9 November 2012

METRIC PROPERTY INVESTMENTS PLC

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

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

METRIC CONTINUES TO BUILD STRONG UNDERLYING EARNINGS GROWTH

Metric, the UK specialist retail real estate investment trust, today announces its half yearly results for the six months ended 30 September 2012.

HIGHLIGHTS:[1]

	Six months ended 30 September 2012	Six months ended 30 September 2011	Twelve months ended 31 March 2012
EPRA[2] NAV per share (p)	107	104	107
NAV per share (p)	105	103	106
EPRA[2] EPS (p)	1.8	2.1	3.5
Dividend per share (p)	1.8	1.0	3.3
EPRA Profit before tax (£m)	3.5	3.9	6.6
Revaluation surplus (£m)	0.7	3.4	8.1
Profit after tax (£m)	3.1	6.0	13.2
Debt facilities (£m)[4]	189.7	114.7	114.7

Financial:

- EPRA profit before tax £3.5 million (September 2011: £3.9 million); recurring income has increased by 35% excluding one-off surrender premiums received in H1 2011 of £1.3 million
- EPRA EPS of 1.8p (September 2011: 2.1p); increase of 35% excluding one off surrender premiums received in H1 2011 of £1.3 million or 0.7p
- Interim dividend of 1.8p to be paid on 7 December 2012, an increase of 80% (September 2011: 1.0p)
- EPRA net asset value per share remained stable at 107p compared with March 2012, a 3% increase since September 2011
- £75 million loan facility with Deutsche Pfandbriefbank AG signed for the MIPP joint venture, bringing total debt facilities to £189.7 million (£139.7 million at share)
- Low loan to value ratio of 22% with a weighted average cost of debt 3.7%[3]

Operational[1]:

- Portfolio valued at £266.2 million across 25 retail assets, following four new acquisitions for £35.9 million (£18.8 million at share) and two further acquisitions completed post period end for £14.9 million (£5.0 million at share)
- Total property returns of 3.1%, compared to the IPD All Retail Quarterly Universe of 0.5%, delivering outperformance of 2.6%
- Valuation surplus of £0.7 million, or 0.3%; contributing to a capital return of 0.5% compared to IPD All Retail Quarterly Universe of -2.3% driven by asset management activities offset by 15bps outward yield movement
- Strong rental growth driven by acquisitions and new lettings:
    - 13.1% increase in annualised rent roll to £17.3 million (March 2012: £15.3 million)
    - 2.8% increase in like-for-like rental growth of £0.4 million

- Investment portfolio continues to exhibit income longevity and security, supported by active management initiatives:
    - Six new lettings across 53,000 sq ft, securing £0.9 million of rental income
    - Occupancy level improved to over 99% (March 2012: 97.5%)
    - Long unexpired leases averaging 11.5 years (10.8 years to first break)
    - Average passing rents remain low at £14.75 psf
    - Only 6% of leases expire in the next three years
- Planning gains of almost 65,000 sq ft during the period with a further 27,000 sq ft received post period end at Bishop Auckland Phase 2; planning for a new 103,000 sq ft Open A1 Shopping Park at St Austell recently submitted
- Developments at Bishop Auckland and Cannock nearing completion – 100% and 87% pre-let, respectively, including agreements under offer
- Major refurbishment commenced at Longwell Green, Bristol and Channons Hill Retail Park, Bristol - 100% and 80% pre-let, respectively, including agreements in solicitors' hands.
- Ongoing progress with MIPP joint venture:
    - MIPP portfolio now at 50% of target investment with AUM of £75 million following two acquisitions post period end (£60.3 million at September 2012)
    - MIPP management fees now at £0.3 million on an annualised basis and expected to rise to £0.6 million when fund is fully invested

1. Unless otherwise stated, all figures in this half year report include Metric's one-third share of its MIPP joint venture with USS.
2. Calculated in accordance with European Public Real Estate Association (EPRA) guidelines (after adjusting for £1.1 million loss on mark-to-market on derivatives see note 7 and 16).
3. Weighted average cost of debt once fully drawn.
4. Total debt facilities including 100% of the MIPP £75 million facility at £189.7 million (at share £139.7 million)

Andrew Jones, Chief Executive of Metric, commented:
"Metric has delivered a robust performance across our key metrics despite a backdrop of a difficult property market and challenging wider macroeconomic conditions. We have delivered a strong increase in our level of recurring income, both through acquisition activity and active asset management, with increasing like-for-like rental growth. Furthermore, our occupier centric model has significantly contributed in our aim to be the real estate provider of choice to our retailers and we now enjoy a portfolio occupancy level of over 99%.

"In light of the increasing underlying earnings growth, the board has decided to increase the interim dividend paid by 80% compared to the pervious interim dividend, demonstrating its confidence in the future growth and success of the Company.

"I am also delighted to report that we have been able to conclude negotiations for a merger with London & Stamford Property Plc. I do not cover this fully here as details will be announced immediately following the release of this Report."

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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 Half Year Report and presentation are available on Metric's website www.metricproperty.co.uk

Business review

Overview of results

Despite the current challenges presented by the economic environment we have continued to focus on delivering strong underlying earnings growth.

Our profit before tax for the six month period was £3.1 million, which includes a revaluation surplus of £0.7 million. The EPRA profit before tax was £3.5 million or 1.8 pence per share, a like for like increase of 35% over the same period last year (£2.6 million or 1.4p). Including the one-off surrender premiums of £1.3 million received in the first half of last year the EPRA earnings decreased by 11%.

The benefits of our focus on earnings growth is clear with a further six new lettings achieved in the six month period which has increased the investment portfolios' occupancy rate to over 99%. These asset management initiatives, together with the short cycle development programme, will continue to deliver earnings growth in the second half of the year and more significantly in 2013/14. Reflecting the current and expected future growth in earnings, the Board has declared an increased interim dividend of 1.8 pence per share to be paid on 7 December 2012, representing an 80% increase over last year's interim dividend.

The portfolio was valued at £266.2 million across 25 retail properties delivering a revaluation surplus in the six month period of £0.7 million or a 0.3% increase in the value since March 2012. This surplus along with our retained profits and offset by dividends paid has contributed to a stable adjusted net asset value at 107 pence per share compared to the year-end. We have delivered a total ungeared property return of 3.1% outperforming the IPD All Retail Quarterly Universe, which delivered a return of 0.5%.

Post period end two acquisitions have taken the assets under management in the MIPP joint venture to £75 million, across eight assets. The joint venture has now committed 50% of the fund's target investment value of £150 million. The fund's running yield is 7% and an additional 0.4% management fee will continue to contribute to earnings growth.

