



# Interim results to September 2010

17 November 2010

# Agenda

Business Highlights	Andrew Jones Chief Executive
Financial Results Financing	Sue Ford - Finance Director
Strategy Portfolio Metric	Andrew Jones - Chief Executive
Asset Management Occupier Outlook	Mark Stirling - Retail Director
Investment Outlook	Valentine Beresford - Investment Director

# Business Highlights since IPO

- Raised £190m equity – first company to REIT at IPO debut
- Pace of acquisitions on track
- Investment portfolio to date of £119m
  - Acq'ns to Sep £94m across five retail schemes
  - Add'l £25m excl'd post Sep across two parks
- Valuation uplift of underlying properties 7.1% (£6.2m), or 2.1% (£1.9m) after costs
- Good early progress on executing asset management initiatives
  - Rental income up 20% (£1.0m) to date
- Expect continued flow of buying opportunities over the next 18 months
  - Refinancing pressures converting reluctant vendors into motivated ones
  - c. £230m of firepower remaining, including anticipated debt

# Agenda

Business Highlights

Andrew Jones - Chief Executive

## Financial Results & Financing

**Sue Ford**  
**Finance Director**

Strategy  
Portfolio Metric

Andrew Jones - Chief Executive

Asset Management  
Occupier Outlook

Mark Stirling - Retail Director

Investment Outlook

Valentine Beresford - Investment Director

# Financial Results

## Profit & Loss

- Rental income mostly generated from Newry and Launceston – Loughborough, Coventry and Mansfield acquired mid September onwards
- Administrative expenses includes £240,000 exceptional REIT conversion fees
- De minimus REIT conversion charge (£2,000)

## Net Asset Value 97p

- IPO costs 3.9% of gross proceeds
- Revaluation generated 1.0% uplift in NAV
- No dividend recommended at half year. Full year PID requirement.

Income Statement	£m
Net rental income	0.7
Administrative expenses	(1.7)
Interest receivable	0.8
Underlying loss before and after tax	(0.2)
EPS	1.7p
Adjusted EPS	(0.3)p

Movement in NAV	pence
Gross IPO proceeds	100
Share issue costs	(4)
Revaluation surplus	1
NAV per share at 30 September 2010	97

# Financing

- All acquisitions to date financed from existing cash resources
- Cash on deposit £93m as at 30 September 2010
- £50m secured Revolving Credit Facility (RCF) signed with RBS
- Debt financing through a mixture of RCF and term debt from diversified lending relationships
- Target gearing 50% LTV and robust interest cover
- Current all in cost of debt c. 4.25%

## 5 year Revolving Credit facility

Bank	Royal Bank of Scotland
Amount	£50m
Margin	170 – 180 bps
Covenants	
-Loan to value	<65%
-Interest rate cover	≥1.75x
Hedging	≥60%

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## Strategy & Portfolio Metrics

**Andrew Jones**  
**Chief Executive**

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# Delivering on Our Strategy

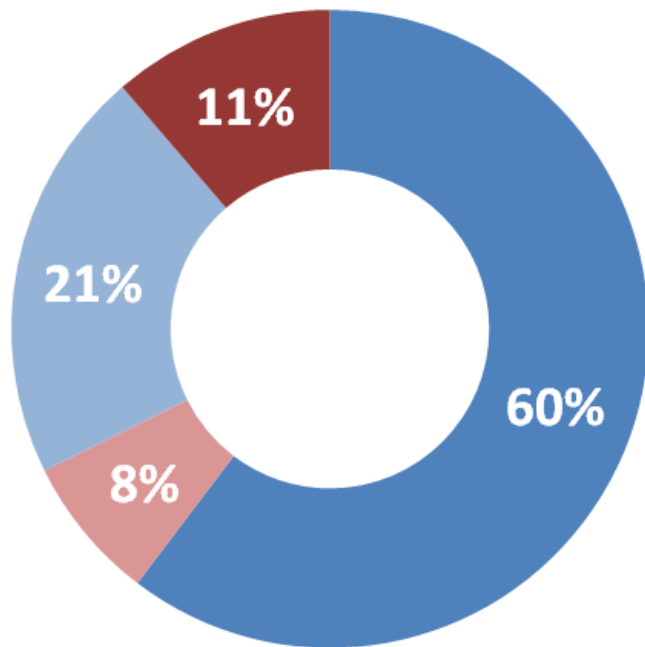
## → Bottom up approach to stock selection

