



**METRIC**  
PROPERTY INVESTMENTS PLC



# Accessible Retail

7 October 2010

# Presentation Overview

1. IPO Process
2. Proposition to Investors
3. Metric Portfolio – Why we like out-of-town relative to other retail
4. Investment Market
5. Occupational Market

# IPO Process

- 1 February 2010:  &  appointed as advisers and joint sponsors
- 1 March 2010: Metric Property Investments incorporated
- 8 March 2010: Intention to Float announcement
- 18 March 2010: books closed, 24 March 2010: official trading commenced on LSE
- Target capital raise: £150 million  Gross IPO proceeds: £190 million
- 80 investors across the UK, continental Europe, USA, South Africa and Australia

# Proposition to Investors

- Small/mid cap retail specialist
  - Filling void from takeovers of Pillar, Grantchester, Asda Properties, Tops Estates, Edge etc.
  - Launched as a REIT
- Investing across all retail sub-sectors
  - Strong bias towards out of town sector – retail parks, superstores
- Bottom-up occupier-led approach
  - Targeting investments with high occupier 'contentment'
  - Narrow gap between affordable and sustainable rents
- Macro view for retail property ➡ challenging – over supply of retail space UK
- Micro view for Metric ➡ exciting – strong focus on retailer mix and growing income

