. Metric will receive a quarterly management fee of 0.4% per annum of the Gross Asset Value of the portfolio. The target LTV once invested will be 50% across the portfolio.

The joint venture has already contracted to acquire two properties from Metric. It will forward purchase Metric's 30,000 sq ft development in Inverness, upon completion, for £9.7 million (net of acquisition costs), reflecting an initial yield of 6.4%. The asset is already fully pre-let to DFS and Carpetright for 17 years and is due for practical completion in January 2012.

MIPP has acquired Fleming Way Retail Park, Swindon for £10.2 million (net of acquisition costs), reflecting an initial yield of 7.2%. The asset is let to The Range and Halfords for a further 20 years off average rents of £13.45 psf. The asset was initially acquired by Metric in September 2011.

This access to institutional and third party capital allows Metric to leverage its strong asset management platform and increase the scale of business without tying up significant investment capital, as well as enhancing our earnings stream.

ASSET MANAGEMENT

Occupier transactions

To date we have completed nine occupier transactions totalling £2.0 million per annum of rental income. This has delivered an underlying uplift of £0.7m over previous passing rent, with a further £1.0 million agreed or in solicitors' hands, and which we anticipate concluding over the next few months.

To date we have achieved five new lettings, on 83,000 sq ft on average lease terms of 15 years. The majority of the rental uplift comes from our two lettings to DFS at Sheffield and Cannock (37,000 sq ft), both previously vacant.

We have completed two lease variations at Launceston and Bedford, with new rentals of £582,000 per annum on lease terms of 15 years. The rental uplift shows an increase over the previous passing rent of 12.0%. In addition we have settled two outstanding rent reviews at 8.7% above previous passing rents (in-line with ERV).

Our income growth over the period was 6.1%, increasing to 14.2% once deals under offer have concluded.

This activity supports the occupier appeal of our properties, our investment portfolio is now 97% let on average passing rents of £14.20 psf. Moreover, 47% of our space benefits from Open A1 planning consent with average rents of only £11.70 psf, with 27% of this space presently occupied by bulky tenants.

Despite a challenging retailing environment, these strong metrics together with the benefit of continued high occupier contentment at our assets provide a strong platform from which to deliver further organic growth as we look to increase our income and improve our tenant mix.

Table 1 – Leasing transactions

Scheme name	**Asset management initiatives**
Congleton Retail Park, South Manchester	• Boots commenced trading in August • New 10 year lease with Sports Direct in solicitor's hands • New 10 year lease with Family Bargains
Alban Retail Park, Bedford	• Re-geared Dunelm lease to 15 years, rent up 20% • Exchanged contracts with B&M Retail • Exchanged contracts with Jollyes Pets (post period-end)
Longford Island, Cannock	• Exchanged contracts with DFS for new 20 year lease • Under offer to Sleepright on new 10 year lease
St Mary's Road, Sheffield	• Exchanged contracts with DFS for new 20 year lease
Launceston Retail Park, Cornwall	• New Look, Peacocks and Pets at Home all opened successfully • Former Focus assigned to B&Q • Settled Argos rent review 14% above previous passing rent

Focus DIY
The portfolio held three Focus DIY units at Launceston, Congleton and Bedford prior to it going into Administration in May 2011. These comprised a total of 77,700 sq ft generating rental income of £960,000 per annum.

Following a period of active asset management we have now re-let about 90% of the former Focus DIY space (the remaining 8,300 sq ft is in negotiations) to tenants with stronger covenants, on longer leases and with a higher total rent roll.

- At Launceston, the 22,700 sq ft Focus DIY unit was assigned to B&Q on the same terms as previously let, with an unexpired lease term of 16 years. The new B&Q has already opened and is performing above expectations. The arrival of B&Q has not only improved the tenant mix of the scheme but also significantly strengthened the income profile.
- At Congleton we have let the former 15,000 sq ft Focus DIY unit to Family Bargains on a new 10-year lease, at a rental level slightly below the previous passing rent. However, we have 'taken back' the old garden centre (which was not rentalised under the Focus lease) and have submitted a planning application for a new 6,500 sq ft retail unit, which on completion will add £100,000 per annum of new rental income, an uplift of 12%. We anticipate receiving a planning consent by the end of the year.
- At Bedford, the Focus lease was subject to an original tenant guarantee. We have agreed to release the guarantor from its obligations in return for a premium of £1.25 million. We have received planning consent and are on site refurbishing the entire park and sub-dividing the space to create three smaller units to trade alongside Dunelm. We have exchanged contracts with B&M Bargains and Jollyes Pets to occupy 25,000 sq ft and 6,000 sq ft, respectively, at average rents of £11.35 psf and are in negotiations on the remaining 8,300 sq ft unit. Both B&M Retail and Jollyes Pets will commence trading in early 2012.

Development
We are continuing to make excellent progress with our redevelopment programme which now includes five schemes totalling 217,000 sq ft of new out-of-town retailing.