1. Retailer appeal and occupier contentment
2. Low average passing rents < £15 psf
3. Long and strong income profile
4. Added value opportunities
  - Development potential
  - Sub-division
  - Lease re-gear
  - Improve tenant mix

- ✓ All off market
- ✓ Almost all private prop co's /HNWs
- ✓ All with asset management angles



# Valuation: +7.1 % or £6.2m on underlying property values <sup>(1)</sup>



## Lettings

Newry, Mansfield



## Rent reviews

Newry



## Market yield shift

Loughborough

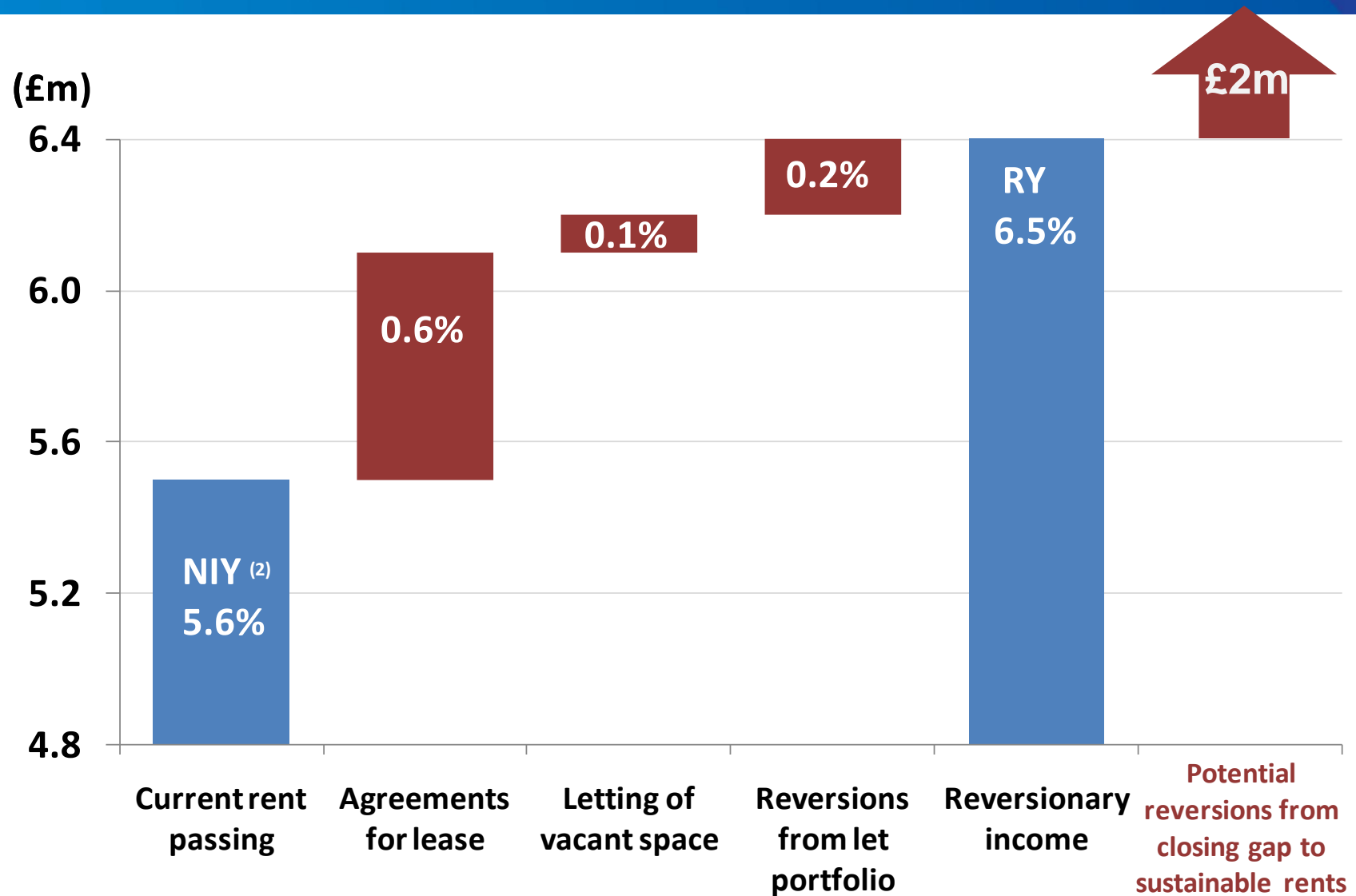


## Asset management yield shift

Mansfield



# Reversions captured <sup>(1)</sup> – income yield rising



# Current Portfolio Metrics <sup>(1)</sup>

Inves'mt						Average Sustainable		
Location	Date acquired	Area portfolio (sq ft)	(£mn)	Yield (%)	WAULT <sup>(2)</sup> (years)	rent (£ psf)	rent <sup>(3)</sup> (£ psf)	Future asset management angles
To September 30								
Newry	07-Jul-10	161,800	33.6	6.6	13.4	14.50	22.00	Broaden planning consent, new pods
Launceston	04-Aug-10	69,200	13.7	5.4	14.5	11.20	18.00	Surrender/subdivision, RRs
Loughborough	17-Sep-10	51,200	17.5	5.5	7.9	16.50	20.00	Expansion/regear
Coventry	24-Sep-10	102,500	19.3	6.5	10.4	12.50	18.00	Development site, car park extension
Mansfield	28-Sep-10	47,100	9.8	7.8	15.0	17.00	17.00	Complete refurbishment
Post period end								
Congleton	Jun-11 <sup>(4)</sup>	64,600	14.9	5.7	13.0	14.75	18.50	Development site/pod
Wick	17-Nov-10	60,700	10.3	6.5	12.7	11.10	15.00	Upsize/regear, RRs, tenant mix
Total acquisitions		557,100	119.1	6.2	12.4	13.80	18.90	

(1) Retail portfolio as at 16-Nov-10, excluding residential at Loughborough and Coventry and PFS at Loughborough

(2) Management view of sustainable rent - not tied to valuer's ERV

(3) Weighted average unexpired lease term

(4) Completion scheduled for June 2011

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**Asset Management & Occupiers**

