

FULL YEAR RESULTS FOR THE YEAR ENDED 31 MARCH 2015

LONDONMETRIC PROPERTY PLC ("LondonMetric" or the "Group" or the "Company") ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

Investment in winning sectors delivers strong financial results

Special dividend to reflect significant development gain

LondonMetric today announces its annual results for the year ended 31 March 2015.

HIGHLIGHTS

| | 31 March 2015 | 31 March 2014 | Change |
|---------------------------------------|---------------|---------------|--------|
| Reported Profit (£m) | 159.5 | 125.3 | +27% |
| Revaluation Surplus ¹ (£m) | 118.4 | 95.9 | +23% |
| EPRA earnings (£m) | 40.9 | 26.4 | +55% |
| EPRA EPS (p) | 6.6 | 4.2 | +57% |
| NAV per share (p) | 139.4 | 120.8 | +15% |
| EPRA NAV per share (p) | 140.6 | 121.0 | +16% |
| Dividend per share (p) | 7.0 | 7.0 | - |
| Special dividend per share (p) | 2.0 | - | - |

¹ Including share of joint ventures

Strong portfolio performance drives reported profits to £159.5 million

- Revaluation surplus of £118.4 million, uplift of 23% on 2014
- 18.8% property return from retail and distribution portfolio outperformed IPD by 220 bps
- Portfolio valued at £1.4 billion, an increase of 14.8% over the year

Strong growth in earnings and NAV

- Gross rental income increased 19.5% to £74.0 million (including joint ventures)
- EPRA earnings 55% higher at £40.9 million and EPRA EPS up 57% to 6.6p per share
- EPRA NAV per share increased 16% to 140.6p
- Total accounting return 21.7% up 520 bps

Dividend

- Proposed final dividend of 3.5p per share bringing total dividend for the year to 7.0p per share. Additional special dividend of 2.0p per share reflecting exceptional gains secured on the redevelopment and sale of Carter Lane
- Dividends are payable on 20 July 2015 to shareholders on the register as at close of business on 12 June 2015
- Increase in contracted rental income of 10% to £85.6 million underpins prospects for progressive dividends

Significant investment activity totalling £597.6 million

- Acquired 20 assets totalling £308.9 million at a NIY of 6.2%
- Disposals of £288.7 million at a 5.2% NIY including the £138.8 million sale of One Carter Lane
- Distribution portfolio now totals £656.9 million representing 47% of the total portfolio
- £57.0 million of post year end transactions including three of the five M&S convenience food store acquisitions that we announced separately today

Asset management activity delivered rental income uplift of £2.6 million

- 50 occupier transactions secured across 2.6 million sq ft
- Like for like income growth of 2.9%

- 12.4% above previous passing rent and 6.6% above ERV

Investment portfolio well positioned

- 99.7% occupancy rate and increase in WAULT to 13.1 years from 12.7 years in 2014
- Only 1.8% of rent due to expire in next 5 years
- Increased security and quality of income and 44% of rental income subject to fixed uplifts

3.1 million sq ft of developments

- Islip and Warrington distribution developments covering 1.8 million sq ft to complete within 4-5 months
- 1.1m sq ft of conditional distribution schemes consisting of 750,000 sq ft at Bedford and 300,000 sq ft at Stoke; expect to add further distribution developments

Effectively financed

- Loan to value of 36% at year-end (FY 2014: 32%)
- Increased operational flexibility under the 7 year £196 million Helaba debt facility and, post year end, with the £400 million unsecured facility
- Undrawn facilities currently total £154.5 million, debt maturity has increased to 6.2 years and average cost of debt has fallen to 3.4%

Patrick Vaughan, Chairman of LondonMetric, commented:

“The strong performance over the past year is the result of our ability to align the business to the winning segments within retail, specifically distribution and convenience shopping. Distribution is now our largest sector and this will increase as our existing and pipeline developments progress.

“Our portfolio continues to grow and we have taken advantage of a strong property market to sell some institutional assets recently at very attractive prices which, whilst delivering strong total returns, has tempered our earnings growth in the short term. Having firmly underwritten our dividend, the quality of our portfolio ensures that our dividend policy will be progressive.

