

17 November 2010

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

INTERIM RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Metric, the UK specialist retail real estate investment trust (REIT) today announces its results for the period ended 30 September 2010.

HIGHLIGHTS:

Financial:

- Successfully completed a £190m flotation on the Main Market of the London Stock Exchange on 24 March 2010 at 100p per share, becoming the first UK property company to enter the REIT regime at Initial Public Offering (IPO) and exceeding the original target of £150m
- Net asset value per share of 97p*
- Profit before tax £1.68m
- Earnings per share of 1.7p
- Adjusted loss per share of -0.3p (excluding valuation surplus of £1.9m)

* There is no difference between net asset value per share and adjusted net asset value per share calculated in accordance with European Public Real Estate Association (EPRA) guidelines.

Operational:

- Acquired five properties for £91.9m (including costs): comprising four out-of-town retail parks and a Morrisons supermarket
- Investment properties valued at £93.9m, representing an uplift of 7.1% over the purchase price
- Valuation surplus of £1.9m, up 2.1% (net of costs)
- Good progress made on asset management initiatives:
 - Letting of the last vacant unit at Damolly Retail Park to Mothercare at £20.00psf
 - Letting to Dixons Retail Group at Nottingham Road Retail Park for the whole property at £17.00psf increasing the rent by £415,000 to £801,000

Post period end:

- Exchanged contracts to acquire Congleton Retail Park (£15.7m, including costs)
- Exchanged contracts to acquire Wick Retail Park (£10.5m, including costs)
- Letting of the last vacant unit at Coventry (8,500 sq ft) to Carpetright at £17.50psf
- Obtained planning consent and commenced construction of a new 14,000 sq ft Lidl foodstore at Damolly Retail Park, completion due March 2011
- £50m, five year revolving credit facility signed with The Royal Bank of Scotland plc
- Remaining firepower of c. £230m (including anticipated debt)
- 67% of IPO net proceeds invested or committed by date of interim announcement

Andrew Jones, Chief Executive of Metric, commented:

"We have made good progress investing the proceeds of our IPO with acquisitions totalling £92m during the period and a further £26m committed post period end.

"Our growing portfolio of out of town assets benefits from long, secure income, off low passing rents with high occupier contentment which is evidenced by the execution to date of some of the profitable asset management initiatives inherent within the portfolio.

“Our significant financial firepower combined with our extensive experience in the retail property market leaves us well placed to exploit the increasing flow of investment opportunities we are seeing both on and off the market.”

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Financial Dynamics

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Meeting and conference call for investors and analysts

A meeting for investors and analysts will be held at 9.00am today at:

Financial Dynamics

Holborn Gate

26 Southampton Buildings

London WC2A 1PB

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

Dial in number: +44 (0)1452 569 393

Conference ID: 23881202

Event title: Metric Interim Results

About Metric Property Investments

Metric Property Investments plc ("Metric") is a UK retail focused real estate investment trust (REIT) managed by a highly experienced team led by Andrew Jones, Valentine Beresford, Mark Stirling and Sue Ford. Metric was established in early 2010 and is an investor in retail assets located across the UK. By placing the occupier and their needs at the centre of its strategy, the Company seeks to generate attractive returns for shareholders led by sustainable income and capital appreciation achieved through the active management of its portfolio. Metric was listed on the Main Market of the London Stock Exchange plc (LSE ticker: METP) in March 2010.

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

Neither the content of Metric's website nor any other website accessible by hyperlinks from Metric's website are incorporated in, or form, part of this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not acquire, continue to hold, or dispose of, shares in Metric.

Forward looking statements: This announcement may contain certain forward-looking statements with respect to Metric's expectations and plans, strategy, management objectives, future developments and performance, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments

to differ materially from those expressed or implied by these forward-looking statements and forecasts. Certain statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Any forward-looking statements made by or on behalf of Metric speak only as of the date they are made. Metric does not undertake to update forward-looking statements to reflect any changes in Metric's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Nothing in this announcement should be construed as a profit forecast. Past share price performance cannot be relied on as a guide to future performance.