Our development programme now totals 371,000 sq ft at six schemes. Developments at Bishop Auckland Phase 1 and Cannock have progressed well and both are nearing completion and are 100% and 87% pre-let respectively. We have also continued to build on the planning successes achieved last year, receiving a further four consents in the six month period totalling 65,000 sq ft, including consent for a new 22,500 sq ft M&S store at Berkhamsted. Post period end we received an Open A1 planning consent for our 27,000 sq ft Bishop Auckland Phase 2 development. Planning applications for a further 113,000 sq ft have been submitted, most notably an application for a 103,000 sq ft Open A1 shopping park at St Austell.

The portfolio is now well positioned to weather the challenges presented in the current economic environment. A deep and proven knowledge of the occupier market and careful and considered stock selection has allowed us to avoid many of the retailer administrations over the last six months, which is evidenced by the investment portfolio's occupancy rate of over 99%.

Investment and occupier outlook

The market continues to witness ongoing outward yield movement, caused by reduced appetite for risk across all investments with the majority of investors targeting prime and liquid assets. Consequently the divergence between prime and secondary assets has widened. Accordingly, we have deliberately slowed down the pace of our investment acquisitions in the last six months, acquiring just four properties in the period to September; two of which were for our MIPP joint venture. However assets owned by distressed vendors have presented some opportunistic acquisitions, with vendors of all four of our acquisitions in the period having been receivers or bank motivated vendors. We envisage this trend to continue as domestic banks continue to focus on improving their core tier one ratios and return to domestic consumer lending.

Income security and longevity, as well as occupier contentment, continue to be the key valuation metrics. These continue to drive our approach to new retail opportunities, as we focus our capital on higher yielding, sustainable income opportunities and new short cycle redevelopments.

We continue to believe that assets with long and strong income offer good value relative to the low cost of borrowing; especially where there is limited asset obsolescence and inherent value in the planning consents on the underlying land. This contrasts sharply to many retail opportunities available today where the initial yield at first sight may look attractive, however chronic over-renting, short security of income, weakening covenants, increasing obsolescence, high irrecoverable costs and low occupier contentment offer a very different perspective on likely returns. We will only invest in assets that we are happy to own, even if the market were to shut down for many years.

Retailer conditions continue to remain challenging although we are starting to see a number of more encouraging economic indicators.

Retailers' real estate portfolios continue to come under ever increasing focus as the retail market continues to evolve with polarisation of shopping habits and the increasing adoption of a multi channel strategy. This evolution will continue over the next few years as many occupational leases expire, allowing retailers to relocate their existing offers into the fewer locations both in and out of town, as well as renegotiating rentals in some more marginal locations.

We expect retail vacancies to continue to increase with a corresponding downward pressure on rental values, particularly in-town, as impending lease expiries allow retailers to vacate poorly performing units and further retailer insolvencies occur. A number of the weaker retailers have already failed, so we anticipate the rate of failures will start to decline and the retailers who have survived will continue to benefit from the reduced capacity and grow their market share.

Understanding these occupier trends continues to be critical to invest successfully in the retail real estate sector today. The dynamic nature of the retail market is such that increased occupier mobility will undoubtedly create opportunities. We continue to try to position ourselves as the preferred real estate providers to the retail industry and will continue to stay close to our customers, building and delivering modern retail space that is fit for purpose in today's market.

Investments

Six acquisitions focused on higher yielding assets

We have concentrated on our MIPP joint venture, securing higher yielding, smaller retail parks with long unexpired lease terms enabling us to take advantage of the c.300 bps differential between the cost of debt and property yields to deliver, post leverage, double digit returns on equity. Consequently, in the last six months, we have deliberately slowed the pace of our larger multi let retail warehouse acquisitions as we continue to see less value in this market.

During the period we made four new acquisitions totalling £35.9 million net of acquisition costs (£18.8 million at share). The four properties acquired have an average yield on cost of 7.4% and a weighted unexpired lease length of nearly 15 years. Post period end MIPP acquired two further properties for £14.9 million (£5.0 million at share) with an average yield on cost of 6.8% and average unexpired lease term of 15.6 years.

In June 2012 we completed the acquisition of a high street investment in Bedford let to Next and Iceland for £5.7 million based on a yield of 7%, on lease terms of 10 and 15 years, respectively. We also completed the acquisition, in August 2012, of an out of town retail unit in St Albans let to Dunelm plc for £4.6 million off a yield of 7.8%.

We acquired two properties during the period for our MIPP joint venture. In May, MIPP acquired Faustina Retail Park, Londonderry for £17.4 million reflecting a yield of 7.5% and in June MIPP acquired Camborne Retail Park, Cornwall for £8.2 million off a yield of 7.3%. Both properties are let to B&Q and have weighted average unexpired lease terms of 18 and 15 years, respectively.

Post period end MIPP has acquired two properties; Lichfield Retail Park, a well let five unit scheme anchored by Wickes (c. 18 years unexpired) in Lichfield for £11.0 million reflecting a yield of 6.6% rising to 7.2% based on fixed uplifts in 2015. In addition, a standalone Wickes unit in Nottingham was acquired for £3.9 million reflecting a yield of 7.3% and with 18 years remaining on the lease.

At 30 September, assets under management in MIPP totalled £60.3 million rising to £75 million including post period end acquisitions and reaching 50% of the fund's target investment of £150 million when launched in November last year. The fund now has eight properties in total which produce a running yield of 7.0% with 36% of the portfolio benefiting from RPI linked income.

Post period end Metric and USS committed their remaining balance of equity to MIPP and future acquisitions will now be financed by the new £75 million loan facility signed with Deutsche Pfandbriefbank AG, (see page 16).

Conditionally exchanged 90 acre site in St Austell, Cornwall for development

During the period we conditionally exchanged contracts to acquire 90 acres for £5.5 million to the south west of St Austell, where we have been working up proposals to develop a new 103,000 sq ft Open A1 shopping park. We have already exchanged contracts with Sainsbury's on a freehold land sale for a new 68,000 sq ft supermarket. The additional space beyond the shopping park scheme will be promoted for mixed use commercial and residential development.

The purchase is conditional on obtaining an implementable planning consent and pre-lets on the park of 60% based on rental income. The purchase will only be recognised on balance sheet once these conditions are satisfied and the risks of ownership pass to Metric. Since the conditional acquisition we have been working up design of the shopping park and post period end we have submitted a detailed planning application. Our discussions to date with the local planning authority and key stakeholders have on the whole been generally supportive and we anticipate the application being determined and an implementable consent obtained during 2013.

Asset management

Occupier transactions

During the period, we concluded six new lettings across 53,000 sq ft, on average lease terms of 14 years (12 years to first break). These lettings have further improved our occupancy rate across the investment portfolio which is now over 99%. We have only three vacant units, totalling 7,000 sq ft, in the wholly owned investment portfolio with the MIPP portfolio fully occupied.

We have concluded five rent reviews in the period with a resulting increase over the previous passing rent of nearly £30,000 per annum.