“We have strong occupier relationships that create a real point of difference for us and continue to provide exciting investment opportunities. We are well positioned financially and we remain alert, active and engaged on keeping the portfolio fit for the future.”

Andrew Jones, Chief Executive of LondonMetric, commented:

“The changes to the occupier landscape which we have previously highlighted have continued unabated. Consumers are increasingly indifferent to the way they shop. They are keen to use their mobiles and the internet as well as physically shopping. This is having a profound effect on the real estate requirements of the retailers.

“Their requirements are for better distribution infrastructure to meet consumers’ appetite for next day or, increasingly, same day delivery, whilst reducing the number of physical shops that they need. You only have to dwell on the recent commentary about ‘right sizing retailing’, which has swept up such giants of retail as Tesco, B&Q and Homebase, to realise its significance.

“In the face of this ever changing environment we will continue to align our assets closely to the needs of retailers, and remain rational and disciplined in our stock selection and capital allocation.”

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Meeting and audio webcast

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

FTI Consulting
200 Aldersgate
Aldersgate Street
London
EC1A 4HD

A live audio webcast of the meeting will be available at
<http://webcasting.brrmedia.co.uk/broadcast/138772?popup=true>

The audio webcast will be available to replay using the above link and from the Company's website
http://www.londonmetric.com/investors/latest_results.aspx

Notes to editors:

LondonMetric (ticker: LMP) aims to deliver attractive returns for shareholders through a strategy of increasing income and improving capital values. It invests across the UK in retail led distribution, out of town and convenience retail properties. It employs an occupier-led approach to property with a focus on strong income, asset management initiatives and short cycle development. Its portfolio is broadly split between distribution and retail with a total of 10.7 million sq ft under management. LondonMetric works closely with retailers, logistics providers and leisure operators to help meet their evolving real estate requirements.

Further information on LondonMetric is available at www.londonmetric.com.

Neither the content of LondonMetric's website nor any other website accessible by hyperlinks from LondonMetric'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 to acquire, continue to hold, or dispose of, shares in LondonMetric.

Forward looking statements: This announcement may contain certain forward-looking statements with respect to LondonMetric'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 LondonMetric speak only as of the date they are made. LondonMetric does not undertake to update forward-looking statements to reflect any changes in LondonMetric'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.

Chairman's statement

We have had a very good property market in the UK over the last 12 months, driven by strong investment interest and an improving economy.

Our primary objectives at the start of last year were to reposition and improve the portfolio, to build value enhancing development opportunities and to increase our recurring income to cover, and allow us to progress, the dividend. I am pleased that our committed development programme now firmly underwrites our dividend commitment.

The strength of the property market has created disposal dilemmas, which in some instances has tempted us to sell our more institutional assets at very strong prices. Re-investing the sale proceeds has created buying challenges. As a result, we have had to seek a balance between growing our repetitive income and our desire to improve the portfolio and drive future total returns.

With this backdrop, I am delighted that the result of all our activity is that our EPRA earnings per share have increased by 57% over the year. Whilst some of the disposal activity has resulted in a loss of earnings, the sale prices achieved have more than compensated, driving profit and delivering strong total return. Much of these sales proceeds are being reinvested in new opportunities, particularly through the development pipeline, which is progressing extremely well, is adding value, and will ultimately drive recurring earnings. This year will see our projects for Primark at Islip and The Hut Group at Warrington complete and become investment properties delivering a meaningful impact to our earnings. Looking forward, we continue to replenish our development pipeline and next year we hope to have made significant progress on our sites at Bedford and Stoke.

Whilst the focus on adopting a total return approach has tempered the growth in our reported earnings in the very short term, it has had a very positive impact on our EPRA NAV progress, increasing by 16% to £877.2 million.