- At Cannock and Sheffield, we have received consents for 53,000 sq ft of redevelopment. Both assets are over 70% pre-let on new 20 year leases to DFS, with a further unit under offer at Cannock to Sleepright. We are in active negotiations on the remaining 12,000 sq ft of space and so expect to start on site in both locations shortly.
- At Bishop Auckland, we received a resolution to grant planning consent for a new 49,000 sq ft Open A1 seven-unit retail park, on the site of the former Focus store. We have already pre-agreed terms with Next plc on 10,000 sq ft, and are in detailed negotiations on a further 21,700 sq ft of space which will take pre-letting to 65% when complete. The commencement of the development will be subject to achieving a sufficient level of pre-lets.
- At Kirkstall, Leeds, following a comprehensive assessment and consultation process we have received a resolution to grant planning consent for the redevelopment of the existing BHS store. The new development comprises a 105,000 sq ft (plus 60,000 sq ft of mezzanine) Open A1 latest generation shopping park, anchored by a new BHS unit and Outfit fashion store. This will be our largest development project to date. We are in negotiations with other high street retailers and

are hopeful of announcing further additions to the tenant line-up over the next few months which will take our pre-let percentage to a sufficient level to commence development.

- At Inverness we are on site building the new 10,000 sq ft Carpetright unit and anticipate completion in January 2012. This asset will be sold to MIPP post completion in April 2012.

Committed development expenditure on Bedford, Bishop Auckland, Inverness, Cannock and Sheffield is £10 million with a further £34.5 million earmarked on developments at Leeds, Bishop Auckland and Cannock conditional on planning and/or pre-lets.

Table 2 – Development Summary

Scheme name	Description	Progress
Longford Island, Cannock	25,000 sq ft new retail development	Planning consent received. Pre-let 17,000 sq ft to DFS, 3,800 sq ft under offer to Sleepright. On site Feb-12.
St Mary's Road, Sheffield	28,000 sq ft retail development	Planning consent received. Pre-let 20,000 sq ft to DFS. On site Nov-11.
Bishop Auckland	49,000 sq ft Open A1 retail park development	Resolution to grant planning consent received. 31,000 sq ft under offer.
Milburn Road, Inverness	10,000 sq ft retail development	Pre-let to Carpetright. Currently onsite. PC Jan-12.
Kirkstall Bridge, Leeds	105,000 sq ft Open A1 shopping park development	Resolution to grant planning consent received. Pre-lets to BHS and Outfit.

Planning

As detailed in the Development section, we have already achieved significant planning gains over the period. Since the beginning of April 2011 to date, we have received eight planning consents for over 267,000 sq ft of space. We have also submitted a further planning application at Congleton for the 6,500 sq ft extension on the former Focus garden centre, see Table 3.

In addition, at Airport Retail Park, Coventry, we will shortly be submitting an expedited planning application to redevelop the Dunelm and Dreams units after a fire caused their partial destruction.

Table 3 – Planning success (from April to November 2011)

Scheme name	Planning success
Congleton Retail Park, South Manchester	• New 8,000 sq ft development unit
Damolly Retail Park, Newry	• New 2,500 sq ft pod on the car park
Alban Retail Park, Bedford	• Sub-division of 40,000 sq ft former Focus unit into 3 smaller units
St Mary's Road, Sheffield	• Refurbishment/reconfiguration over 28,000 sq ft
Milburn Road, Inverness	• New 10,000 sq ft Carpetright development
Longford Island, Cannock	• New 24,700 sq ft of retail warehouse space
Kirkstall Bridge, Leeds	• New 105,000 sq ft shopping park development
Tindale Crescent, Bishop Auckland	• New 49,000 sq ft retail park development
	Planning application pending
Congleton Retail Park, South Manchester	• 6,500 sq ft to develop on former Focus garden centre

Valuation

The valuation of the Group's properties as at 30 September 2011 was £228.9 million reflecting a valuation uplift of 1.5% (£3.4 million) net of acquisition costs or an underlying valuation uplift of 2.2% (£5.0 million), since the year-end. The average period of ownership for the portfolio is just under 10 months and our weighted capital return for the period was 2.9% net of acquisition costs and 3.8% gross of these costs. This compares to the IPD All Retail Quarterly Universe capital return of 0.4% over the same period. The strong performance was primarily driven by the asset management initiatives at Bedford and Launceston as well as the new letting to DFS at Sheffield. Of the underlying valuation surplus, 88% comes from management actions tied directly to value enhancing initiatives with only 12% attributable to market yield shift.

Table 4 – Valuation contributors

	% contribution to valuation uplift
New lettings	35
Rent reviews	2
New space	31
Asset management yield shift	20
Market yield shift	12
Total	100

PORTFOLIO METRICS

The investment portfolio continues to exhibit strong defensive qualities, with an improved average unexpired lease term of 12.1 years (11.4 years to first break), up from 11.8 years at the year end, as a result of active asset management.

Over the period new lettings and lease re-gears, which on average have been on lease terms greater than 15 years, have improved the unexpired lease term by approximately one year.

Our lease expiry profile is well staggered and it is notable that over 26% of our income has an expiry profile of more than 15 years.

Table 5 – Lease expiry profile (based on the earliest of first break or lease expiry)

	% of contracted rental income
0-5 years	7
5-10 years	25
10-15 years	42
15 years +	26
Total	100

Tenant diversity and covenant strength

The diversity of income within the portfolio is spread across the key retail sub-sectors with 15% of income derived from food operators and no single sector representing more than 20% of income. 13% of the portfolio's income is subject to fixed rental uplifts.

Table 6 – Sector exposure (weighted by income)

	% of contracted rental income
General merchandise	20
Electrical	17
Home furnishings	12
Food	15
DIY	12
Furniture	11
Discount	7
Other	6
Total	100

Our top fifteen customers account for 73% of the total contracted rent. The granularity and diversity of income has improved as we have grown the portfolio and we expect this to continue as we undertake further asset management initiatives and acquire more assets. Our largest tenant exposure is to Currys / PC World at 13.9%.