**Mark Stirling  
Retail Director**

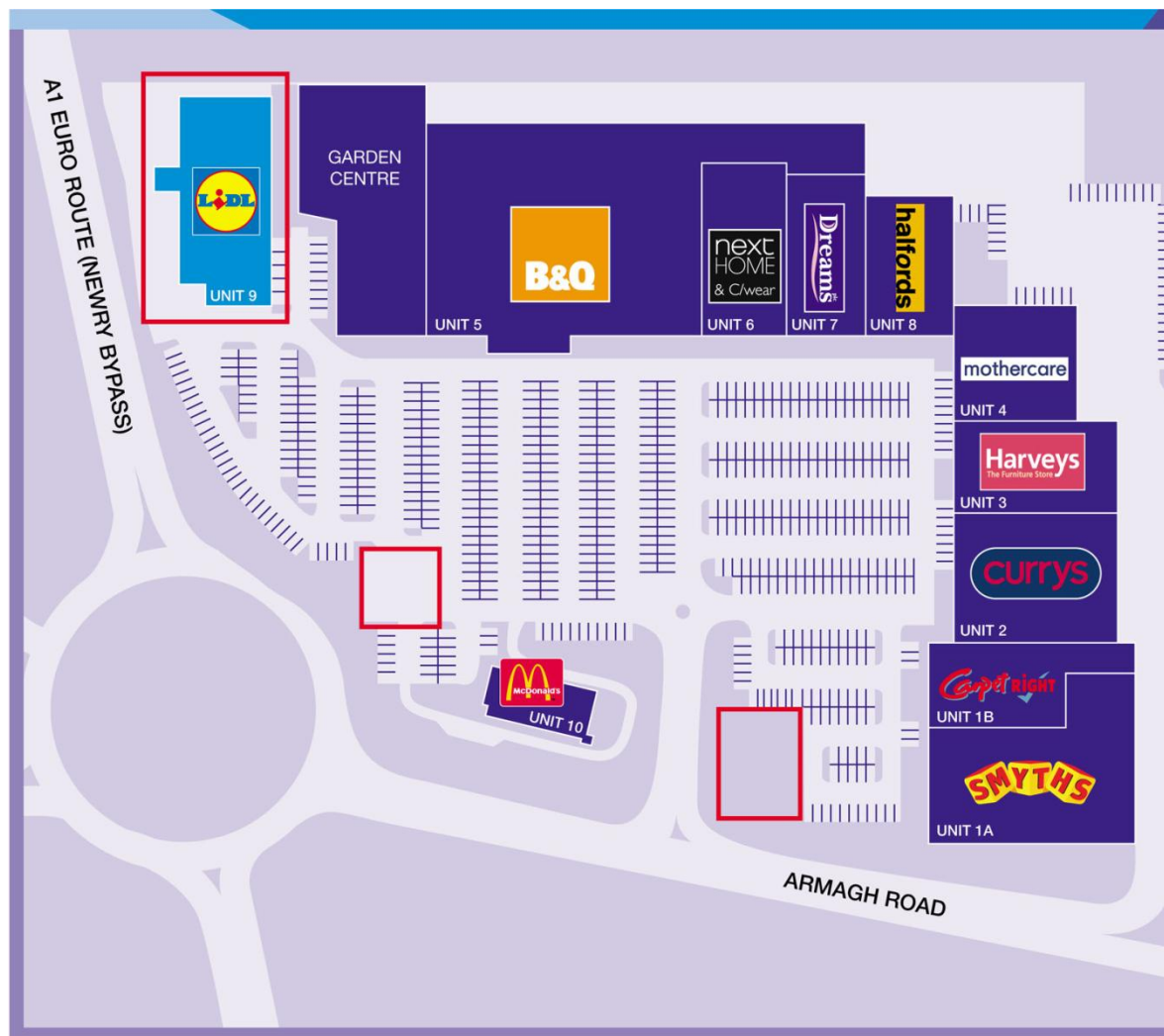
Investment Outlook

Valentine Beresford - Investment Director

# Delivering Value through Asset Management

## Damolly Retail Park, Newry

- Mothercare letting: new 10 year lease at headline rent of £20 psf
- Lidl letting: new 15 year lease at headline rent of £15.75 psf and construction commenced
- Carpetright rent review £17.50 psf, up 30% over passing rent
- Development of new pods in the car park under consideration



# Softening the Tenant Mix – Damolly Retail Park



**Next Home & Children:  
commenced trading  
June 2010**

**Mothercare: commenced  
trading October 2010**



**Lidl: trading expected to  
start March 2011**



# Delivering Value through Asset Management

## Nottingham Road Retail Park, Mansfield

- Acquired for £7.25m
- Let to Currys, PC World and vacant MFI
- Rent £13.30 psf, £385,000 p.a.

Before



# Mansfield – a Retailer Inspired Deal

- New Currys megastore let on 15 year lease at £17.00 psf on entire accommodation, £801,000 p.a.
- Substantial refurbishment at total cost of £2.2m, commencing early 2011
- Yield on cost 8.15%
- Trading to start Q2-2011

After





# Occupier Outlook

- Occupiers remain cautious against challenging economic conditions and a worried consumer
  - Massive supply / demand imbalance in many parts of UK
  - Structural shifts in consumer shopping patterns will affect 'non prime' retail locations
- ➔ Metric capitalising on strong retailer relationships to navigate difficult occupier market

## Congleton



## Mansfield



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**Valentine Beresford**  
**Investment Director**

# Investment Market Outlook

- Expect banks to be alert to reducing their loan book but no fire sales
- Vendor refinancing pressures creating opportunities
  - HNWs and private property companies will become ‘motivated’ vendors
  - Expiring swaps will “release” opportunities
- Significant equity will remain available. Strong competition for openly marketed prime deals
- Continue to focus on institutionalising good secondary properties
  - Length and strength of income will be the key metric