The repositioning activity has balanced the portfolio to continue our focus on the winning sectors within retail, on retailer-led distribution, and convenience shopping, where people have been migrating in increasing numbers. These are sectors where we understand the market exceptionally well and have the closest relationships with our occupiers. These relationships allow us to create a real point of difference from our competitors, to deliver high occupancy and to achieve long-term security of income. We now have one of the highest occupancy rates and longest lease structures within our peer group.

Our focus on these specialist areas and our customer relationships helps us to identify exciting opportunities through good asset selection and create value through our investment and asset management activity. During the course of last year, asset management initiatives generated an uplift in our income of £2.6 million, grew our like-for-like rents by 2.9%, and still reduced our voids even further to 0.3%.

Our contracted development activities, both directly and where we are forward funding, are substantially pre-let, on time and on budget to deliver attractive returns, and meet our responsible business aims. The short development cycle makes these assets deferred investments, delivering recurring earnings from buildings when they are completed. We are developing 2.0 million sq ft of new space in a number of different locations.

You have seen the balance of the portfolio changing between retail and distribution over the past 12 months, to the point where distribution (including distribution developments) is now our single biggest investment sector. Including assets under development, we now have 21 distribution centres let to quality occupiers and we aim to continue to increase our exposure to the growing retailer-led distribution market where we can work with our customers for mutual benefit.

We have also been working on the balance sheet to improve our flexibility and to increase our loan maturity. We now have a significant element of our gearing based on unsecured facilities. This provides us with a valuable reduction in interest cost and gives a longer loan maturity period. Above all, it allows much greater flexibility and cost efficiency with no associated finance costs on the acquisition or sale of an asset. The cost efficiency should not be underestimated as substantial finance charges are incurred when releasing assets from secured facilities to benefit from the very strong sale prices. I am very pleased that under the unsecured arrangements these costs will be avoided in the future.

Our dividend policy is clear. We are aiming for a covered and progressive dividend, but our first priority is to improve the portfolio quality to ensure that our dividend is not only progressive but it is also secure. The large number of sales and recycling into high quality and higher yielding developments have increased our contracted rental income, which will benefit our reported income during 2015/16. We intend to pay the same final dividend as last year and we remain confident of growing the dividend thereafter. We propose to share some of the exceptional gains we have secured on the redevelopment and sale of Carter Lane earlier this year by recommending a special dividend of 2p per share to be paid in July 2015.

I believe LondonMetric is very well placed. We are doing the right things. We are investing in winning assets and strengthening our customer relationships. We continue to be highly cost conscious and we are well financed. We have a terrific tenant line up let on long leases with almost no voids, and an exceptional management team who are delivering. We remain alert, engaged and focused on keeping the portfolio fit for the future.

Patrick Vaughan

Chairman

2 June 2015

Chief Executive's Q&A

Andrew Jones (CEO) gives an overview of progress in the year, his assessment of the retail sector and the impact on LondonMetric.

How have you performed against your strategic priorities?

As well as benefiting from market yield compression we have also delivered very strong total returns – income, rental growth and development surpluses – at a time when traditional property metrics will become increasingly important, as market yield compression moderates. These metrics have supported our portfolio repositioning into retailer-led distribution and convenience retail whilst withdrawing from office and residential, where we don't have competitive advantages.

Our contracted income has increased to £85.6 million (2014: £78.0 million) benefiting from a positive yield arbitrage from our investment activity, income from our developments and like for like rental growth.

Our portfolio repositioning and unemotional approach has resulted in significant capital recycling, as we took advantage of the market to monetise investments where asset management initiatives had been completed. Over the year, we sold £288.7 million of assets and recycled equity into our 2.0 million sq ft development programme.

Retail and distribution investments totalled £308.9 million, increasing investments in our core sectors to 90% of the portfolio.

What have been your key transactions?

Overall, we transacted on £597.6 million of assets. The disposal of One Carter Lane for £138.8 million was key in reducing non-core assets, marking our exit from London offices at a time when yields were at just over 4%.

Key distribution purchases included centres for Dixons Carphone in Newark, Tesco in Croydon, Eddie Stobbs in Dagenham and The HUT Group in Warrington, which together amounted to £193.6 million.