Rental growth on the existing investment portfolio has been delivered by growing passing rents through rent reviews and lease re-gears, as well as by creating new sources of rental income through additional onsite development and ancillary tenants. Average rents on the investment portfolio are now £14.75 psf, which is about £1 psf or 7.2% higher than at the time of acquisition, based on an average hold period of 19 months.

Our ability to execute new lettings on long leases in a challenging occupational market across our investment and redevelopment portfolios highlights our strong retailer relationships, the appeal of our assets and the attractiveness of our low rents.

During the period we let the unit previously occupied by Peacocks at Launceston, who went in administration last year. In the first six months of the current year we have not suffered from any tenant insolvencies, however, post period end Comet went into administration impacting one unit at Kings Lynn and representing 0.6% of our rental income. Over the period we have been working up a planning application to extend the unit which will be submitted shortly, and negotiations have been under way for some time with a specific retailer to reoccupy the unit.

Letting Summary

Scheme name	Asset management initiatives
St Mary's Road, Sheffield	• Remaining unit of 8,600 sq ft let to Wren Kitchens on 15 year lease (10 years to first break) • DFS opened in April 2012 and trading above expectations • Refurbishment works completed
Tindale Crescent, Bishop Auckland	• New lettings to Pets at Home for 15 years (10 years to first break) • 82% of development now let • Remainder of the space is under offer to Burger King and Poundland
Kirkstall, Leeds	• New letting to M&S (10,100 sq ft) for new 15 year lease • Further 1,850 sq ft unit in solicitors' hands to Costa • 43% of development now pre-let or under offer
Channons Hill Retail Park, Bristol	• New letting to Iceland (8,000 sq ft) for new 15 year lease (10 years to first break) • Refurbishment and reconfiguration works due to complete early 2013 • Further 12,000 sq ft unit under offer
Havens Head Retail Park, Milford Haven	• New letting to Home Bargains on 15 year lease taking space due to be vacated by Littlewoods
Launceston Retail Park, Launceston	• New letting to 99p Stores on 10 year lease taking the unit previously occupied by Peacocks who went into administration last year
Longwell Green, Bristol	• Planning consent received for new 2,500 sq ft pod unit; lettings to Costa Coffee and Subway are in solicitors' hands

Development

Building out our short cycle redevelopment pipeline

We are continuing to build an attractive pipeline of short cycle redevelopments in locations where there is strong retailer demand and a favourable planning outlook.

We have successfully completed our redevelopments at Sheffield (28,600 sq ft) and Inverness (10,000 sq ft). These are now both income producing and 100% let. Inverness was also forward sold to the MIPP joint venture with the sale completing in May 2012. Sheffield now sits within our investment portfolio.

Our current redevelopment programme includes six schemes totalling over 371,000 sq ft at Bishop Auckland, Cannock, Bristol, Leeds, St Austell and at Berkhamsted, our first in-town high street development.

The redevelopment at Bishop Auckland Phase 1 (49,000 sq ft) and Cannock (24,500 sq ft) are both progressing well and are due to complete in the coming weeks. At Bishop Auckland, we are 100% pre-let, including agreements under offer, with leases agreed with Next, Boots, Costa, Brantano, M&S Simply Food and Pets at Home. Cannock is 87% pre-let, to DFS and Sleepright, with only one remaining unit of 3,600 sq ft to let.

At Leeds (105,000 sq ft), we are now 43% pre-let, including agreements in solicitors' hands and under offer. In the period we completed the pre-letting of 10,100 sq ft to M&S. We anticipate commencing on site in late spring of 2013 once we have secured sufficient additional pre-lets.

Planning has now been received for the reconfiguration at Channons Hill Retail Park, Bristol and we are now onsite. 23,000 sq ft has been let to B&M with a further 8,000 sq ft pre-let to Iceland. Work is due to complete early in 2013 and occupancy is now 80%.

Following the recent planning consent for the redevelopment of the former Post Office at Berkhamsted we will start work in the late spring 2013. We have agreed a new 20 year lease with M&S Simply Food to occupy 18,000 sq ft with the remaining 4,500 sq ft being marketed to high quality restaurant occupiers.

At Bishop Auckland we have successfully received Open A1 planning consent for an additional 27,000 sq ft Phase 2 development. The proposed scheme is to be built on land adjacent to the current Phase 1 development that we had under option and recently acquired for £0.5 million.

At St Austell we have been working up proposals to develop a new 103,000 sq ft Open A1 shopping park and post period end we submitted a planning application. Our discussions to date with local planning authority have been positive and we remain cautiously optimistic the application will be approved.

Development summary:

Scheme name	Description	Progress
Tindale Crescent, Bishop Auckland	49,000 sq ft Open A1 new retail park development	• Planning consent received • 82% pre-let, 18% in solicitors' hands • Practical completion due November 2012 and tenants currently fitting out • Development expected to be open for trade in December 2012
Phase 2, Bishop Auckland	27,000 sq ft Open A1 new retail park development	• Planning consent received • Land acquired
Longford Island, Cannock	24,500 sq ft 3-unit redevelopment	• Planning consent received • 87% pre-let to Sleepright and DFS • Practical completion expected in November 2012
Channons Hill Retail Park, Bristol	40,000 sq ft redevelopment	• Planning application to split 30,000 sq ft Focus DIY unit received • Planning application to split 10,000 sq ft unit received • New lettings to B&M and Iceland
Kirkstall Bridge, Leeds	105,000 sq ft Open A1 shopping park development	• Planning consent received • Pre-let to M&S, BHS and Outfit • 43% pre-let or in solicitor's hands
M&S, Berkhamsted	22,500 sq ft food store development	• Planning consent received • 77% pre-let to M&S Simply Food • Redevelopment expected to commence in late spring 2013 and complete in early 2014
St Austell	103,000 sq ft Open A1 shopping park development	• Planning application submitted • Contracts exchanged for freehold land sale for a new 68,000 sq ft supermarket with Sainsbury

Continued planning gains on existing investments

In the six months to September 2012 we have continued our strong momentum of planning wins receiving a further four planning consents on 65,000 sq ft.

At Channons Hill Retail Park, Bristol we obtained two consents totalling 40,000 sq ft. Firstly, to subdivide the former 30,000 sq ft Focus DIY store into two units of which nearly 23,000 sq ft has been let to B&M. Secondly, to subdivide another 10,000 sq ft unit of which 8,000 sq ft has been let to Iceland. The unit is currently occupied by What! Stores, who are relocating to a vacant unit at the same property.

At Berkhamsted, we received planning consent to develop 22,500 sq ft of which 18,000 sq ft has been pre-let to M&S Simply Food. Tenants are being actively sought for two smaller restaurant units at the development.

At Longwell Green, Bristol (MIPP JV) we have received permission to build a new 2,500 sq ft pod and both units are currently in solicitors' hands to Costa Coffee and Subway.