**Not all boats will rise on the next tide – future performance will be polarised**

# Summary and Prospects

- Retailer performance and occupier contentment is key to future performance
  - Ongoing focus on income – length and strength
  - Capitalise asset management opportunities and accretive capital expenditure
  - Sub-sectors where we have a clear competitive advantage
  - Exploit the arbitrage between current and potential rents
- ➔ Well positioned to take advantage of current market conditions, with financial firepower of £230m



[www.metricproperty.co.uk](http://www.metricproperty.co.uk)

# Appendix

## Damolly Retail Park, Newry



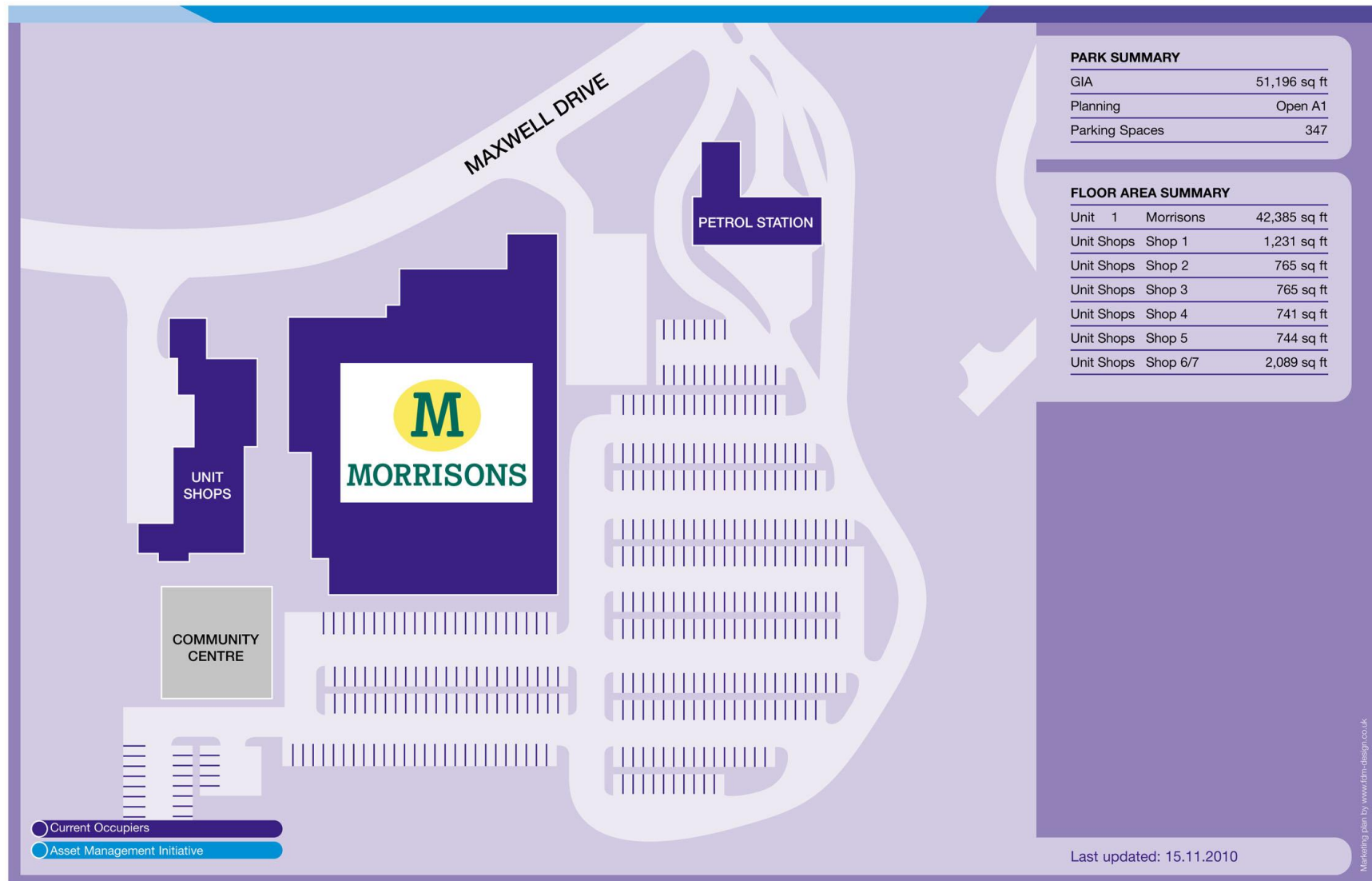