We are unemotional about our assets, and have monetised our investments from both of our core sectors where developments have been completed or successful initiatives executed.

What financing capacity is there for further investments?

Debt refinancing, in particular the £400 million unsecured revolving credit facility and the extension to and increase in size of our Helaba facility, have put us in a very strong financial position that provides significant financing flexibility and better financing terms.

In conjunction with recycled equity, these debt arrangements not only provide sufficient capital for our committed developments but can also provide additional acquisition firepower.

How is the changing retail landscape influencing your investment decisions?

The retail sector is experiencing a seismic change. The recession and technological advances have changed consumer mind-sets and, as a result, shopping patterns are rapidly evolving: omni-channel shopping, instant gratification and greater shopping convenience are increasing consumer expectations of retailers – online retail is becoming ever more relevant.

These changing dynamics convinced us a few years ago to invest heavily into distribution and, more recently, into convenience retail at a time when others remained entrenched in legacy asset classes, which may not be as relevant in the future.

Recent events have shown that very few retailers have a fit for purpose logistics infrastructure. With customer loyalty at risk, distribution and fulfilment investment is now becoming more important than stores.

Demand and supply imbalances mean that large, well located and modern distribution assets are highly sought after investments. In addition, “last mile” facilities which enable same or next day home delivery are becoming an essential part of the retailers’ infrastructure. This is a key area for us, where we are seeing rental growth opportunities.

Changes in consumer shopping habits are having a dramatic impact on retailers’ demand for new space, accelerating ‘right-sizing’ strategies, as “expensive” marginal stores are closed and critical locations are turned into showrooms. The grocery sector, in particular, has been heavily impacted with rents and yields rarely justifying the underlying trading metrics.

Retail assets that offer convenience, are well located and let on sustainable rents remain attractive. We believe that convenience retail assets will remain relevant in an omni channel world and so will offer good rental growth prospects. The significant growth predicted for click and collect will, in particular, benefit convenience retail.

What are your competitive strengths and how do you buy assets in a tightly priced market?

In our search for properties, we are active, disciplined, rational and patient. Today’s pricing is competitive and many opportunities don’t meet our returns criteria. This often persuades us to simply walk away. We are fully aligned with our shareholders and are incentivised to deliver returns and not simply grow the asset base.

One of our greatest strengths is our significant real estate experience and excellent occupier relationships that help us to identify attractive opportunities. Understanding and working with our occupiers is key to upholding our ambition to be their real estate partner of choice.

These relationships provide valuable insights into changing consumer and retailer behaviours, and allows us to quickly adapt our portfolio.

How has LondonMetric delivered on its Responsible Business Strategy?

We have been successful in aligning our business objectives and sustainability goals. The reshaping of the portfolio has enabled us to reduce our carbon footprint and liabilities by 42% over the year. Our greater focus on short cycle developments means that we are refurbishing and redeveloping assets and sites, thereby extending their useful economic and social purpose. Furthermore, our focus on meeting occupier needs has made Responsible Asset Management an important agenda item for us, ranging from joint community engagement initiatives to the installation of cost effective supplies of renewable energy.

Andrew Jones
Chief Executive

2 June 2015

Investment review

Continued portfolio repositioning

Our investment activity in the year of £598 million has repositioned our assets further into retailer led distribution and we have also seen meaningful growth in our convenience retail portfolio. Assets in our core sectors now represent 90% of the portfolio and are closely aligned to those areas where we believe there is the best potential for growth.

Our market leading relationships generated significant new investment opportunities and we acquired 20 assets with a value of £308.9 million at share.

Our investment activity added £6.1 million of additional net contracted income, reflecting a c.100 bps positive yield arbitrage from the recycling of low yielding assets into higher yielding opportunities.

Investment activity focused on distribution

Distribution acquisitions amounted to £209.1 million across six transactions, including purchases in Dagenham for £56.5 million, Newark for £68.5 million and the £47.5 million forward funding development in Warrington.

Distribution assets, including developments, now account for 46.9% of our portfolio. The land purchase at Bedford was an exciting addition to our distribution development pipeline which we aim to secure planning on by the end of this year.