Table 7 – Tenant exposure (weighted by income)[1]

Trading name	Number of locations	Rent p.a. £m	% of total rent
Currys / PC World	5	2.1	13.9
DFS	4	1.4	9.3
Morrisons	1	1.0	6.7
B&Q	2	0.9	5.9
Dunelm	2	0.7	4.5
Carpetright	5	0.7	4.4
Homebase	2	0.6	4.1
The Range	1	0.6	3.8
Halfords	4	0.5	3.7
Tesco	1	0.5	3.4
Next	3	0.5	3.4
BHS	1	0.5	3.3
M&S	2	0.4	2.7
Smyths Toys	1	0.3	1.9
Boots	3	0.3	1.8
Total top fifteen customers	37	11.0	72.8
Other	44	4.1	27.2
Total income	**81**	**15.1**	**100.0**

1. Tenant exposure based on gross ownership and including income currently in solicitors hands.

INVESTMENT & OCCUPIER OUTLOOK

In March, we expressed our view that there was little value in the investment market and that yield compression had largely run its course. It was clear that occupier and property fundamentals did not support current pricing. As a result our activity in the investment market has largely been confined to retailer 'partnering' deals, redevelopment opportunities and higher yielding investments; all supported by strong underlying occupier and property fundamentals.

Over the last few months we have begun to see evidence of the market softening in some subsectors, and we expect this to be more pronounced over the coming months. Refinancing pressures, investor redemptions and less debt availability in an uncertain market is increasing the number of assets available for sale. However pricing movements will not be uniform and those retail assets with the shortest leases, weakest covenants and impending obsolescence will be the most vulnerable to both yield expansion and income falls.

The occupational market is going through some structural changes which have been accelerated by the downturn in consumer expenditure. As a result, retailers who are facing the considerable pressure from the internet and out of town competition are feeling the greatest pain. These new avenues available to the consumer are accelerating the need for traditional retailers to reconsider the right size and shape of their physical real estate portfolios. We continue to see downward pressure on high street and shopping centre rents, as the surplus supply of shop units continues to rise as more and more retailer's right-size their estates. This is likely to be a continuing trend as lease expiries increase retailers' optionality to relocate and right size; the challenge for landlords, therefore, will be to identify who is going to re-occupy the space, at what rent, for how long and at what cost.

Whilst the secondary and tertiary sub-sectors are more exposed to these dynamics, prime assets are not immune. The pressure on prime is different and, whilst the risks are not so much focussed on yield expansion, prime assets will still face rental and ERV challenges. Many of these assets are already fully rented, at levels which were set in a stronger market. These are not necessarily achievable today, and income retention on these assets going forward will be key.

However, as many retailers look to continue improving their store portfolios, as their existing town centre leases expire, the lack of new development space both in and out-of-town will become an important issue for many. We see this as a real opportunity for further retail partnering and redevelopment initiatives as part of our strategy of delivering retailers with the right space, in the right location.

We will continue to adhere to our proven business model and remain disciplined with a bottom up strategy to focus on assets that are well let, at affordable rents and where we can leverage both our retailer relationships and sector experience to increase, lengthen and strengthen the income streams, through refurbishment, redevelopment, reconfiguration or tenant re-engineering.

So whilst the backdrop is challenging, we continue to see good opportunities to selectively deploy our capital and we are confident about being able to generate compelling returns for shareholders.

FINANCIAL REVIEW

The results for the six months ended 30 September 2011 have benefited from the net proceeds of the IPO in March 2010 being fully invested during the period. The results for the prior period reflected the initial investment build up.

Income statement and earnings per share

The Group made a profit after tax of £6.0 million in the period to 30 September 2011 which equates to earnings per share of 3.2p. The profit arose mainly from a gain on the revaluation of the investment properties of £3.4 million and EPRA earnings of £3.9 million (see note 7). These profits were offset by a loss of £1.4 million arising on the valuation of the derivative financial instruments entered into in the period. Excluding the revaluation surplus and loss on the derivative financial instruments the Group made an adjusted profit after tax of £3.9 million or adjusted earnings per share of 2.1p.

Net rental income in the period to 30 September 2011 was £6.5 million reflecting the majority of the investment portfolio being held for a full six months. The three acquisitions in the period (Sheffield, King's Lynn and Swindon) contributed £0.1 million to net rental income. The period also benefited from surrender premiums received of £1.3 million arising on the surrender of Focus DIY at Bedford and Lidl at Bristol.

Administration expenses of £2.1 million principally comprise staff and office accommodation costs. Compared to the same period last year these costs have increased by £0.4 million primarily as a result of increased staff costs although this has partially offset the exceptional professional fees incurred in the prior period obtaining REIT status at IPO.

The net proceeds from the IPO were fully invested last year and consequently the interest earned on deposit accounts has fallen significantly to just £0.1 million.

Interest payable was £0.5 million reflecting the interest on debt drawn to finance acquisitions and capital expenditure along with the amortisation of loan arrangement fees and commitment fees incurred on the facilities negotiated in the second half of last year. During the period the average interest cost was 2.6% although this rate will increase in the future to about 3.7% when the two forward starting swaps commence in 2012 based on current libor rates.

A loss of £1.4 million was incurred on the mark to market valuation of the derivative portfolio reflecting the volatility in future interest rates seen in the market as a result of the current economic environment. The Group has fixed or capped 42% of the currently available facilities.