BUSINESS REVIEW

Introduction

The Company successfully completed its £190m flotation on the main market of the London Stock Exchange on 24 March 2010 at 100p per share, becoming the first UK property company to enter the REIT regime at IPO debut. The issuance was oversubscribed exceeding our original target gross proceeds of £150m.

The first six months since the IPO have been extremely busy with the Group completing the acquisition of five properties in the period to 30 September 2010 and a further two acquisitions exchanged since the period end. All of these have been off market opportunities, where refinancing pressures are creating a number of more 'motivated' vendors. We have also been active with asset management initiatives:

- Letting of the last vacant unit at Damolly Retail Park to Mothercare (10,000 sq ft)
- Agreed a new 15 year lease with Dixons Retail Group at Nottingham Road Retail Park on the entire property (47,100 sq ft)
- Last remaining vacant unit (8,500 sq ft) at Coventry has been let to Carpetright since the period end
- Obtained planning consent and commenced construction of a new 14,000 sq ft Lidl foodstore at Damolly Retail Park, with completion due in March 2011
- Agreed the outstanding rent reviews with Carpetright at Damolly Retail Park (£39,000 uplift)

The acquisitions completed to date satisfy our strategic investment criteria of acquiring well let retail investments off low rents, where our retail customers trade successfully. High occupier contentment is the key to growing rents and exploiting the arbitrage between current income and sustainable rents. Strong occupier demand at our schemes will allow us to continue to execute profitable asset management opportunities over the short to medium term and grow rental values.

Market overview

Investment market

At the time of the IPO, it was anticipated that refinancing pressures would create investment opportunities, produced by covenant breaches, the quantum of impending refinancing and the stated ambition of banks to reduce their exposure to real estate. Supply in the open market has proved to be tighter than anticipated but, whilst there have been relatively few opportunities coming directly from banks, the desire of banks to reduce their exposure at refinancing has produced a number of motivated vendors especially from private property companies and high net worth individuals.

However, supply of properties coming to the open market is expected to increase in 2011 and 2012 – borrowers' refinancing pressures remain with £90bn of real estate debt to be refinanced by the end of 2011 and £130bn by the end of 2012. This will drive more owners to become motivated vendors. Additionally, interest rate hedging contracts will begin to expire, thus removing swap breakage costs as an inhibitor. Further opportunities are likely to arise from the growing number of property investment fund expiries.

Whilst it is anticipated that the supply of opportunities will increase, there is still significant equity available (there was a £1.8bn net inflow to UK property funds in the first eight months of 2010) and there will be strong competition for openly marketed prime assets. However, the disparity between yields for prime and secondary assets is likely to increase, and the length and strength of income will be the key determining metric to pricing as the supply of stock coming to the market increases. Maintaining our focus, both on and off market on purchases of assets with long and strong income off low rents that offer significant asset management potential, will be key to delivering strong performance.

Occupier market

Conditions for our occupiers are challenging. Even the best performing retailers, despite some very good results, remain cautious about the outlook for consumer spending against a backdrop of higher taxes, increasing unemployment and lower disposable incomes. A supply / demand imbalance and forthcoming lease expiries will allow those retailers that are trading well to take advantage of current market weaknesses to improve, rather than expand, their store portfolios.

Significant vacancies remain and are likely to increase, particularly in secondary assets. Selecting assets where retailers trade well and demand for space is strong will be vital to delivering value.

Additionally, structural changes in consumer shopping patterns are resulting in a shift away from the high street to the internet, out-of-town retail parks and superstores. Against this backdrop, Metric's bottom-up occupier-led model is key to its performance, with a focus on acquiring out-of-town assets, which are well let off low rents. Our focus is on ensuring that retailers are able to trade profitably and to generate a high level of occupier contentment, allowing rental growth through an active asset management programme and thereby exploiting the arbitrage between current and sustainable rents.