Post period end, we received Open A1 planning consent at Bishop Auckland for our 27,000 sq ft (Phase 2) development on land recently acquired which is adjacent to the existing retail park development. We will progress lettings with interested parties prior to commencing construction.

Planning Summary

Scheme name	**Planning success**
Channons Hill Retail Park, Bristol	• Sub-division of 30,000 sq ft former Focus unit into 2 smaller units • Sub-division of 10,000 sq ft unit into 2 smaller units
Berkhamsted	• 22,500 sq ft redevelopment of former Post Office site
Longwell Green, Bristol (MIPP JV)	• 2,500 sq ft pod unit
Post period end	
Bishop Auckland Phase 2	• 27,000 sq ft Open A1 new retail park development

Planning applications have also been submitted for a further 113,000 sq ft. Most notably at St Austell where an application to develop a new 103,000 sq ft Open A1 shopping park has been submitted post period end. At Damolly Retail Park, Newry, permission is being sought to relax the existing use over a 9,700 sq ft unit to enable the surrender from the current occupier and a re-letting to Home Bargains to proceed.

Property portfolio

Valuation uplift of £0.7 million

The portfolio valuation as at 30 September 2012 was £266.2 million, reflecting a valuation uplift of 0.3% (£0.7 million) or 0.6% (£1.7 million) underlying (excluding acquisition costs) over the six month period. The average period of ownership for the portfolio now stands at 19 months.

The development portfolio generated a revaluation surplus of £3.3 million driven mainly by planning and pre-letting progress at Bishop Auckland, Kirkstall and Berkhamsted. Despite continued asset management progress the investment portfolio suffered from 15 bps of outward market yield movement. The impact of this yield shift would have been greater but was partly mitigated by income growth. The resulting revaluation deficit was £2.6 million.

Valuation contributors

	% valuation surplus/(deficit)
New lettings and rent reviews	1.0%
New space	0.8%
Asset management yield shift	0.6%
Market yield shift	(2.1%)
Total valuation uplift	0.3%

Robust portfolio metrics

Our investment portfolio is over 99% occupied and generates secure and dependable cash flows on long-term leases delivering a contracted yield on cost of 6.8%. The longevity of our income adds further security with average unexpired lease terms of 11.5 years (10.8 years to first break). Our lease expiry profile is well staggered with only 6% of our income due to expire in the next three years. This compares favourably with the broader market where 15% of out-of-town leases and 51% of shopping centre and high street leases are due to expire by the end of 2015.

Lease expiry profile on investment portfolio

0-3 years	6%
3-10 years	36%
10-15 years	40%
15 years +	18%
Total	100%

Includes pre-lets on committed developments

The average passing rent on the investment portfolio is £14.75 psf, which on a like-for-like basis is £1 psf higher than at acquisition, with further reversionary potential as we look to move towards sustainable rental levels over time.

16% of the investment portfolio’s income is subject to fixed rental uplifts (Metric: 13%, MIPP: 36%).

Tenant diversity and covenant strength

The diversity of income within the portfolio is spread across the key retail subsectors with 18% of income derived from food operators, one of the few retail subsectors demonstrating organic rental growth. This represents our largest sector exposure.

Sector Exposure

	(% of contracted rental income)
Food	18%
General Merchandise	17%
DIY	15%
Home Furnishings	15%
Electrical	13%
Furniture	11%
Discount	6%
Other	5%
Total	100%

Our top ten customers account for 61% 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 12.0%, declining from 13.9% at September 2011 and 24.6% at September 2010.

Tenant exposure (weighted by income)

Trading name	Rent p.a. £m	% of total rent
Currys/PC World	2.1	12.0
B&Q	1.7	9.8
DFS	1.3	7.2
Dunelm	1.1	5.9
Morrisons	1.0	5.7
Carpetright	0.9	4.9
M&S	0.9	4.9
Next	0.8	4.2
Homebase	0.6	3.5
Tesco	0.5	2.9
Total top ten customers	10.9	61.0
Other	6.9	39.0
Total income	**17.8**	**100.0**

1. Including £0.4 million of rental income from post period end acquisitions, deals in solicitors' hands and outstanding rent reviews.

Financial review

The results for the six months ended 30 September 2012 continue to benefit from the investments made in 2011/12 together with the asset management initiatives which are now starting to flow through to the income statement.

Income statement and earnings per share

The Group made a profit after tax of £3.1 million in the six months to 30 September 2012 which equates to earnings per share of 1.6p. The profit arose mainly from the EPRA earnings of £3.5 million (see note 7) and a gain on revaluation and profit arising on the sale of investment properties of £0.7 million. These profits were offset by a loss of £1.1 million arising on the valuation of the derivative financial instruments arising in the period. Excluding the revaluation surplus, profit on sale of investment properties and loss on the derivative financial instruments the Group made an EPRA profit after tax of £3.5 million or EPRA earnings per share of 1.8p – a decrease of 11% over the prior period. However, if the one-off surrender premiums of £1.3 million received in the first half 2011/12 are excluded the underlying adjusted earnings increased by 35%.

Net rental income in the six months to 30 September 2012 was £6.2 million an increase of £1.0 million compared to £5.2 million in the prior period excluding one-off surrender premiums received of £1.3 million. The effect of acquisitions made in the current period and prior year contributed £1.0 million to net rental income. New lettings arising from asset management initiatives contributed a further £0.5 million although this was offset by the loss of income which arose as a result of insolvencies in 2011/12 of £0.5 million, primarily Focus DIY and Peacocks.

The MIPP joint venture contributed £0.5 million to the operating profit reflecting the continued investment build up in the period. MIPP also contributed a further £0.1 million in management fees. The revaluation of the MIPP portfolio resulted in a deficit of £0.6 million which arose as a result of the outward yield movement on the portfolio together with the absorption of acquisition costs arising in the period.

Administration expenses continue to be tightly controlled with no change over the prior period at £2.1 million, despite the current period reflecting a full six months of cost for staff hired partway through the previous period.

Net interest payable was £1.1 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. During the period, the average interest cost increased to 3.5% reflecting fixed rate swaps entered into in the previous year, this rate will continue to increase in the future to about 3.7% when fully drawn based on current LIBOR and swap rates. A loss of £1.2 million was incurred on the mark to market valuation of the derivative portfolio reflecting the continued decline in anticipated libor rates. The five fixed rate interest rate swaps completed to date have been set at a weighted average rate of 1.7% (excluding loan margins and costs).

Dividend and dividend policy

The Board of Directors has declared an interim dividend of 1.8p per share or £3.4 million, an increase of 80% over the 1.0p declared for the first half of 2011/12. The dividend will be paid on 7 December 2012 to shareholders on the register at the close of business on 23 November 2012. The dividend will be paid entirely as a Property Income Distribution (PID). The 2011/12 final PID dividend of 2.3p per share or £4.4 million was paid during the period and has been recognised in these financial statements.