Dividend and dividend policy

The Board of Directors has recommended the payment of an interim dividend of 1.0p per share or £1.9 million which will be paid on 21 December 2011 to shareholders on the register at the close of business on 25 November 2011. The dividend will be paid entirely as a Property Income Distribution (PID). The 2010/11 final PID dividend of 0.6p per share or £1.1 million was paid during the period and has been recognised in these financial statements.

Balance sheet and net asset value

As at 30 September 2011 the Group's portfolio was valued at £228.9 million, expenditure in the period on property acquisitions was £29.2 million and a further £3.4 million has been spent on tenant incentives and capital expenditure relating to the redevelopment and refurbishment of the portfolio. Capital commitments at the period end amounted to £5.8 million. After acquisition costs and capital expenditure the portfolio generated a revaluation surplus of £3.4 million.

The Group has spent a total of £211.8 million on acquisitions to date and is conditionally committed to spend a further £4.2 million on the acquisition of properties at Cannock and Bishop Auckland.

The net asset value per share at the period end was 103p and the adjusted net asset value was 104p. The table below sets out the reasons for the movement in the net asset value since 31 March 2011:

	£m	pence per share
Net asset value 31 March 2011	191.1	101
Adjusted profit after tax (note 7)	3.9	2
Revaluation surplus	3.4	2
Dividend paid	(1.1)	(1)
Adjusted net asset value as at 30 September 2011	197.3	104
Change in fair value of derivative financial instruments (note 15)	(1.3)	(1)
Net asset value as at 30 September 2011	196.0	103

Financing

As at 30 September 2011 the Group had net debt of £23.0 million with an LTV of 10%. Subsequent to MIPP being established the LTV falls to 5% on a pro-forma basis. The Group is committed to spend a further £18.0 million of which £8.0 million relates mainly to acquisition costs and has been provided for on the balance sheet, capital commitments comprise £5.8 million and a further £4.2 million is conditional on receiving planning consents. These commitments reflect primarily the acquisition of properties at Inverness, Cannock and Bishop Auckland together with expenditure required to complete a number of tenant initiatives, principally at Bedford, Inverness and Sheffield.

A further £34.5 million has been earmarked for developments conditional on obtaining planning and/or pre-lets, primarily at Leeds, Bishop Auckland and Cannock. Post period-end the Group has also agreed to invest up to £25 million in the new joint venture with USS. The joint venture has agreed to acquire the Group's investment properties at Swindon and Inverness for a total consideration of £20.6 million.

As previously reported the Group had two committed loan facilities totalling £84.7 million and since the period end has increased the existing £50 million revolving credit facility with the Royal Bank of Scotland to £80 million and extended the term by one year to November 2016, thereby taking total committed facilities to £114.7 million (£80.0 million expiring in five years; £34.7 million expiring in 4.5 years). There has been no change to the principal financial covenants except for the margin which was increased by 35bps. The Group continues its ongoing discussions with a number of other banks with a view to entering into additional loan facilities in the future.

The Group has now hedged 42% of the total available facilities by taking out the following derivatives:

1. 3.0% cap with a notional value of £17.5 million, effective from 15 April 2011 and terminating on 15 April 2016.
2. 3.19% fixed rate forward starting swap, plus a credit spread of 0.15%, to give an all-in rate of 3.34% with a notional value of £10.5 million, effective from 16 January 2012 and terminating on 15 April 2016.
3. 1.36% fixed rate forward starting swap, plus a credit spread of 0.12%, to give an all-in rate of 1.48% with a notional value of £20.0 million, effective from 16 January 2012 and terminating on 15 October 2015.

The above derivatives were valued by the respective counterparties with a net liability to the Group of £0.8 million or 0.4p per share which has been included on the balance sheet.

Including anticipated future debt facilities and capital expenditure committed and earmarked, the Group has firepower totalling about £90 million, calculated as follows:

	Metric £m	MIPP £m
Cash at bank and on deposit	7.0	-
Less capital commitments (including £4.2 million of conditional acquisitions)	(18.0)	-
Undrawn committed bank facilities	84.7	-
Investment in joint venture	(25.0)	75.0
Sale of Inverness and Swindon to joint venture	20.6	(20.6)
Total committed firepower	**69.3**	**54.4**
Future earmarked expenditure	(4.8)	-
Anticipated future debt facilities *	40.5	75.0
Total firepower excluding developments	**105.0**	**129.4**
Development cost of Kirkstall and Bishop Auckland	(29.7)	**-**
Anticipated debt on above developments once completed *	14.7	**-**
Total anticipated firepower	**90.0**	**129.4**

*Based on leveraging existing and anticipated properties at a 50% LTV

Key risks and uncertainties

Strategic risks

Risk	Mitigation
Investment acquisitions underperform financial objectives	Specialist retail operator undertaking detailed financial and operational appraisal process for all acquisitions, including due diligence reviews, prior to committing to an investment
Failure to identify business opportunities and innovate	Research into the economy and the investment and occupational market is evaluated as part of the Group's strategy process, covering key areas such as investment, leasing and asset management
Property markets are cyclical. Performance depends on general economic conditions and in particular the retail sector	Extensive experience of the Directors provides a privileged insight into the strengths, weaknesses and opportunities within potential investments Pro-active asset management including right-sizing, extensions, refurbishments, tenant mix, lease extensions and improving planning consents
Development projects fail to deliver expected returns due to increased costs, delays or changes in property market values	Contractor performance closely monitored within project management process. Regular monitoring against budget and forecasting of project costs