Acquisitions and asset management

As at 30 September 2010, we had invested £91.9m, including acquisition costs, of our net IPO proceeds on five retail properties; as follows:

	£m
Damolly Retail Park, Newry, Northern Ireland	33.7
Launceston Retail Park, Launceston	13.8
Morrisons supermarket, Loughborough	17.7
Airport Retail Park, Coventry	19.0
Nottingham Road Retail Park, Mansfield	7.7
Total	<u>91.9</u>

Damolly Retail Park, Newry and an adjoining development site was acquired in July 2010.

Subsequently, planning consent has been secured for a 14,000 sq ft supermarket on the development site which has been pre let to Lidl. We have continued to work with the vendor and construction of the Lidl supermarket has now commenced and completion is anticipated in March 2011. Mothercare has taken a 10 year lease at a headline rental of £20 psf on the last remaining vacant unit and the park is now fully occupied. Strong occupier demand at the scheme will allow us to execute profitable asset management opportunities over the short to medium term and grow rental values. We are also currently considering the development of a new pod (2,500 sq ft) in the car park. Additionally, the outstanding rent review with Carpetright has been concluded.

Launceston Retail Park, Launceston, a fully let scheme, was acquired in August 2010. The Park benefits from having a low average passing rent of £11.20 psf and predominantly Open A1 planning consent which will provide an excellent base for our programme of rental growth initiatives.

Morrisons supermarket, Loughborough, acquired in September 2010, is a neighbourhood shopping centre anchored by a Morrisons store and includes a petrol station, parking for 367 cars and seven shop units let to a variety of retailers (all sub-tenants of Morrisons). The property gives Metric the opportunity to gain exposure to the highly competitive supermarket sector at an attractive yield. The acquisition also offers opportunities for significant asset management initiatives through a potential expansion of the store and a re-gear of the existing lease. Supermarkets are expected to show superior rental growth over the next few years and we believe Metric will benefit from this as well as the diversification the asset will bring to the portfolio.

Airport Retail Park, Coventry, acquired in September 2010, is a restricted Open A1 park, fully occupied by rental income, following the letting of the last vacant unit to Carpetright, post period end. The Park also includes 1.6 acres of adjoining land with the opportunity to develop additional space subject to planning consent which is currently in progress. The park has low affordable rents, averaging £12.00 psf, and there are significant rental growth opportunities from re-gearing the existing leases and developing up to 5,000 sq ft on the adjoining development site.

Nottingham Road Retail Park, Mansfield, acquired in September 2010, consists of three units, one of which was vacant at acquisition. Since the half year we have exchanged contracts for a new lease with Dixons Retail Group who will pay £801,000 (£17.00 psf) on a new 15 year lease, with fixed RPI increases, for a 47,100 sq ft Currys megastore. Metric and Dixons will undertake a substantial refurbishment of the property in the new year at a total cost of £2.2m. Upon completion the investment will be fully let and will show a yield on cost of 8.15%.

Income longevity and security

The properties acquired in the period to 30 September 2010 satisfy our key investment criteria of being well let with income longevity and security. The portfolio was 98% occupied, by rental income, at 30 September 2010.

At 30 September 2010 the weighted average unexpired lease term (WAULT) was 12.3 years and c. 70% of the rent is subject to leases which do not break or expire within the next 10 years.

In today's low growth environment we are consciously focusing on assets with low passing rents and low capital values. On the assets as at 30 September 2010 the average passing rent is £13.90 psf which, combined with high occupier contentment and strong asset management potential, will allow us the opportunity to grow rental values over the short to medium term.

The table below summarises the portfolio as at 30 September 2010:

	Area (sq ft)	Average rent (£ psf)	Occupancy rate	WAULT (years)
Damolly Retail Park, Newry	147,800	£14.35	100%	13.4
Launceston Retail Park, Launceston	69,200	£11.20	100%	14.7
Morrisons supermarket, Loughborough	51,200	£16.50	100%	8.0
Airport Retail Park, Coventry	102,500	£12.00	89%	10.6
Nottingham Road Retail Park, Mansfield	47,100	£17.00	100%	15.0
Properties as at 30 September 2010	417,800	£13.90	98%	12.3

The following table sets out the lease expiry profile, based on the earliest break or lease expiry opportunity:

	% of contracted rental income
0-5 years	0%
5-10 years	31%
10-15 years	34%
15 years +	35%
Total	100%