# Current Portfolio – Key Metrics

• Low passing rent **£13.35 psf**

• Low capital value **£210 psf**

• Strong covenants 

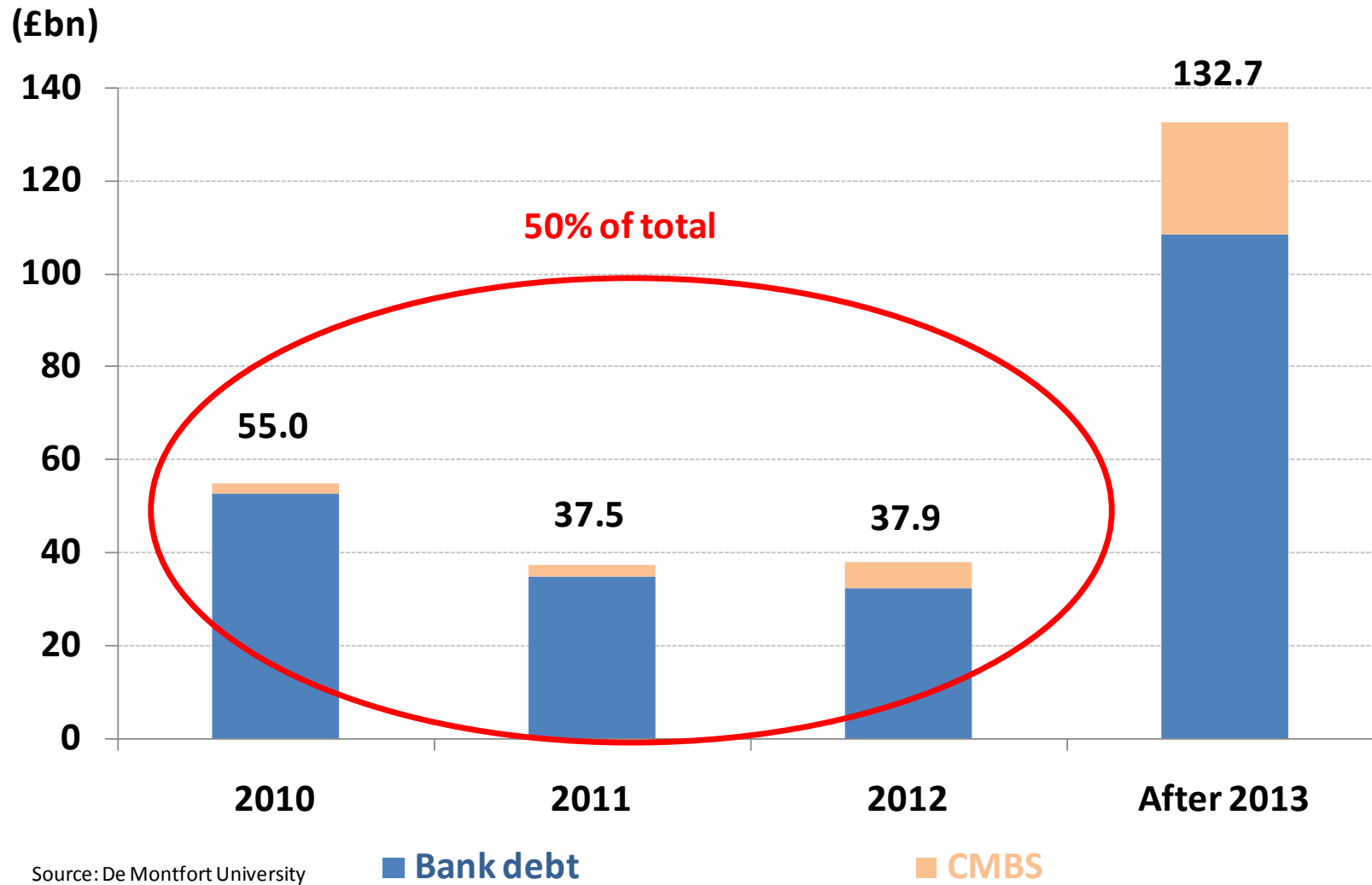
• Long leases **12.1 years**

• Low voids **6%**

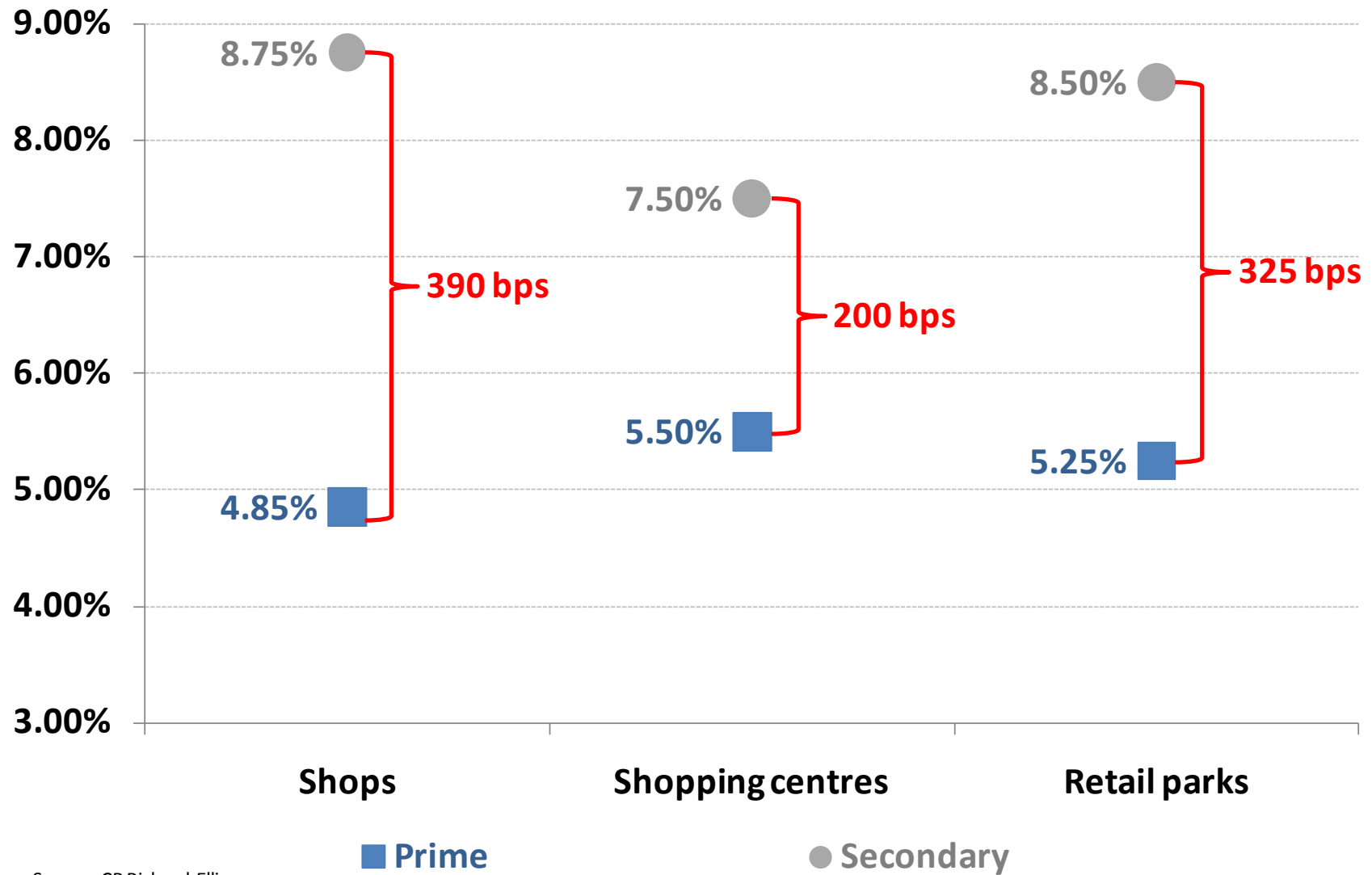
# Investment Market

- Expect banks to be alert to reducing their loan book but no fire sales
- Vendor refinancing pressures creating opportunities
  - £90 billion of property to be refinanced by the end of 2011
- Significant equity will remain available. Strong competition for openly marketed prime deals
- HNWs and private property companies will become 'motivated' vendors
  - Funds facing wind up may become 'forced' sellers
- Expect growing disparity between prime and secondary
  - Length and strength of income will be the key metric
- Not all boats will rise on the next tide – future performance will be polarised