Balance sheet and net asset value

As at 30 September 2012 the Group's portfolio was valued at £246.1 million (£266.2 million including Metric's share of MIPP). Expenditure in the period on property acquisitions was £10.8 million and a further £8.0 million was spent on tenant incentives and capital expenditure relating to the redevelopment and refurbishment of the portfolio. After acquisition costs and capital expenditure the wholly owned property portfolio generated a revaluation surplus of £1.3 million.

The Group's investment in MIPP was valued at £20.4 million as at 30 September 2012 and generated a revaluation deficit of £0.6 million after acquisition costs.

Including MIPP, total acquisitions (net of acquisition costs) in the period were £35.9 million (£18.8 million at share).

The net asset value per share at the period end was 105p and the EPRA net asset value was 107p. The table below sets out the reasons for the movement in the EPRA net asset value since 31 March 2012:

	£m	pence per share
Net asset value as at 31 March 2012	201.3	106
Fair value of derivative financial instruments (note 16)	1.6	1
EPRA net asset value 31 March 2012	202.9	107
EPRA profit after tax (note 7)	3.5	2
Revaluation surplus and profit on disposal	0.7	-
Dividends paid	(4.3)	(2)
EPRA net asset value as at 30 September 2012	202.8	107
Fair value of derivative financial instruments (note 16)	(2.7)	(2)
Net asset value as at 30 September 2012	200.1	105

Financing

As at 30 September 2012, the Group had net debt of £57.9 million with an LTV of 24% or 22% on a 'look through' basis including the Group's net share of MIPP.

Including our share of MIPP, the Group is committed to spend a further £21.0 million of which £2.8 million relates to acquisition costs; £15.7 million of expenditure is committed relating to redevelopments currently on site or about to commence; and a further £2.5 million is conditionally committed dependant on obtaining planning and/or pre-lets.

The Group is also committed to investing a further £4.8 million in the MIPP joint venture being the balance of the £25 million initial investment. This commitment was invested post period end following the acquisition of Lichfield Retail Park and Wickes, Nottingham by MIPP.

A further £30.1 million has been earmarked for developments at Leeds, Bishop Auckland (Phase 2), Congleton, and St Austell but is not yet committed.

The Group has two committed loan facilities totalling £114.7 million (£80.0 million expiring in four years; £34.7 million expiring in three and a half years). Post period end the MIPP joint venture signed a £75 million loan facility with Deutsche Pfandbriefbank AG. The Group also continues its ongoing discussions with a number of other lenders with a view to entering into additional loan facilities in the future.

The Deutsche Pfandbriefbank AG facility provides MIPP with a £75 million facility to acquire further retail investments. The anticipated all in cost of debt for the facility is expected to be 4.0% once fully drawn and the required amount of hedging has been put in place. The principal financial covenants of the facility are:

- Interest cover ratio – projected net rental income to be not less than 2.0 times projected net interest payable, calculated on a 12 month forward looking basis;
- Loan to value – total drawings not to exceed 60% of the total value of the properties secured

The Group has hedged 68% of its available facilities. The derivatives were valued at fair value with a net liability to the Group of £2.3 million or 1.2p per share which has been included on the balance sheet.

As at 30 September 2012 and including anticipated future debt facilities and capital expenditure committed and earmarked, the Group has firepower totalling about £67 million in Metric and £87 million in MIPP, calculated as follows:

	Metric £m	MIPP £m
Cash at bank and on deposit	4.8	1.7
Undrawn committed bank facilities	52.0	75.0
Investment in MIPP joint venture	(4.8)	14.4
Less capital commitments (including conditional)	(20.3)	(4.1)
Total firepower excluding earmarked developments	**31.7**	**87.0**
Earmarked development expenditure	(30.1)	–
Anticipated debt on above developments once completed[1,2]	65.4	–
Total anticipated firepower at 30 September 2012	**67.0**	**87.0**

1. Based on leveraging existing and anticipated properties at a 50% LTV and the availability of funds.
2. The availability of these facilities is dependent upon the timing of completion of anticipated developments.

Post period end, MIPP has acquired a property in Lichfield for £11.6 million and Nottingham for £4.1 million (including acquisition costs) which reduced the available firepower in MIPP to £71 million.

Key risks and uncertainties

Whilst the ultimate responsibility for risk management rests with the board, the management of risks is engrained across our organisation and in how we approach all aspects of our business. The close involvement of senior management in all significant decisions, combined with our cautious analytical approach and open communication with the board provide the framework to manage risks effectively.

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 risks	Developments only in areas of high occupier demand Development acquisitions conditional on achieving planning consents Significant level of pre-lets achieved before commitment to develop made Highly experienced project management team
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 £75 million credit facility signed with Deutsche Pfandbriefbank AG for MIPP joint venture Relationships with several banks and new entrants to real estate lending have been established
Adverse interest rate movements	The Company has hedged £78 million or 68% of available debt facilities and established a hedging strategy and hedging effectiveness is regularly monitored

Financial risks – continued

Risk	Mitigation
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 are placed with 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

Six months ended 30 September 2012

	Note	**(Unaudited) Six months to 30 September 2012 £000**	(Unaudited) Six months to 30 September 2011 £000	(Audited) Year to 31 March 2012 £000
Gross rental income	3	**6,358**	6,579	12,771
Property operating expenses	3	**(115)**	(74)	(222)
Net rental income		**6,243**	6,505	12,549
Administrative expenses	4	**(2,092)**	(2,118)	(4,722)
Gain arising on valuation of investment properties	9	**1,332**	3,443	7,668
Profit on sale of investment properties		**12**	–	122
Share of (losses)/profits of joint venture	10	**(116)**	–	558
Operating profit		**5,379**	7,830	16,175
Finance income		**11**	71	93
Finance costs	5	**(1,141)**	(500)	(1,367)
Change in fair value of derivative financial instruments	15	**(1,190)**	(1,389)	(1,702)
Profit before and after tax		**3,059**	6,012	13,199
Earnings per share – basic and diluted	7	**1.6p**	3.2p	6.9p
EPRA earnings per share	7	**1.8p**	2.1p	3.5p

All amounts relate to continuing activities.