Tenant diversity and covenant strength

The out-of-town market today generally has strong income flows relative to the other retail sectors. As at 30 September 2010, the Group's top 10 customers account for 82.0% of the total contracted rent with exposure to any one tenant being spread across the properties:

Trading name	Number of locations	Rent p.a. £m	%
Currys / PC World	3	1.5	24.6%
Morrisons	1	1.0	16.4%
B&Q	1	0.6	9.8%
Dunelm	1	0.4	6.6%
Smyths	1	0.3	4.9%
Halfords	2	0.3	4.9%
Focus DIY	1	0.3	4.9%
Co-Op	1	0.2	3.3%
Lidl	1	0.2	3.3%
Mothercare	1	0.2	3.3%
Total top 10 customers		5.0	82.0%
Other		1.1	18.0%
Total contracted income		6.1	100.0%

The portfolio's total contracted rent is £6.1m per annum of which the current passing rent is £5.1m, £0.4m is on rent free periods or stepped rent increases and agreements for lease total £0.6m.

The Group has not suffered any tenant insolvencies to date and there is good occupier demand at the properties acquired.

Valuation

The valuation of the Group's properties by CB Richard Ellis as at 30 September 2010 was £93.9m, a 7.1% increase over purchase price. After adjusting for acquisition costs the valuation surplus was £1.9m, an increase of 2.1%. The valuation surplus has been driven primarily by the letting to Dixons Retail Group at Nottingham Road Retail Park.

The reversionary potential of the portfolio equates to £0.9m of income of which £0.6m relates to signed agreements for lease and £0.1m for the unit now let to Carpetright at Airport Retail Park, Coventry. The table below demonstrates how quickly the portfolio will revert to the reversionary income as a result of the lettings completed or agreed to date:

	Rent p.a. £m
Current passing rent [#]	5.5
Agreements for lease	0.6
Contracted rental income	6.1
Letting vacant unit	0.1
Reversion from rent reviews	0.2
Reversionary income	6.4

[#] including tenants on rent free periods

Update since the period end

Since the period end we have conditionally exchanged contracts to acquire Congleton Retail Park for £15.7m (including costs) where the successful opening of the new M&S Simply Food will allow us to deliver further asset management opportunities. We have also announced today the acquisition of Wick Retail Park for £10.5m (including costs).

Following these two transactions Metric has acquired or committed to investments at a cost of £123.1m or 67% of the net proceeds from its IPO. The portfolio now comprises seven retail investments with rents averaging £13.80psf. The average unexpired lease length stands at 12.4 years across the portfolio which is 99% occupied by rental income. The total contracted rental income is £7.8m p.a. and 70% is subject to leases which do not break or expire within the next 10 years.

Outlook

Despite the challenges facing the retail sector there will continue to be opportunities for those companies that focus on stock selection and align their portfolio to their customers' requirements. Our extensive experience in the retail property market, together with our substantial financial firepower, leaves us well placed to continue to exploit the increasing amount of investment opportunities becoming available. We will only make investments where our key returns criteria are met and we are confident that we can strengthen and lengthen the income stream through asset management initiatives.

We look forward to applying our asset management skills to maximise income and capital value growth across the whole portfolio.

FINANCIAL REVIEW

Introduction

The successful IPO, in March 2010, raised gross proceeds of £190m. Share issue costs amounted to £7.4m resulting in net proceeds of £182.6m. The Group has spent £91.9m on investment property acquisitions during the first six months of operation and the timing of these investments has impacted the results for the period under review. The Group also elected to become a REIT at the same time as listing.

Income statement and earnings per share

Profit after tax of £1,673,000 in the period to 30 September 2010 equates to an earnings per share of 1.7p. The profit arose mainly from a gain on the revaluation of the investment properties of £1,927,000. Excluding the revaluation surplus, the Group made a small adjusted loss after tax of £254,000 or an adjusted loss per share of 0.3p.