# Debt Refinancing – 50% due by 2012



# Pricing between Prime and Secondary

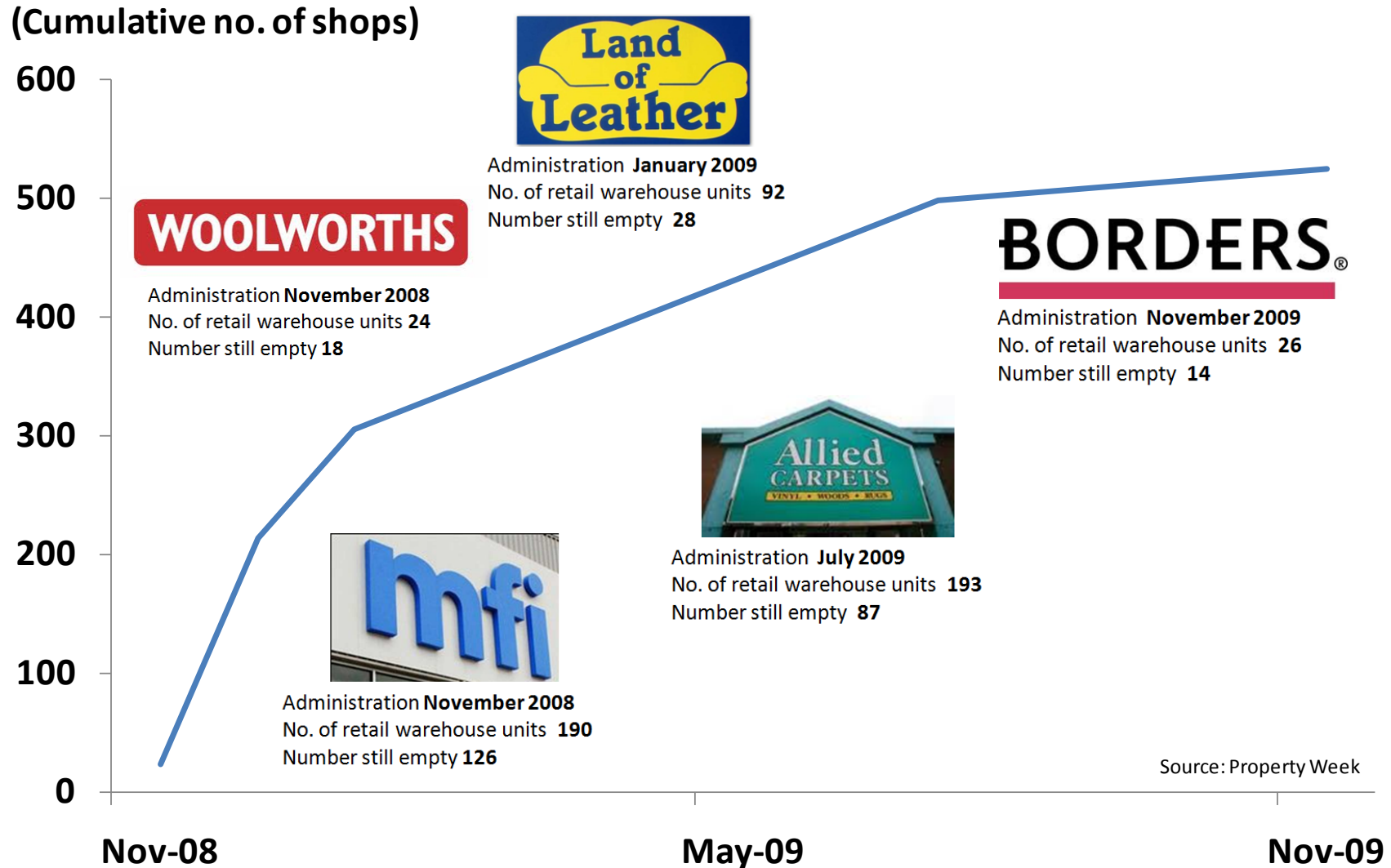


Source: CB Richard Ellis

# Occupier Market

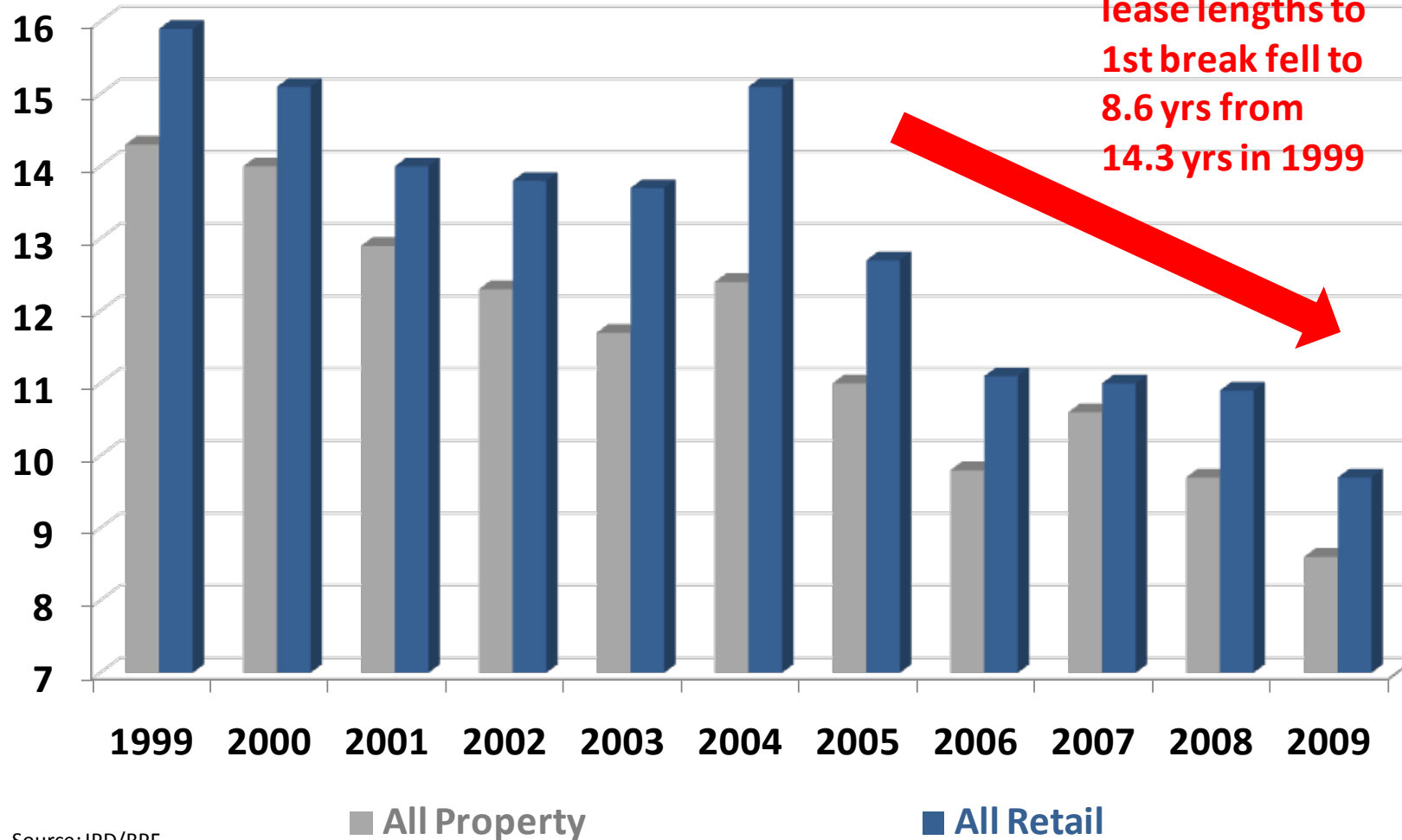
- Retailers remain cautious against challenging economic conditions and worried consumer
- Significant vacancies remain – is this solely due to the recession?
- Lease lengths continue to fall
  - Average UK retail lease just under 10 years compared with almost 16 years in 1999
- Supply / demand imbalance in many parts of UK
  - Outlook for rents will vary enormously
- Structural shifts in consumer shopping patterns as the UK consumer migrates out-of-town