Financial risks

Risk	Mitigation
Inability to raise finance to implement strategy	£114.7 million of credit facilities signed with The Royal Bank of Scotland plc and Eurohypo AG. Relationships with several banks have been established
Adverse interest rate movements	The Company has hedged £48 million or 42% of available debt facilities and established a hedging strategy and hedging effectiveness is regularly monitored
Failure to comply with loan covenants	Loan covenants are actively monitored and considered, including stress testing and headroom analysis, as part of the budgeting, forecasting and Board reporting process
Failure to comply with REIT conditions	The Group actively monitors its compliance with REIT conditions as part of its budgeting and forecasting process, the results of which are reported to the Board of Directors. The effect of all acquisitions and disposals on REIT conditions is monitored and considered
Counterparty credit risk resulting in loss of cash deposit	Deposits have been placed across a range of counterparties who have a credit rating of at least AA- or are government backed. Documented treasury process approved by the Board

Asset management risks

Risk	Mitigation
Tenant failure	Tenant covenant strength and concentration assessed for all acquisitions and leasing transactions
Failure to let vacant units	Specialist retail market contacts and knowledge and detailed appraisal of each investment including potential tenant demand

Operational risks

Risk	Mitigation
Loss of key staff	Remuneration structure reviewed and benchmarked and a substantial part of remuneration share based with period of time before vesting Executive Directors have made a substantial equity investment with lock-in provisions
Failure to comply with health and safety requirements	Property health and safety has been outsourced to specialist retail property managing agents who carry out regular risk assessments
Failure to adequately insure the property portfolio	A reinstatement valuation is carried out for each acquisition and is insured at a value increased by 30%. Loss of rental income is insured for three years
Environmental liabilities	Environmental surveys carried out as part of the due diligence for all acquisitions

Group income statement

Period ended 30 September 2011

	Note	**(Unaudited) 1 April 2011 to 30 September 2011 £000**	(Unaudited) 1 March 2010 to 30 September 2010 £000	(Audited) 1 March 2010 to 31 March 2011 £000
Gross rental income	3	**6,579**	697	4,705
Property operating expenses	3	**(74)**	(39)	(124)
Net rental income		**6,505**	658	4,581
Administrative expenses	4	**(2,118)**	(1,721)	(4,390)
Gain arising on valuation of investment properties		**3,443**	1,927	7,618
Operating profit		**7,830**	864	7,809
Finance income		**71**	811	1,070
Finance costs	5	**(500)**	–	(176)
Change in fair value of derivative financial instruments	14	**(1,389)**	–	–
Profit before tax		**6,012**	1,675	8,703
Tax – REIT conversion charge	6	–	(2)	(208)
Profit after tax		**6,012**	1,673	8,495
Earnings per share – basic and diluted	7	**3.2p**	1.7p	4.8p
Adjusted earnings/(loss) per share – basic and diluted	7	**2.1p**	(0.3)p	0.5p

All amounts relate to continuing activities.

There were no items of other comprehensive income or expense and therefore the profit for the period also reflects the Group's total comprehensive income.

Group balance sheet

As at 30 September 2011

	Note	(Unaudited) as at 30 September 2011 £000	(Audited) as at 31 March 2011 £000	(Unaudited) as at 30 September 2010 £000
Non-current assets				
Investment properties	9	**228,932**	192,387	93,932
Plant and equipment		**105**	127	71
Derivative financial instruments	14	**152**	–	–
		229,189	192,514	94,003
Current assets				
Trade and other receivables	10	**1,721**	2,003	858
Cash and short-term deposits	11	**7,024**	28,036	93,229
		8,745	30,039	94,087
Total assets		**237,934**	222,553	188,090
Current liabilities				
Trade and other payables	12	**(11,934)**	(31,486)	(3,845)
		(11,934)	(31,486)	(3,845)
Non-current liabilities				
Bank loans	13	**(29,088)**	–	–
Derivative financial instruments	14	**(924)**	–	–
		(30,012)	–	–
Total liabilities		**(41,946)**	(31,486)	(3,845)
Net assets		**195,988**	191,067	184,245
Equity				
Share capital		**1,900**	1,900	1,900
Share premium		**–**	–	–
Other reserve		**180,672**	180,672	180,672
Retained earnings		**13,416**	8,495	1,673
Total equity		**195,988**	191,067	184,245
Net assets per share	15	**103p**	101p	97p
Adjusted net assets per share	15	**104p**	101p	97p

Group statement of changes in equity

Period 1 April 2011 to 30 September 2011 (Unaudited)

	Share capital £000	**Share premium £000**	**Other reserve £000**	**Retained earnings £000**	**Total £000**
At 31 March 2011	**1,900**	**–**	**180,672**	**8,495**	**191,067**
Profit for the period	**–**	**–**	**–**	**6,012**	**6,012**
Dividends payable in period	**–**	**–**	**–**	**(1,140)**	**(1,140)**
Adjustment for share based awards	**–**	**–**	**–**	**49**	**49**
Total equity at 30 September 2011	**1,900**	**–**	**180,672**	**13,416**	**195,988**

Period 1 March 2010 to 31 March 2011 (Audited)

	Share capital £000	Share premium £000	Other reserve £000	Retained earnings £000	Total £000
At incorporation	–	–	–	–	–
Issue of ordinary shares	1,900	188,100	–	–	190,000
Share issue costs	–	(7,428)	–	–	(7,428)
Transfer in respect of capital reduction	–	(180,672)	180,672	–	–
Profit for the period	–	–	–	8,495	8,495
Total equity at 31 March 2011	1,900	–	180,672	8,495	191,067