Net rental income in the period to 30 September 2010 was £658,000 with most of the income being generated by our first two acquisitions at Damolly Retail Park and Launceston Retail Park. The acquisition of the Morrisons supermarket, Loughborough, Airport Retail Park and Nottingham Road Retail Park, happened in the latter part of September and consequently had little impact on the results.

Administration expenses principally comprise salaries and associated staff costs along with office accommodation costs. The administration expenses also include exceptional costs of £240,000, which relate to professional fees incurred in the Group obtaining REIT status. No provision for bonuses has been included in the results to 30 September 2010.

Net proceeds from the IPO awaiting investment in property has been placed on deposit with a number of different counterparties. Interest received totalled £811,000 with interest on deposit accounts being earned at a weighted average rate of 0.94% in the period to 30 September 2010.

The conversion to REIT status at the same time as listing, resulted in a small REIT conversion charge of £2,000 being payable.

Dividend and dividend policy

At this early stage of the Group's activities, the Board of Directors do not recommend the payment of a dividend. The Group will however be required to pay a dividend for the full year to ensure that it meets the minimum Property Income Distribution (PID) requirements under the REIT regime and further details will be provided when the Group publishes its annual results in May 2011.

Balance sheet and net asset value

As at 30 September 2010, the Group's portfolio was valued at £93.9m and expenditure on property acquisitions was £91.9m. Capital commitments at the period end amounted to £8.0m of which £5.0m was contracted.

The net asset value per share at the period end was 97p and the table below sets out the reasons for the movement in the net asset value since the IPO:

	£000	pence per share
Gross IPO proceeds	190,000	100p
Share issue costs	(7,428)	(4)p
Revaluation surplus	1,927	1p
Adjusted loss after tax	(254)	–
Net asset value 30 September 2010	184,245	97p

Financing

As at the 30 September 2010, the Group had cash on deposit of £93.2m and all the acquisitions to date have been financed from the net IPO proceeds.

On 16 November 2010 the Group signed a five year £50m revolving credit facility with The Royal Bank of Scotland plc. The principal financial covenants of the facility are set out below:

- interest cover ratio – net rental income not to be less than 1.75 times net interest, tested quarterly on a two quarters rolling look back and forward basis; and
- loan to value ratio – not to exceed 65% of the total value of the properties

The facility also includes a covenant requiring the weighted average lease length of the properties not to be less than seven years. There is also a requirement to hedge a minimum of 60% of the amounts drawn under the facility.

Specific properties will be secured against the facility. Total drawings under the facility are not permitted to exceed 50% of the aggregate total value of the properties charged at the time of drawdown.

The Group is looking to maintain a mixture of revolving credit facilities and asset specific term debt with a variety of lending banks, and expects to hedge its interest rate exposure through the use of forward contract options, swaps or other forms of derivative instruments.

Key risks and uncertainties

The key risks and uncertainties facing the Group are as set out in the table below:

Risk	Mitigation
Strategic	
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
Financial	
Inability to raise finance to implement strategy	Five year £50m revolving credit facility with the Royal Bank of Scotland plc signed post period end and relationships with several banks have been established and the Group is currently negotiating further loan facilities
Failure to comply with loan covenants	Loan covenants are actively monitored and considered, including stress testing, as part of the budgeting and forecasting 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
	Effect of all acquisitions on REIT conditions is monitored and considered
Counterparty credit risk resulting in loss of cash deposit	Deposits have been placed across a range of counterparties who have a credit rating of at least AA- or are government backed. Documented treasury process approved by the Board
Asset management	
Tenant failure	Tenant covenant strength and concentration assessed for all acquisitions
Failure to let vacant units	Specialist retail market contacts and knowledge and detailed appraisal of each investment
Operational	
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
Environmental liabilities	Environmental surveys carried out as part of the due diligence for all acquisitions

GROUP INCOME STATEMENT

Period ended 30 September 2010

		Unaudited 1 March 2010 to 30 September 2010 £000
	Note	
Gross rental income		697
Property operating expenses		(39)
Net rental income		658
Administrative expenses	3	(1,721)
Gain arising on valuation of investment properties		1,927
Operating profit		864
Interest receivable and other finance income		811
Profit before tax		1,675
Tax – REIT conversion charge	4	(2)
Profit after tax		1,673
Earnings per share – basic and diluted	5	1.7p
Adjusted loss per share – basic and diluted	5	(0.3)p

All amounts relate to continuing activities.