# Top 5 retailer administrations – 52% of units still empty



# UK retail lease lengths were almost 16 years, now just under 10 years

(years - leases weighted by rent)



Source: IPD/BPF

# Supermarkets and the internet are having a big impact

**Sainsbury's**



**TU childrenswear marketshare is the 7th largest by volume**

**ASDA**

**GEORGE**

**5th largest clothing market share**



**Internet/directory make up 43% of total sales**

**TESCO**

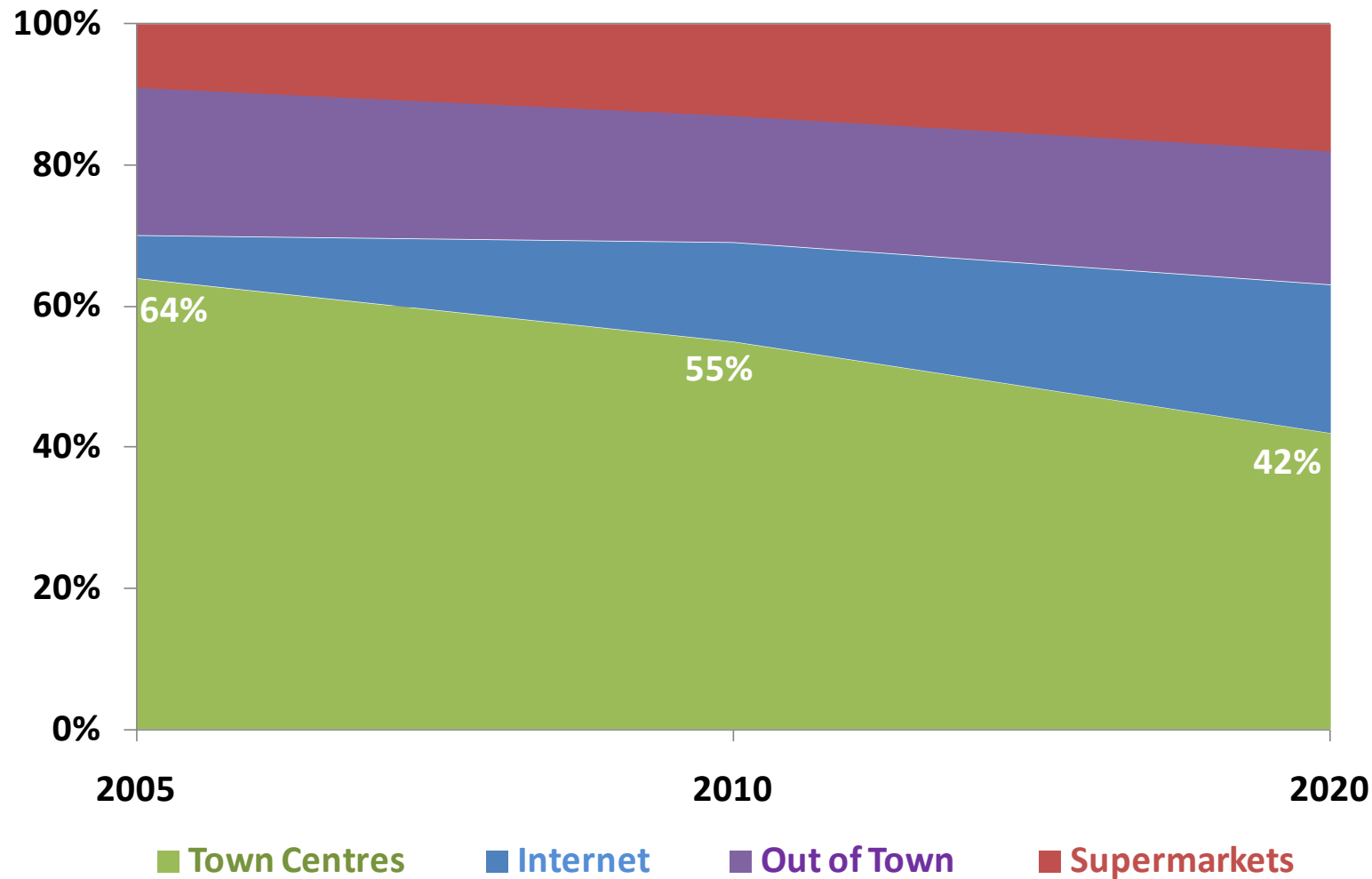
**Tesco.com is the largest online retailer in the UK**

**Sainsbury's**

**Non-food sales growing 3 x faster than food sales**

# Town centres are losing significant market share

- The majority of comparison goods sales will take place outside town centres





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