9 February 2012

**METRIC PROPERTY INVESTMENTS PLC**
("Metric" or the "Group" or the "Company")

**THIRD QUARTER INTERIM MANAGEMENT STATEMENT**

**METRIC ADDS FURTHER LONG TERM VALUE THROUGH NEW LETTINGS AND PLANNING GAINS**

Metric Property Investments plc (LSE: METP), the UK specialist retail real estate investment trust (REIT), today announces its interim management statement for the period from 1 October 2011 to 8 February 2012.

**HIGHLIGHTS:**

- Good ongoing progress in attracting new tenants; five lettings exchanged (including Boots, Next, Marks & Spencer, Hobbycraft and Sleepright) and a further eight in solicitors' hands to add an aggregate £1.5 million, or 11% growth in rental income, on average unexpired leases of 11 years.
- Development to commence on new 49,000 sq ft retail park at Bishop Auckland. Three pre-lettings exchanged (57%) with a further three in solicitors' hands (27%).
- Development to commence on new 25,000 sq ft retail park at Cannock. The development is already 85% pre-let with a further 5% under offer.
- Planning consents received for 185,500 sq ft of new space, at Kirkstall (105,000 sq ft), Bishop Auckland (49,000 sq ft), Cannock (25,000 sq ft) and Congleton (6,500 sq ft). Over 85% of the consents achieved permit Open A1 retailing.
- Continued high occupancy across investment portfolio at 98% (vs 97% at 30 September 2011).
- Long average unexpired lease terms of 11.8 years (11 years to first break).
- Weighted average cost of debt 3.8%, average debt maturity 4.6 years, and LTV including the MIPP joint venture at 11%.

**Andrew Jones, Chief Executive of Metric, commented:**

"Operationally, our portfolio is continuing to perform well and the excellent letting progress and planning gains will materially contribute to our long term income and dividend growth.

"The challenges facing the retail sector generally are considerable as both retailer administrations and impending lease expiries continue to increase supply pressures especially across high streets and shopping centres. However, the shortage of supply of new out of town retail space will continue to attract good retailer demand for those assets that provide the right space, in the right locations at today's rents.

"The property sector continues to be over-leveraged and in light of the current economic backdrop we expect to see a significant increase in both investment and development opportunities during 2012. The changes to the retail landscape will not be uniform as the market becomes more polarised and well capitalised companies with deep occupier knowledge and access to both equity and debt will be the likely beneficiaries."

**ACQUISITIONS**

We announced at the time of our half-yearly results the formation of a £150 million joint venture with USS called the Metric Income Plus Limited Partnership ("MIPP"). To date it has completed acquisitions of two properties at Swindon and Orpington and committed to acquire Metric's 30,000 sq ft development at Inverness, which is expected to complete in April 2012. The MIPP portfolio now totals £26.2 million with Metric holding a one third share. MIPP currently yields 7.0% with 60% of the income subject to RPI/fixed uplifts and an unexpired lease term of 17.5 years.

At Bishop Auckland, we announced at the time of our half-yearly results that a resolution to grant planning was received. The planning consent was subsequently granted in December 2011. Upon expiry of the judicial review period in March 2012, Metric will purchase the site from Bristol & West Building Society and commence demolition immediately thereafter.

During the period planning approval was granted at Cannock, and the conditions surrounding the acquisition were satisfied. Work on site will commence in March 2012.

Over the period we have continued to acquire redevelopment and retail partnering opportunities as well as sourcing new investments for MIPP. However, the pace of Metric's traditional investment acquisitions has deliberately slowed as a result of unattractive pricing levels. Over the last 12 months Metric has only purchased one 'off market' investment asset, in Kings Lynn. We believe that 2012 will bring about a material increase in investment opportunities as debt refinancing, fund redemptions and corporate pressure create more attractive pricing.

**ASSET MANAGEMENT**

**Occupier transactions**

Over the period, we have exchanged on five lettings and have a further eight lettings in solicitors' hands. Together these will add £1.5 million to rental income, an uplift of 11%, on average unexpired lease terms of 11 years.