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

GROUP BALANCE SHEET**As at 30 September 2010**

		Unaudited as at 30 September 2010 £000
	Note	
Non-current assets		
Investment properties	6	93,932
Plant and equipment		71
		94,003
Current assets		
Trade and other receivables	7	858
Cash and short term deposits		93,229
		94,087
Total assets		188,090
Current liabilities		
Trade and other payables	8	(3,845)
Total liabilities		(3,845)
Net assets		184,245
Equity		
Share capital	9	1,900
Share premium	10	–
Other reserve	10	180,672
Retained earnings		1,673
Total equity		184,245
Net assets per share	11	97p

GROUP STATEMENT OF CHANGES IN EQUITY**Period ended 30 September 2010**

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

GROUP CASH FLOW STATEMENT**Period ended 30 September 2010**

	Unaudited 1 March 2010 to 30 September 2010 £000
Cash flows from operating activities	
Operating profit	864
Adjustments for non-cash items:	
Gain arising on valuation of investment properties	(1,927)
Lease incentives and unsettled rent reviews recognised	(62)
Depreciation	7
Cash flows from operations before changes in working capital	(1,118)
(Increase) in trade and other receivables	(721)
Increase in trade and other payables	1,414
Net cash flows from operations	(425)
Interest received	672
Net cash flows from operating activities	247
Cash flows from investing activities	
Purchase of investment properties	(89,512)
Purchase of plant and equipment	(78)
Net cash flows from investing activities	(89,590)
Cash flows from financing activities	
Net proceeds from issue of shares	182,572
Net cash flows from financing activities	182,572
Net increase in cash and short term deposits	93,229
Cash and short term deposits at incorporation	—
Cash and short term deposits at end of the period	93,229

NOTES TO THE INTERIM REPORT

1. Principal accounting policies

Metric Property Investments plc was admitted to the Official List and to trading on the Main Market of the London Stock Exchange plc on 24 March 2010. The Group's assets principally comprise investment properties and cash.

Basis of preparation

The condensed consolidated financial statements for the period from incorporation on 1 March 2010 until 30 September 2010 are reviewed but unaudited and do not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The condensed consolidated financial statements have 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.

These condensed consolidated financial statements were approved by the Board of Directors on 17 November 2010.

Accounting policies

The principal accounting policies adopted by the Group and applied to these condensed financial statements which are also consistent with those that are expected to be applied to the Group's first annual report and financial statements are set out below.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings. Subsidiary undertakings are those entities controlled by the Group. Control is assumed when the Group directs the financial and operating policies of an entity to benefit from its activities. Results of subsidiaries acquired or disposed of during a year are included in the Group income statement from the effective date of acquisition or up to the effective date of disposal as appropriate. All inter group balances and transactions are eliminated.

The financial statements are prepared in British pound sterling which is determined to be the functional currency of the Group.

Rent receivable

This comprises rental income and premiums on lease surrenders on investment properties for the period, exclusive of service charges receivable. Service charges and other recoveries from tenants are netted off against property outgoings.

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation. Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

NOTES TO THE INTERIM REPORT (CONTINUED)

Property operating expenses

Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the income statement as property operating expenses. Costs incurred in the improvement of the portfolio which, in the opinion of the Directors, are not of a capital nature are written off to the income statement as incurred.

Administration expenses

Costs not directly attributable to individual properties are treated as administration expenses.

Investment properties

Investment properties are properties owned or leased under finance leases by the Group which are held either for long term rental income or for capital appreciation or both. Investment property is initially recognised at cost (including related transaction costs) and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers. In accordance with IAS 40 "Investment Property", investment property held under a finance lease is stated gross of the recognised finance lease liability.

Any gains or losses arising from changes in the fair value of investment property are included in the income statement of the period in which they arise. In accordance with IAS 40, as the Group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Acquisitions and disposals of properties are recognised where contracts have been unconditionally exchanged during the accounting period and the significant risks and rewards of ownership of the property have been transferred to the purchaser.