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

Group balance sheet

As at 30 September 2012

	Note	**(Unaudited) as at 30 September 2012 £000**	(Audited) as at 31 March 2012 £000	(Unaudited) as at 30 September 2011 £000
Non-current assets				
Investment properties	9	**246,100**	225,907	228,932
Investment in joint venture	10	**20,401**	8,820	–
Plant and equipment		**60**	90	105
Derivative financial instruments	15	**35**	73	152
		266,596	234,890	229,189
Current assets				
Trade and other receivables	11	**2,723**	12,041	1,721
Cash and short-term deposits	12	**4,849**	4,215	7,024
		7,572	16,256	8,745
Total assets		**274,168**	251,146	237,934
Current liabilities				
Trade and other payables	13	**(10,164)**	(15,166)	(11,934)
		(10,164)	(15,166)	(11,934)
Non-current liabilities				
Bank loans	14	**(61,632)**	(33,498)	(29,088)
Derivative financial instruments	15	**(2,310)**	(1,158)	(924)
		(63,942)	(34,656)	(30,012)
Total liabilities		**(74,106)**	(49,822)	(41,946)
Net assets		**200,062**	201,324	195,988
Equity				
Share capital		**1,900**	1,900	1,900
Other reserve		**180,672**	180,672	180,672
Retained earnings		**17,490**	18,752	13,416
Total equity		**200,062**	201,324	195,988
Net assets per share	16	**105p**	106p	103p
EPRA net assets per share	16	**107p**	107p	104p

Group statement of changes in equity

Six months ended 30 September 2012 (Unaudited)

	Share capital £000	**Other reserve £000**	**Retained earnings £000**	**Total £000**
At 1 April 2012	**1,900**	**180,672**	**18,752**	**201,324**
Profit for the period	**–**	**–**	**3,059**	**3,059**
Dividends paid	**–**	**–**	**(4,370)**	**(4,370)**
Adjustment for share based awards	**–**	**–**	**49**	**49**
Total equity at 30 September 2012	**1,900**	**180,672**	**17,490**	**200,062**

Year ended 31 March 2012 (Audited)

	Share capital £000	Other reserve £000	Retained earnings £000	Total £000
At 1 April 2011	1,900	180,672	8,495	191,067
Profit for the period	–	–	13,199	13,199
Dividends paid	–	–	(3,040)	(3,040)
Adjustment for share based awards	–	–	98	98
Total equity at 31 March 2012	1,900	180,672	18,752	201,324

Six months ended 30 September 2011 (Unaudited)

	Share capital £000	Other reserve £000	Retained earnings £000	Total £000
At 1 April 2011	1,900	180,672	8,495	191,067
Profit for the period	–	–	6,012	6,012
Dividends paid	–	–	(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

Group cash flow statement

Six months ended 30 September 2012

	(Unaudited) Six months to 30 September 2012 £000	(Unaudited) Six month to 30 September 2011 £000	(Audited) Year to 31 March 2012 £000
Cash flows from operating activities			
Operating profit	**5,379**	7,830	16,175
Adjustments for non-cash items:			
Gain arising on valuation of investment properties	**(1,332)**	(3,443)	(7,668)
Profit on sale of investment properties	**(12)**	–	(122)
Share of losses/(profits) of joint venture	**116**	–	(558)
Lease incentives and unsettled rent reviews recognised	**(733)**	(475)	(1,070)
Share based awards	**49**	49	98
Depreciation	**31**	28	58
Cash flows from operations before changes in working capital	**3,498**	3,989	6,913
(Increase)/decrease in trade and other receivables	**(416)**	249	(374)
Decrease in trade and other payables	**(199)**	(1,236)	(107)
Net cash flows from operations	**2,883**	3,002	6,432
Interest received	**12**	105	128
Interest paid	**(1,157)**	(266)	(1,036)
Corporation tax: REIT conversion charge paid	–	(206)	(208)
Net cash flows from operating activities	**1,738**	2,635	5,316
Cash flows from investing activities			
Purchase of investment properties	**(16,428)**	(48,231)	(53,754)
Sale of investment properties	**9,733**	–	10,817
Redevelopment and other capital expenditure	**(6,334)**	(2,849)	(7,459)
Investment in/loans advanced to joint venture	**(11,990)**	–	(8,399)
Distributions received from joint venture	**287**	–	75
Purchase of plant and equipment	**(2)**	(6)	(21)
Net cash flows from investing activities	**(24,734)**	(51,086)	(58,741)
Cash flows from financing activities			
Dividends paid	**(4,370)**	(1,140)	(3,040)
Bank loans drawn down	**28,000**	30,000	48,700
Bank loans repaid	–	–	(14,000)
Loan arrangement fees paid	–	(804)	(1,439)
Purchase of derivative financial instruments	–	(617)	(617)
Net cash flows from financing activities	**23,630**	27,439	29,604
Net increase/(decrease) in cash and short-term deposits	**634**	(21,012)	(23,821)
Cash and short-term deposits at beginning of period	**4,215**	28,036	28,036
Cash and short-term deposits at end of the period	**4,849**	7,024	4,215

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 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 year to 31 March 2012 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 8 November 2012.

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 12 and 14 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 and comparative periods, 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) Six months to 30 September 2012 £000	(Unaudited) Six months to 30 September 2011 £000	(Audited) Year to 31 March 2012 £000
Rent receivable	**5,709**	4,993	10,853
Spreading of tenant incentives and guaranteed rent increases	**649**	258	590
Surrender premiums	**–**	1,328	1,328
Gross rental income	**6,358**	6,579	12,771
Service charge income	**252**	242	583
Management fee income	**99**	–	27
Gross rental and related income	**6,709**	6,821	13,381
Service charge expenses	**(275)**	(242)	(621)
Property operating expenses	**(191)**	(74)	(211)
Net rental and related income	**6,243**	6,505	12,549

4. Administrative expenses

	(Unaudited) Six months to 30 September 2012 £000	(Unaudited) Six months to 30 September 2011 £000	(Audited) Year to 31 March 2012 £000
Employee costs	**1,697**	1,625	4,037
Other administrative expenses	**515**	481	1,039
Share-based awards	**49**	49	98
Depreciation of plant and equipment	**31**	28	58
Staff costs capitalised	**(200)**	(65)	(510)
Total administrative expenses	**2,092**	2,118	4,722

5. Finance costs

	(Unaudited) Six months to 30 September 2012 £000	(Unaudited) Six months to 30 September 2011 £000	(Audited) Year to 31 March 2012 £000
Interest payable on bank loans and overdrafts	**870**	149	637
Loan commitment fees	**268**	264	580
Amortisation of loan issue costs	**135**	102	287
Total borrowing costs	**1,273**	515	1,504
Less amounts capitalised on the development of properties	**(132)**	(15)	(137)
Total interest payable and other finance charges	**1,141**	500	1,367

6. Tax

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.