Period 1 March 2010 to 30 September 2010 (Unaudited)

	Share capital £000	Share premium £000	Other reserve £000	Retained earnings £000	Total £000
At incorporation	–	–	–	–	–
Issue of ordinary shares	1,900	188,100	–	–	190,000
Share issue costs	–	(7,428)	–	–	(7,428)
Transfer in respect of capital reduction	–	(180,672)	180,672	–	–
Profit for the period	–	–	–	1,673	1,673
Total equity at 30 September 2010	1,900	–	180,672	1,673	184,245

Group cash flow statement

Period ended 30 September 2011

	(Unaudited) 1 April 2011 to 30 September 2011 £000	(Unaudited) 1 March 2010 to 30 September 2010 £000	(Audited) 1 March 2010 to 31 March 2011 £000
Cash flows from operating activities			
Operating profit	**7,830**	864	7,809
Adjustments for non-cash items:			
Gain arising on valuation of investment properties	**(3,443)**	(1,927)	(7,618)
Lease incentives and unsettled rent reviews recognised	**(475)**	(62)	(331)
Share based awards	**49**	–	–
Depreciation	**28**	7	32
Cash flows from operations before changes in working capital	**3,989**	(1,118)	(108)
Decrease/(increase) in trade and other receivables	**249**	(721)	(1,364)
(Decrease)/increase in trade and other payables	**(1,236)**	1,414	4,192
Net cash flows from operations	**3,002**	(425)	2,720
Interest received	**105**	672	1,034
Interest paid	**(266)**	–	(57)
Corporation tax: REIT conversion charge paid	**(206)**	–	–
Net cash flows from operating activities	**2,635**	247	3,697
Cash flows from investing activities			
Purchase of investment properties	**(48,231)**	(89,512)	(156,141)
Redevelopment and other capital expenditure	**(2,849)**	–	(1,834)
Purchase of plant and equipment	**(6)**	(78)	(159)
Net cash flows from investing activities	**(51,086)**	(89,590)	(158,134)
Cash flows from financing activities			
Net proceeds from issue of shares	**–**	182,572	182,572
Dividends paid	**(1,140)**	–	–
Bank loans drawn down	**30,000**	–	–
Loan arrangement fees paid	**(804)**	–	(99)
Purchase of derivative financial instruments	**(617)**	–	–
Net cash flows from financing activities	**27,439**	182,572	182,473
Net (decrease)/increase in cash and short-term deposits	**(21,012)**	93,229	28,036
Cash and short-term deposits at beginning of period	**28,036**	–	–
Cash and short-term deposits at end of the period	**7,024**	93,229	28,036

Notes to the financial statements

1. Basis of preparation and general information

Basis of preparation
The condensed consolidated financial information included in this announcement 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 same accounting policies, estimates, presentation and methods of computation are followed in this half year report as applied in the Group's latest annual audited financial statements. The current period information presented in this document is reviewed but unaudited and does not constitute statutory accounts within the meaning of S435 of the Companies Act 2006.

The financial information for the period 1 March 2010 to 31 March 2011 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.

These condensed financial statements were approved by the Board of Directors on 16 November 2011.

Going concern
The Directors are satisfied that the Group has the resources to continue in operational existence for the foreseeable future. For this reason, the financial statements are prepared on a going concern basis.

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 and in notes 11 and 13 of the condensed consolidated financial information.

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

During the period, the Group operated in and was managed as one business segment, being retail property investment, with all properties located in the United Kingdom.

3. Gross and net rental income

	(Unaudited) 1 April 2011 to 30 September 2011 £000	(Unaudited) 1 March 2010 to 30 September 2010 £000	(Audited) 1 March 2010 to 31 March 2011 £000
Rent receivable	**4,993**	635	4,284
Spreading of tenant incentives and guaranteed rent increases	**258**	62	171
Surrender premiums	**1,328**	–	250
Gross rental income	**6,579**	697	4,705
Service charge income	**242**	62	279
Gross rental and related income	**6,821**	759	4,984
Service charge expenses	**(242)**	(62)	(279)
Property operating expenses	**(74)**	(39)	(124)
Net rental and related income	**6,505**	658	4,581

4. Administrative expenses

	(Unaudited) 1 April 2011 to 30 September 2011 £000	(Unaudited) 1 March 2010 to 30 September 2010 £000	(Audited) 1 March 2010 to 31 March 2011 £000
Employee costs	**1,609**	1,084	3,087
Other administrative expenses	**481**	390	1,031
Exceptional professional fees relating to the Group’s conversion to REIT status	**–**	240	240
Depreciation of plant and equipment	**28**	7	32
Total administrative expenses	**2,118**	1,721	4,390

5. Finance costs

	(Unaudited) 1 April 2011 to 30 September 2011 £000	(Unaudited) 1 March 2010 to 30 September 2010 £000	(Audited) 1 March 2010 to 31 March 2011 £000
Interest payable on bank loans and overdrafts	**149**	–	–
Loan commitment fees	**264**	–	127
Amortisation of loan issue costs	**102**	–	49
Total borrowing costs	**515**	–	176
Less amounts capitalised on the development of properties	**(15)**	–	–
Total interest payable and other finance charges	**500**	–	176

6. Tax

	(Unaudited) 1 April 2011 to 30 September 2011 £000	(Unaudited) 1 March 2010 to 30 September 2010 £000	(Audited) 1 March 2010 to 31 March 2011 £000
REIT conversion charge	–	2	208
Total tax charge	–	2	208

Factors affecting tax charge for the period:

	(Unaudited) 1 April 2011 to 30 September 2011 £000	(Unaudited) 1 March 2010 to 30 September 2010 £000	(Audited) 1 March 2010 to 31 March 2011 £000
Profit before tax	**6,012**	1,675	8,703
Profit before tax at the standard rate of income tax in the UK of 26% / 28%	**1,563**	469	2,437
Effects of:			
REIT tax exemption	**(1,563)**	(469)	(2,437)
REIT conversion charge	–	2	208
Total tax charge	–	2	208

The Group converted to a REIT on 24 March 2010 and as such is largely exempt from corporation tax on its rental profits and chargeable gains relating to its property rental business.