Leases

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

The Group as a lessee: In accordance with IAS 40, leases of investment property are assessed on a property by property basis. The Group's investment properties are accounted for as finance leases and are recognised as an asset and an obligation to pay future minimum lease payments. The investment property asset is included in the balance sheet at fair value, gross of the recognised finance lease liability. Lease payments, where material, are allocated between the liability and finance charges so as to achieve a constant financing rate.

Other leases are classified as operating leases and rentals payable are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term (to the earliest termination date).

Group as lessor: Assets leased out under finance leases are recognised as receivables at the amount of the net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant rate of return on net investment.

Assets leased out under operating leases are included in investment property, with rental income recognised on a straight-line basis over the lease term. Benefits granted as an incentive to enter into an operating lease are spread on a straight-line basis from the date of lease commencement to the earliest termination date.

NOTES TO THE INTERIM REPORT (CONTINUED)

Financial instruments:

i Cash and cash equivalents: Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to insignificant risk of changes in value.

ii Trade and other receivables: Trade and other receivables are recognised at invoiced value, if that is not materially different from fair value, less provisions for impairment. A provision for impairment of trade receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the agreed terms of the receivables concerned.

iii Trade and other payables: Trade and other payables are non-interest bearing and are recognised at invoiced amount.

Income tax

The charge for current UK corporation tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax is provided on all temporary differences, except in respect of investments in subsidiaries and joint ventures where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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 condensed financial statements are prepared on a going concern basis.

2. Segmental information

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

3. Administrative expenses

Administrative expenses include £240,000 of exceptional professional fees relating to the Group's conversion to REIT status.

NOTES TO THE INTERIM REPORT (CONTINUED)**4. Tax**

	Unaudited 1 March 2010 to 30 September 2010 £000
REIT conversion charge	2
Total tax charge	2

Factors affecting tax charge for the period:

	Unaudited 1 March 2010 to 30 September 2010 £000
Profit before tax	1,675
Profit before tax at the standard rate of income tax in the UK of 28%	469
Effects of:	
REIT tax exemption	(469)
REIT conversion charge	2
Total tax charge	2

5. Earnings per share

Earnings per share and adjusted loss per share have been calculated, using the weighted average number of shares in issue during the period of 99,144,000 as follows:

	Unaudited Profit/(loss) after tax £000	Unaudited Earnings/(loss) per share pence
Basic and diluted	1,673	1.7p
Gain on revaluation of investment properties	(1,927)	(2.0)p
Adjusted	(254)	(0.3)p

There are no share options or other equity instruments in issue and therefore no adjustments need to be made for dilutive or potentially dilutive equity arrangements. Adjusted earnings per share have been calculated in accordance with European Public Real Estate Association (EPRA) guidelines.

NOTES TO THE INTERIM REPORT (CONTINUED)**6. Investment properties**

	Unaudited Investment properties £000
At incorporation	—
Acquisitions	91,943
Revaluation surplus	1,927
	<hr/>
	93,870
Add: tenant incentives and accrued rental income	62
	<hr/>
At 30 September 2010	93,932

Investment properties are stated at market value as at 30 September 2010 based on external valuations performed by CB Richard Ellis in accordance with the Appraisal and Valuation Standards of RICS on the basis of market value. Market value represents the figure that would appear in a hypothetical contract between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale. CB Richard Ellis is an accredited independent valuer and industry specialist in valuing these types of property.

Long leasehold properties which are treated as finance leases and included in investment properties above, amounted to £17,500,000.