Factors affecting the tax charge for the period:

	(Unaudited) Six months to 30 September 2012 £000	(Unaudited) Six months to 30 September 2011 £000	(Audited) Year to 31 March 2012 £000
Profit before tax	**3,059**	6,012	13,199
Profit before tax at the standard rate of income tax in the UK of 24% / 26%	**734**	1,563	3,432
Effects of:			
REIT tax exemption	**(734)**	(1,563)	(3,432)
Total tax charge	**–**	–	–

7. Earnings per share

	(Unaudited) Six months to 30 September 2012		(Unaudited) Six months to 30 September 2011		(Audited) Year to 31 March 2012	
	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	**3,059**	**1.6p**	6,012	3.2p	13,199	6.9p
Gain on revaluation of investment properties	**(1,332)**	**(0.7)p**	(3,443)	(1.8)p	(7,668)	(4.0)p
Profit on sale of investment properties	**(12)**	–	–	–	(122)	–
Share of joint venture loss/(gain) on revaluation of investment properties	**622**	**0.3p**	–	–	(419)	(0.2)p
Change in fair value of derivative financial instruments	**1,128**	**0.6p**	1,332	0.7p	1,584	0.8p
EPRA	**3,465**	**1.8p**	3,901	2.1p	6,574	3.5p

Weighted average number of shares (000)			
Ordinary shares in issue	**190,000**	190,000	190,000
Potentially dilutive share awards issued in period	**304**	101	254
Total	**190,304**	190,101	190,254

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 £1,190,000 as well as the amortisation, on a straight line basis, of the premium paid on entering into the interest rate cap of £62,000 (six months ended 30 September 2011: £57,000; year ended 31 March 2012: £118,000).

8. Dividends

The Board of Directors has proposed an interim dividend of 1.8p per share which was approved by the Board of Directors on 8 November 2012 and will result in a distribution of £3,420,000. The dividend will be paid on 7 December 2012 to shareholders on the register at the close of business on 23 November 2012. 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 six months to 30 September 2012 of £4,370,000 (2.3p per share) being the final dividend for the year to 31 March 2012 which was approved at the Annual General Meeting in July 2012. 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

Six months ended 30 September 2012	**(Unaudited) Investment properties £000**	**(Unaudited) Investment properties under development £000**	**(Unaudited) Total investment properties £000**
At 1 April 2012	**209,282**	**16,625**	**225,907**
Acquisition of properties	**10,807**	**32**	**10,839**
Redevelopment and refurbishment expenditure	**1,147**	**6,142**	**7,289**
Total additions	**11,954**	**6,174**	**18,128**
Reclassification on completion of redevelopment	**6,725**	**(6,725)**	**–**
Revaluation (deficit)/surplus	**(1,736)**	**3,068**	**1,332**
	226,225	**19,142**	**245,367**
Tenant incentives and accrued rental income	**450**	**283**	**733**
At 30 September 2012	**226,675**	**19,425**	**246,100**

Year ended 31 March 2012	(Unaudited) Investment properties £000	(Unaudited) Investment properties under development £000	(Unaudited) Total investment properties £000
At 1 April 2011	192,387	–	192,387
Acquisition of properties	26,727	9,640	36,367
Redevelopment and refurbishment expenditure	4,995	3,812	8,807
Total additions	31,722	13,452	45,174
Reclassification on commencement of redevelopment	(8,050)	8,050	–
Disposals	(10,817)	(9,575)	(20,392)
Revaluation surplus	3,078	4,590	7,668
	208,320	16,517	224,837
Tenant incentives and accrued rental income	962	108	1,070
At 31 March 2012	209,282	16,625	225,907

9. Investment properties (continued)

Six months ended 30 September 2011

	(Unaudited) Investment properties £000	(Unaudited) Investment properties under development £000	(Unaudited) Total investment properties £000
At 1 April 2011	192,387	–	192,387
Acquisition of properties	26,739	2,445	29,184
Redevelopment and refurbishment expenditure	3,060	383	3,443
Total additions	29,799	2,828	32,627
Reclassification on commencement of redevelopment	(8,050)	8,050	–
Revaluation surplus	2,186	1,257	3,443
	216,322	12,135	228,457
Tenant incentives and accrued rental income	435	40	475
At 30 September 2011	216,757	12,175	228,932

The Company's freehold and leasehold investment properties were valued as at 30 September 2012 by Glyn Harper MRICS on behalf of the external valuer, CBRE Limited, in accordance with the requirements of the RICS Valuation - Professional Standards 2012 ("the Red Book"), on the basis of Fair Value assuming that the properties would be sold subject to any existing leases. The valuations were prepared by an RICS Registered Valuer, whose opinion of Fair Value was primarily derived using comparable recent market transactions on arm's length terms. We confirm that 'Fair Value' for the purposes of financial reporting under International Financial Reporting Standards is effectively the same as 'Market Value'. The total fees earned by CBRE for this assignment represent less than 5% of their total UK revenues. The valuer has continuously been the signatory of valuations for the Company since September 2010. CBRE has carried out Valuation and professional services on behalf of the Company for less than five years.

The historic cost of investment properties and investment properties under development amounts to £230,165,000 (31 March 2012: £211,304,000; 30 September 2011: £217,871,000) and the cumulative valuation surplus amounted to £15,935,000 (31 March 2012: £14,603,000; 30 September 2011: £11,061,000).

Long leasehold properties, which are treated as finance leases and included in investment properties above, amounted to £35,925,000, (31 March 2012: £35,550,000; 30 September 2011: £34,400,000).

Properties with a value of £91,170,000 (31 March 2012: £91,965,000; 30 September 2011: £56,250,000) had been secured under the bank loan facility with The Royal Bank of Scotland plc and properties with a value of £69,180,000 (31 March 2012: £72,385,000; 30 September 2011: £73,300,000) had been secured under the bank loan facility with Eurohypo AG.

Investment properties under development only include those currently under construction or refurbishment. The factors affecting the valuation of investment properties are included in the Business Review on pages 4 to 13.

Capital commitments

Capital commitments have been entered into amounting to £16,336,000 (31 March 2012: £20,622,000; 30 September 2011: £5,830,000) which have not been provided for in the condensed consolidated financial statements.

10. Investment in joint venture

Share of profits of joint venture – Metric Income Plus Limited Partnership	**(Unaudited) Six months to 30 September 2012 £000**	(Unaudited) Six months to 30 September 2011 £000	(Audited) Year to 31 March 2012 £000
Gross rental income	**554**	–	157
Property operating expenses	**(41)**	–	(11)
Net rental income	**513**	–	146
Administrative expenses	**(7)**	–	(7)
Adjusted profit before and after tax	**506**	–	139
(Loss)/gain on valuation of investment properties	**(622)**	–	419
(Loss)/profit before and after tax	**(116)**	–	558

Summarised balance sheet – Metric Income Plus Limited Partnership	**(Unaudited) as at 30 September 2012 £000**	(Audited) as at 31 March 2012 £000	(Unaudited) as at 30 September 2011 £000
Non-current assets – investment properties	**60,300**	34,825	–
Trade and other receivables	**104**	63	–
Cash and short-term deposits	**1,713**	1,755	–
Total current assets	**1,817**	1,818	–
Total assets	**62,117**	36,643	–
Current liabilities – trade and other payables	**(914)**	(10,183)	–
Total net assets	**61,203**	26,460	–
Group share of net assets	**20,401**	8,820	–

As at 30 September 2012 the Group owns a one-third stake in Metric Income Plus Limited Partnership ("MIPP"). MIPP's freehold and leasehold investment properties were valued as at 30 September 2012 by Glyn Harper MRICS on behalf of the external valuer, CBRE Limited, in accordance with the requirements of the RICS Valuation - Professional Standards 2012 ("the Red Book"), sixth edition, on the basis of Fair Value assuming that the properties would be sold subject to any existing leases. The valuations were prepared by an RICS Registered Valuer, whose opinion of Fair Value was primarily derived using comparable recent market transactions on arm's length terms.