# Appendix

## Launceston Retail Park, Launceston



# Appendix

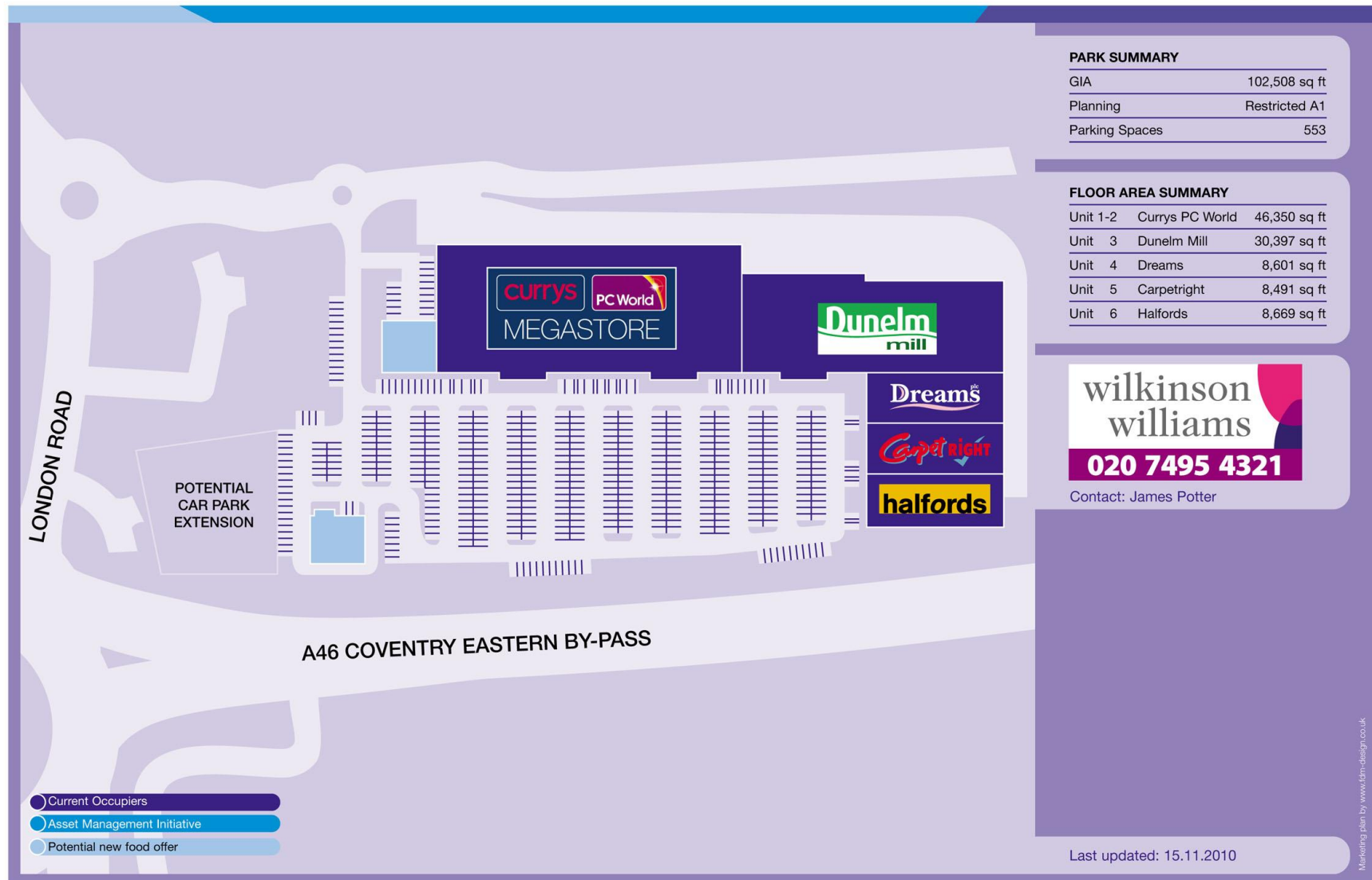
## Morrisons Supermarket, Loughborough





# Appendix

## Airport Retail Park, Coventry



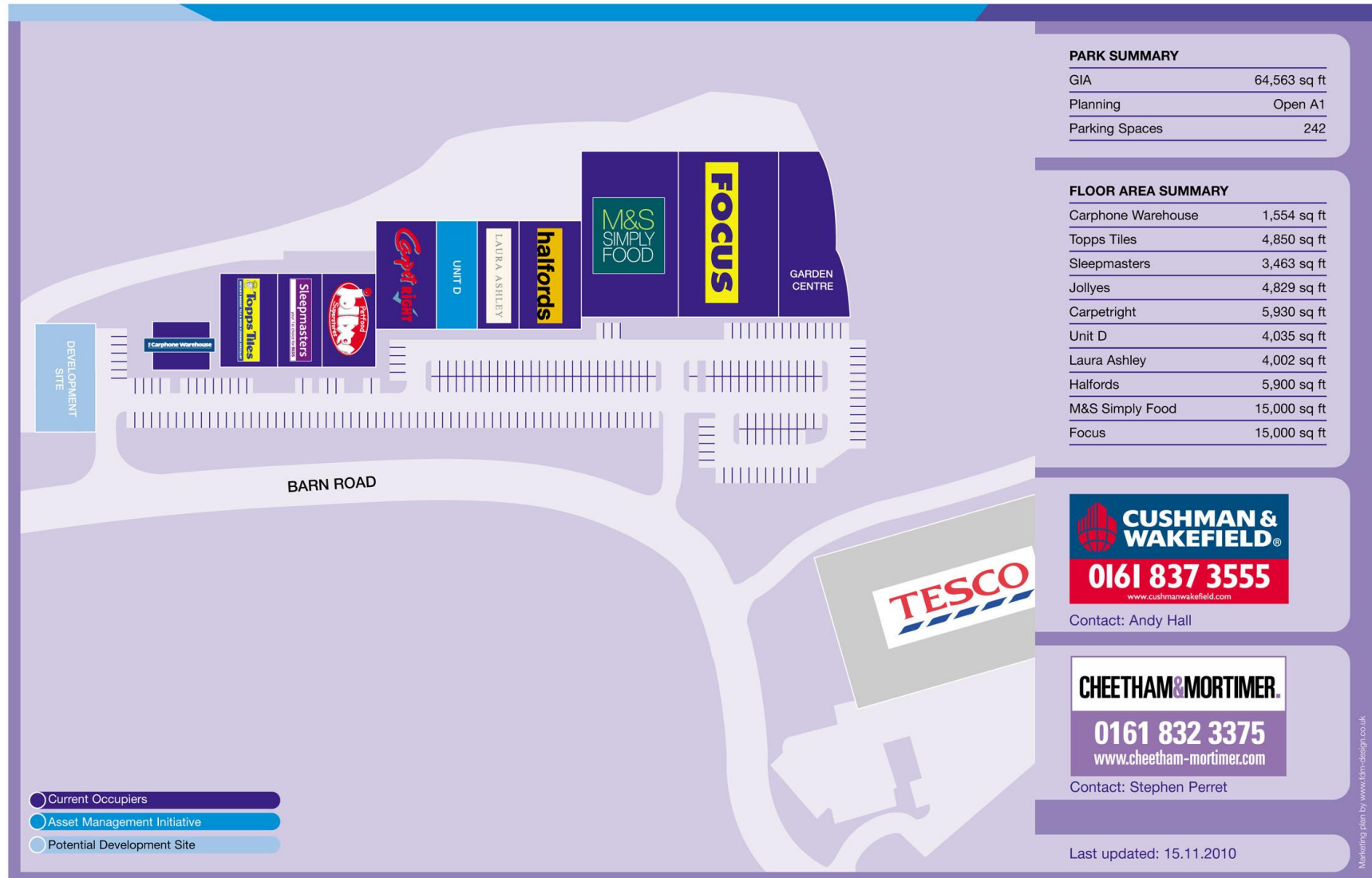
# Appendix

## Nottingham Road Retail Park, Mansfield



# Appendix

## Congleton Retail Park, Congleton



# Appendix

## Wick Retail Park, Wick