Capital commitments

The Directors have authorised future capital expenditure, which amounts to:

	Unaudited capital commitments £000
Contracted	5,026
Authorised but not contracted	2,941
At 30 September 2010	7,967

7. Trade and other receivables

	Unaudited 30 September 2010 £000
Amounts due from tenants	613
Other debtors	31
Prepayments and accrued income	214
At 30 September 2010	858

NOTES TO THE INTERIM REPORT (CONTINUED)**8. Trade and other payables**

	Unaudited 30 September 2010 £000
Rents invoiced in advance	919
REIT conversion charge payable	2
Other taxes	262
Accrued capital expenditure in respect of property acquisitions	2,431
Other trade payables and accruals	231
At 30 September 2010	3,845

9. Share capital

	Unaudited 30 September 2010 Number	Unaudited 30 September 2010 Amount paid £000
Issued and fully paid		
Ordinary shares of 1p each	190,000,000	1,900

On incorporation, 1 March 2010, 50,000 ordinary shares of 1p each were issued for cash at a subscription price of £1 per share. On 3 March 2010 63,000 ordinary shares of 1p each were issued for cash at a subscription price of £1 per share. On 24 March 2010 174,887,000 ordinary shares of 1p each were issued pursuant to the Placing and Offer for Subscription of ordinary shares for cash at a price of £1 per share. On 31 March 2010, a further 15,000,000 ordinary shares of 1p each were issued for cash at a price of £1 per share under the Over-allotment Option referred to in the Prospectus published by the Company on 8 March 2010.

10. Share premium and other reserve

	Unaudited Share premium £000	Unaudited Other reserve £000
At incorporation	–	–
Premium on issue of share	188,100	–
Share issue costs	(7,428)	–
Transfer in respect of capital reduction	(180,672)	180,672
At 30 September 2010	–	180,672

On the 18 August 2010 the Company cancelled its share premium account, having received Court approval and been previously approved by a Special Resolution passed at the General Meeting of the Group held on 4 March 2010. The balance on the share premium was transferred to a distributable Other Reserve.

NOTES TO THE INTERIM REPORT (CONTINUED)

11. Net asset value

The net asset value per share has been calculated on 190,000,000 shares in issue at 30 September 2010 and based on net assets attributable to shareholders of £184,245,000. There is no difference between net asset value per share and adjusted net asset value per share calculated in accordance with European Public Real Estate Association (EPRA) guidelines.

12. Post balance sheet events

On 11 October 2010 the Group conditionally exchanged contracts to acquire Congleton Retail Park, Cheshire for £15,700,000 including acquisition costs, completion is due to take place in June 2011.

On 16 November 2010 the Group signed a five year £50m revolving credit facility with The Royal Bank of Scotland plc. Further details on the facility are included in the financial review.

On 16 November 2010 the Group exchanged contracts to acquire Wick Retail Park, Caithness for £10,500,000 including acquisition costs, completion is due to take place on 17 November 2010.

13. Related party transactions

There have been no related party transactions during the period that require disclosure under section DTR 4.2.8R of the Disclosure and Transparency Rules or under IAS 34 "Interim Financial Reporting" except those disclosed elsewhere in this condensed set of financial statements.

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 and Company Secretary

17 November 2010

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 interim financial report for the period ended 30 September 2010 which comprises the Group income statement, the Group balance sheet, the Group statement of changes in equity, the Group cash flow statement and related notes 1 to 13. We have read the other information contained in the interim 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 them 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 interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim 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 Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim 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 interim 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 interim financial report for the period ended 30 September 2010 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

17 November 2010

GROUP INFORMATION

Registered office and number

Connaught House
1-3 Mount Street
London W1K 3NB

Company number: 07172804

Website

www.metricproperty.co.uk

Directors

Valentine Beresford (Investment Director)
Sue Ford (Finance Director and Company Secretary)
Andrew Huntley (Non-executive Chairman)
Andrew Jones (Chief Executive)
Alec Pelmore (Non-executive Director)[†]
Mark Stirling (Retail Director)
Andrew Varley (Non-executive Director)
Philip Watson (Non-executive Director)[#]

[†] Senior Independent Director and Audit Committee Chairman

[#] Remuneration Committee Chairman

Registrar

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Financial advisers and Stockbrokers

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London EC2Y 5AJ

Oriel Securities Limited
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London
EC2V 7AN

Financial calendar

February 2011 –	Quarter 3 Interim
	Management Statement
May 2011 –	Full year results
June 2011 –	Annual General Meeting

Property valuer

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