Investment by the Group – Metric Income Plus Limited Partnership	**(Unaudited) Six months to 30 September 2012 £000**	(Audited) Year to 31 March 2012 £000	(Unaudited) Six months to 30 September 2011 £000
At start of period	**8,820**	–	–
Investment in and loans advanced	**11,990**	8,399	–
Share of profit after tax	**(116)**	558	–
Profit eliminated on sale of investment property to MIPP	**(6)**	(62)	–
Distributions received	**(287)**	(75)	–
At end of period	**20,401**	8,820	–

During the period the Group advanced loans totalling £11,990,000 (year to 31 March 2012: £8,230,000; six months to 30 September 2011: £nil).

11. Trade and other receivables

	(Unaudited) 30 September 2012 £000	(Audited) 31March 2012 £000	(Unaudited) 30 September 2011 £000
Amounts due from tenants	**532**	319	239
Other taxes	**748**	1,069	16
Other debtors	**439**	146	32
Investment property sale proceeds	**25**	9,758	–
Prepayments and accrued income	**979**	749	1,434
At end of period	**2,723**	12,041	1,721

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 £46,000 (six months to 30 September 2011: £83,000; year to 31 March 2011: £105,000). Trade and other receivables are initially measured at invoiced value and have settlement dates within one year.

12. Cash and short-term deposits

	(Unaudited) 30 September 2012 £000	(Audited) 31March 2012 £000	(Unaudited) 30 September 2011 £000
Cash at bank	**849**	382	701
Short-term deposits	**4,000**	3,833	6,323
At end of period	**4,849**	4,215	7,024

As at 30 September 2012 £3,310,000 (31 March 2012: £2,719,000; 30 September 2011: £2,249,000) 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.

13. Trade and other payables

	(Unaudited) 30 September 2012 £000	(Audited) 31March 2012 £000	(Unaudited) 30 September 2011 £000
Rents invoiced in advance	**1,931**	1,854	2,022
REIT conversion charge payable	–	–	2
Other taxes	**829**	611	597
Accrued capital expenditure in respect of property acquisitions and redevelopment expenditure	**3,962**	10,089	7,994
Other trade payables and accruals	**3,442**	2,612	1,319
At end of period	**10,164**	15,166	11,934

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.

14. Bank loans

	(Unaudited) 30 September 2012 £000	(Audited) 31March 2012 £000	(Unaudited) 30 September 2011 £000
Secured bank loans	**62,700**	34,700	30,000
Unamortised finance costs	**(1,068)**	(1,202)	(912)
At end of period	**61,632**	33,498	29,088

The bank loans are secured by fixed charges over certain of the Group's investment properties with a carrying value of £160,350,000 (31 March 2012; £164,350,000; 30 September 2011: £129,550,000) and are repayable within two to five years of the balance sheet date.

Maturity of undrawn committed borrowing facilities:

	(Unaudited) 30 September 2012 £000	(Audited) 31March 2012 £000	(Unaudited) 30 September 2011 £000
Expiring			
In more than two years	**52,000**	80,000	54,700
At end of period	**52,000**	80,000	54,700

15. 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 and would be classified as level 2 fair value measurements, as defined by IFRS 7, being those derived from inputs other than quoted prices (included within level 1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Details of the Group's derivative financial instruments that were in place at 30 September 2012 are provided below.

	Protected rate	Expiry	(Unaudited) Market Value 30 September 2012 £000	(Unaudited) Market Value 31 March 2012 £000	(Unaudited) Movement recognised in income statement £000
Non-current assets					
£17.5m cap	3.0%	April 2016	**35**	73	**(38)**
Total non-current assets			**35**	73	**(38)**
Non-current liabilities					
£10.5m swap	3.3%	April 2016	**(976)**	(868)	**(108)**
£20.0m swap	1.5%	October 2016	**(709)**	(235)	**(474)**
£10.0m forward starting swap*	1.6%	October 2016	**(304)**	(55)	**(249)**
£10.0m forward starting swap*	1.2%	October 2016	**(167)**	–	**(167)**
£10.0m forward starting swap#	1.2%	October 2016	**(154)**	–	**(154)**
Total non-current liabilities			**(2,310)**	(1,158)	**(1,152)**
Total all derivative financial instruments			**(2,275)**	(1,085)	**(1,190)**

* commences January 2013

commences April 2013

All derivative financial instruments are non-current and are interest rate derivatives.

16. Net asset value

	(Unaudited) 30 September 2012		(Audited) 31March 2012		(Unaudited) 30 September 2011	
	Total equity £000	**Pence per share**	Total equity £000	Pence per share	Total equity £000	Pence per share
Basic and diluted net asset value	**200,062**	**105p**	201,324	106p	195,988	103p
Fair value adjustment in respect of derivative financial instruments	**2,712**	**2p**	1,584	1p	1,332	1p
EPRA net asset value	**202,774**	**107p**	202,908	107p	197,320	104p

The basic net asset value per share has been calculated based on 190,000,000 shares in issue at 30 September 2012, 31 March 2012 and 30 September 2011.

EPRA net asset value per share has been calculated based on 190,303,828 shares in issue at 30 September 2012, 31 March 2012 and 30 September 2011. This 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 £2,892,000 as well as the amortisation, on a straight line basis, of the premium paid on entering into the interest rate cap of £180,000 (31 March 2012: £118,000; 30 September 2011: £57,000).

17. Post balance sheet events

On 30 October 2012 the Group has made a further loan of £3,854,000 to the MIPP joint venture to enable it to complete the acquisition of Lichfield Retail Park, Lichfield which completed on 31 October 2012.

On 7 November 2012 the Group committed to make a further loan of £927,000 to the MIPP joint venture to enable it to complete the acquisition of Wickes, Mansfield Road, Nottingham, on 13 November 2012. This loan completes the £25 million of partner loans committed by Metric.

On 7 November 2012 the MIPP joint venture entered into a £75,000,000 credit facility with Deutsche Pfandbriefbank AG.

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

8 November 2012

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 2012 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 17. 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 2012 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
8 November 2012