7. Earnings per share

	(Unaudited) 1 April 2011 to 30 September 2011		(Unaudited) 1 March 2010 to 30 September 2010		(Audited) 1 March 2010 to 31 March 2011	
	Profit/ (loss) after tax £000	Earnings/ (loss) per share pence	Profit/ (loss) after tax £000	Earnings/ (loss) per share pence	Profit/ (loss) after tax £000	Earnings/ (loss) per share pence
Basic and diluted	**6,012**	**3.2p**	1,673	1.7p	8,495	4.8p
Gain on revaluation of investment properties	**(3,443)**	**(1.8)p**	(1,927)	(2.0)p	(7,618)	(4.3)p
Change in fair value of derivative financial instruments	**1,332**	**0.7p**	–	–	–	–
Adjusted	**3,901**	**2.1p**	(254)	(0.3)p	877	0.5p

Weighted average number of shares (000)			
Ordinary shares in issue	**190,000**	99,144	178,706
Potentially dilutive share awards issued in period	**101**	–	–
Total	**190,101**	99,144	178,706

Adjusted earnings per share have been calculated in accordance with European Public Real Estate Association (EPRA) guidelines. The change in the fair value of financial instruments reflects the fair value movement from inception of the derivative financial instrument until the balance sheet date of £1,389,000 as well as the amortisation, on a straight line basis, of the premium paid on entering into the interest rate cap of £57,000.

8. Dividends

The Board of Directors has proposed an interim dividend of 1.0p per share which was approved by the Board of Directors on 16 November 2011 and will result in a distribution of £1,900,000. The dividend will be paid on 21 December 2011 to shareholders on the register at the close of business on 25 November 2011. The dividend will be paid entirely as a PID (Property Income Distribution). This dividend has not been recognised in the condensed consolidated financial statements.

The Group Statement of Changes in Equity shows total dividends in the period 1 April 2011 to 30 September 2011 of £1,140,000 being the final dividend for the period 1 March 2010 to 31 March 2011 which was approved at the Annual General Meeting in June 2011. The dividend was paid entirely as a PID.

PID dividends are paid, as required by REIT legislation, after deduction of withholding tax at the basic rate of income tax (currently 20%).

9. Investment properties

	(Unaudited) 1 April 2011 to 30 September 2011 £000	(Audited) 1 March 2010 to 31 March 2011 £000	(Unaudited) 1 March 2010 to 30 September 2010 £000
At beginning of period	**192,387**	–	–
Acquisition of properties	**29,184**	182,604	91,943
Redevelopment and refurbishment expenditure	**3,443**	1,834	–
Total additions	**32,627**	184,438	91,943
Revaluation surplus	**3,443**	7,618	1,927
	228,457	192,056	93,870
Tenant incentives and accrued rental income	**475**	331	62
At end of period	**228,932**	192,387	93,932

The Company's freehold and leasehold investment properties were valued as at 30 September 2011 by the external valuer, CB Richard Ellis, in accordance with the requirements of the RICS Valuation Standards, sixth edition, on the basis of market value assuming that the property would be sold subject to any existing leases. The valuations were prepared by a RICS Registered Valuer, whose opinion of market value was primarily derived using comparable recent market transactions on arm's length terms.

Long leasehold properties, which are treated as finance leases and included in investment properties above, amounted to £34.4 million, (31 March 2011: £33.9 million; 30 September 2010: £17.5 million).

At 30 September 2011 properties had been secured under the loan facilities with The Royal Bank of Scotland plc and Eurohypo AG with a value of £129.6 million (31 March 2011: £nil; 30 September 2010: £nil).

The factors affecting the valuation of investment properties are included in the Business Review on pages 4 to 11.

Capital commitments

Capital commitments have been entered into amounting to £5,830,000 (31 March 2011: £3,734,000; 30 September 2010: £7,967,000) which have not been provided in the condensed consolidated financial statements.

10. Trade and other receivables

	(Unaudited) 30 September 2011 £000	(Audited) 31March 2011 £000	(Unaudited) 30 September 2010 £000
Amounts due from tenants	**239**	548	613
Other taxes	**16**	663	–
Other debtors	**32**	13	31
Prepayments and accrued income	**1,434**	779	214
At end of period	**1,721**	2,003	858

The Directors consider that the carrying amount of trade and other receivables approximates their fair values. The Group's credit risk is primarily attributable to amounts due from tenants, which consist of rent and service charge monies. A provision for doubtful debts is provided for based on estimated irrecoverable amounts determined by past experience and knowledge of the individual tenant's circumstances. The amount charged to the income statement in respect of doubtful debts was £83,000 (1 March 2010 to 30 September 2010: £nil; 1 March 2010 to 31 March 2011: £nil). Trade and other receivables are initially measured at invoiced value and have settlement dates within one year.