- At Bishop Auckland, we have agreed six lettings including Next, Boots and Costa Coffee taking the pre-letting up to 84%, including deals in solicitors' hands. We expect to be over 90% let by the time construction commences at the end of March.
- At Cannock, DFS has signed a new 20-year lease and Sleepright has taken a 15-year lease (10 years to first break), taking pre-letting to 85%. We are in negotiations on one remaining unit.
- At Hove, we have submitted a planning application and signed a conditional agreement to lease with Hobbycraft for a new 9,000 sq ft unit to be built adjacent to the existing PC World. This letting will set a new rental level at the scheme of £29.50 psf.
- At Bedford we have agreed further lettings on the former Focus unit, with both Jollyes and PoundWorld.

All of the former Focus space within the portfolio has now been re-let at rents above previous passing and on average lease lengths of 11.5 years.

Our occupancy rate has increased slightly to 98%, with an average unexpired lease term of 11.8 years to expiry and 11 years to first break.

Peacocks, a tenant at our retail parks in Launceston and Milford Haven, has recently gone into administration. The two units cover 12,500 sq ft with total rent at risk of £197,500 per annum, representing 1.4% of our rent roll.

Our rent collection statistics continue to remain robust with all of the last quarters and monthly rents being collected within eight days (84% received on or before) of the due date.

**Planning**

At our half-yearly results in November, we announced that we had received planning consent at Cannock and resolutions to grant planning at Bishop Auckland and Kirkstall, Leeds. Since then, the planning consents for both schemes were granted in December. We will now await the judicial review periods to expire in March 2012.

In addition, we have also received a planning permission for a new 6,500 sq ft retail unit on the former Focus garden centre at Congleton. The unit is currently being marketed with construction commencing once a pre-let has been secured.

We have submitted three further planning applications. At Hove for a 9,000 sq ft unit (pre-let to Hobbycraft), at Bedford for a relaxation over part of an 8,300 sq ft unit (under offer to PoundWorld) and at Milford Haven for a relaxation of existing planning over a 15,000 sq ft unit (currently under offer).

**FINANCING AND FIREPOWER**

The Group currently has debt of £34.7 million and has a further £80.0 million of committed undrawn credit facilities; cash at bank totals £11.6 million. Following the sale of Inverness to MIPP Group net debt will be £23.7 million giving a LTV of only 11%, on a pro-forma basis including our share of the MIPP JV. The Group has hedged 51% of its committed facilities. The all in cost of debt today, assuming the facilities were fully drawn, would be 3.8% based on current libor rates. This sits some 260 bps below the average yield on cost of our investment property portfolio.

Including anticipated future debt facilities and committed and earmarked capital expenditure the Group firepower for Metric and MIPP totals about £80 million and £123 million, respectively.

**MARKET UPDATE**

The retail occupational market continues to be extremely challenging with Christmas trading statements announcing mixed results. On balance, it would appear Christmas trading was not as bad as many had feared and it is no coincidence that the best performers were also those retailers that have efficiently managed their store portfolios, addressing the competition from the internet and superstores/out-of-town to create a more aligned property strategy and a strong multi-channel proposition.

There are also added challenges looming in town centres as more existing leases come up for expiry. Many retailers will welcome the ‘tsunami’ of forthcoming lease renewals to exit poor performing stores or to negotiate lower rents. It is estimated that 50% of shopping centre and high street leases will expire by 2015. This compares to 15% for out-of-town and only 7% in our own portfolio.

Out-of-town appears more defensive in the current market with less impending expires, less over renting and less exposure to the recent administrations and pre-packs.

The current lack of new development space both in and out-of-town will also become an important issue for many trying to ‘right-size’ their portfolio. We believe this will present a number of further redevelopment opportunities for Metric as part of our strategy of delivering the right space in the right location to our retailers.

In the investment market, we continue to see an increased flow of retail opportunities, both in and out of town with growing evidence of deals being concluded at less than asking prices. We anticipate the greatest outward yield pressure will be where the income is short, weak and over rented and as a result occupier contentment as well as income security and longevity will be key to asset prices going forward.

We will continue to adhere to our value creation model and remain disciplined with a bottom up strategy to focus on assets that are well let to retailers who trade profitably, at affordable rents and where we can leverage both our strong retailer relationships and sector experience to increase, lengthen and strengthen the income streams.

**-Ends-**

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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.

www.metricproperty.co.uk