11. Cash and short-term deposits

	(Unaudited) 30 September 2011 £000	(Audited) 31March 2011 £000	(Unaudited) 30 September 2010 £000
Cash at bank	**701**	478	25
Short-term deposits	**6,323**	27,558	93,204
At end of period	**7,024**	28,036	93,229

As at 30 September 2011 £2,249,000 (31 March 2011: £nil; 30 September 2010: £nil) was held in rent and restricted accounts which are not readily available to the Group for day-to-day commercial purposes.

The credit risk on cash and short-term deposits is limited because the counterparties are banks and money market funds with credit ratings of at least AA- or government backed, and strict counterparty limits ensure the Group's exposure to bank failure is minimised and consequently there is an insignificant risk of changes in value.

12. Trade and other payables

	(Unaudited) 30 September 2011 £000	(Audited) 31March 2011 £000	(Unaudited) 30 September 2010 £000
Rents invoiced in advance	**2,022**	1,546	919
REIT conversion charge payable	**2**	208	2
Other taxes	**597**	817	262
Accrued capital expenditure in respect of property acquisitions and redevelopment expenditure	**7,994**	26,463	2,431
Other trade payables and accruals	**1,319**	2,452	231
At end of period	**11,934**	31,486	3,845

Trade payables are interest free and have settlement dates within one year. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

13. Bank loans

	(Unaudited) 30 September 2011 £000	(Audited) 31March 2011 £000	(Unaudited) 30 September 2010 £000
Secured bank loans	**30,000**	–	–
Unamortised finance costs	**(912)**	–	–
At end of period	**29,088**	**–**	**–**

The bank loans are secured by fixed charges over certain of the Group's investment properties with a carrying value of £129.6 million (31 March 2011; £nil; 30 September 2010: £nil) and are repayable within two to five years of the balance sheet date.

Maturity of undrawn committed borrowing facilities:

	(Unaudited) 30 September 2011 £000	(Audited) 31March 2011 £000	(Unaudited) 30 September 2010 £000
Expiring			
In more than two years	**54,700**	50,000	–
At end of period	**54,700**	50,000	–

14. Derivative financial instruments

The Group is exposed to market risk through interest rate fluctuations. It is the Group's policy that a significant portion of external bank borrowings are at either fixed or capped rates of interest. The Group will use interest rate derivatives including swaps and caps to manage its interest rate exposure and hedge future interest rate risk for the term of the respective bank loan. This policy does not entirely eliminate the risk although the Directors believe it provides an appropriate balance of exposure.

All derivative financial instruments are carried at fair value following a valuation by the relevant counterparty. Details of the Group's derivative financial instruments that were in place at 30 September 2011 are provided below.

	Protected rate	Expiry	(Unaudited) Cost £000	(Unaudited) Market value £000	(Unaudited) Movement recognised in income statement £000
Non-current assets					
£17.5m cap	3.0%	April 2016	617	152	(465)
Total non-current assets			617	152	(465)
Non-current liabilities					
£10.5m forward starting swap*	3.3%	April 2016	–	(829)	(829)
£20.0m forward starting swap#	1.5%	October 2015	–	(95)	(95)
Total non-current liabilities			–	(924)	(924)
Total all derivative financial instruments			**617**	**(772)**	**(1,389)**

* commences January 2012

commences April 2012

There were no derivative financial instruments as at 31 March 2011 and 30 September 2010. All derivative financial instruments are non-current and are interest rate derivatives.

15. Net asset value

	(Unaudited) 30 September 2011		(Audited) 31March 2011		(Unaudited) 30 September 2010	
	Total equity £000	**Pence per share**	Total equity £000	Pence per share	Total equity £000	Pence per share
Basic and diluted net asset value	**195,988**	**103p**	191,067	101p	184,245	97p
Fair value adjustment in respect of derivative financial instruments	**1,332**	**1p**	–	–	–	–
Adjusted net asset value	**197,320**	**104p**	191,067	101p	184,245	97p

The basic net asset value per share has been calculated based on 190,000,000 shares in issue at 30 September 2011, 31 March 2011 and 30 September 2010.

Diluted and adjusted net asset value per share has been calculated based on 190,303,828 shares in issue at 30 September 2011 and 190,000,000 in issue at 31 March 2011 and 30 September 2010. Diluted and adjusted net asset value has been calculated in accordance with European Public Real Estate Association (EPRA) guidelines.

The change in the fair value of financial instruments reflects the fair value movement from inception of the derivative financial instrument until the balance sheet date of £1,389,000 as well as the amortisation, on a straight line basis, of the premium paid on entering into the interest rate cap of £57,000.

16. Post balance sheet events

On 14 November 2011 the Group entered into a joint venture with Universities Superannuation Scheme Limited and agreed to invest up to £25,000,000 of capital and partner loans into the Metric Income Plus Limited Partnership (MIPP). MIPP had already completed the purchase of Fleming Way Retail Park, Swindon for £10,225,000 and has exchanged contracts to acquire the Milburn Road Retail Park, Inverness for £9,700,000, once the scheme is completed and income producing. Both properties were acquired from the Group.

On 14 November 2011 the Group's existing £50 million revolving credit facility with The Royal Bank of Scotland plc was increased to £80 million and the term was extended by one year to November 2016. The terms of the facility remain unchanged except for the margin which increased by 35 bps.

Directors' responsibility statement

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

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

By order of the Board

ANDREW JONES
Chief Executive

SUE FORD
Finance Director

16 November 2011

Independent review report to Metric Property Investments 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 2011 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 16. 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 Services 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 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
16 November 2011