Selective retail acquisitions and focus on convenience portfolio

We made 14 retail acquisitions in the year totalling £99.8 million at share, of which £30.4 million related to the increase in our MIPP stake to 50% and £26.7 million related to our share of MIPP acquisitions.

Convenience retail acquisitions accounted for £37.2 million of investments. Post year-end, we added a further three convenience food stores let to M&S for £12.4 million, increasing our convenience retail portfolio to £49.7 million across 10 properties. We expect to see further additions to this portfolio in the near term.

Disposals of core and non-core assets

Disposals amounted to £288.7 million, the majority of which related to the non-core sales of our London city office at One Carter Lane for £138.8 million and £27.2 million of residential disposals. Retail disposals amounted to £106.3 million during the year and reflected the recycling of assets where we have completed our business plans. This included the £23.9 million disposal of our retail development park at Bishop Auckland and the £21.8 million sale of Cairngorm retail park, Milton Keynes.

Outlook

The property market continues to see strong investor demand with high transactional volumes across all sub sectors. Our recent sales of old distribution assets in Harlow and Brackmills demonstrate that we will take advantage of the market to realise assets at very favourable prices and where asset management initiatives have been completed.

We will continue to selectively invest in our core sectors of distribution warehousing, out of town retail and convenience retail, leveraging our status as property partner of choice for many leading retailers.

| Investment activity by sub sector | Acquisitions | | Disposals | |
|-----------------------------------|---------------------|------------|----------------------------|------------|
| | Cost at share £m | NIY % | Proceeds at share £m | NIY % |
| Distribution | 161.6 | 5.8 | | |
| Distribution – Development | 47.5 | 7.5 | | |
| Retail | 99.8 | 6.3 | 106.3 | 6.2 |
| Office | | | 155.2 | 5.1 |
| Residential | | | 27.2 | 2.4 |
| Total | 308.9 | 6.2 | 288.7 | 5.2 |

Distribution investment activity

Acquisitions

726,000 sq ft warehouse in Newark

The purchase price was £68.5 million for a prime unit let to Dixons Carphone off a topped-up rental income of £4.5 million per annum, which reflected a net initial yield of 6.4%.

410,000 sq ft facility in Dagenham

The 28 acre site was purchased for £56.5 million and is entirely let to Eddie Stobart at a rent of £3.0 million per annum for 17 years from August 2014, with annual fixed uplifts of 2.0% per annum.

The facility is uniquely positioned, benefiting from exceptionally strong transport links serving London and the rest of the South East, with road and direct rail access, as well as being ideally located for the major ports of Felixstowe, London Gateway and Tilbury.

173,000 sq ft “last mile” warehouse in Croydon

The Tesco.com distribution centre was acquired for £21.1 million reflecting a net initial yield of 5.5% and an unexpired lease term of 5.8 years. The warehouse occupies a nine acre site in South London and is let to Tesco as a “dark store” for its Tesco.com business.

150,000 sq ft warehouse in Rotherham

The Magna 34 unit is situated one mile from J34 of the M1 and is let to Royal Mail. The purchase price of £10.3 million represented a net initial yield of 6.0% and an unexpired lease term of 13.9 years. The rent is subject to five yearly fixed uplifts.

65,000 sq ft warehouse in Leicester

The property was purchased for £5.2 million and is let to DHL, expiring in August 2020. The rent of £0.35 million per annum is considered reversionary with a review due in September 2015.

Developments

690,000 sq ft centre in Warrington

We purchased the warehouse, via a forward funding contract, for £47.5 million, reflecting a net initial yield of 7.5%. The asset is let to The Hut Group, a specialist online retailer and brand owner that was ranked number one this year by the Sunday Times’ Profit Track. The 15 year lease has an annual rent of £3.8 million.

The warehouse is being constructed in order to consolidate The Hut Group’s four existing UK distribution units and the facility will be used to satisfy both its domestic and rapidly growing international operations. Practical completion is expected in October 2015.

37 acre development site in Bedford

We have conditionally acquired from Bedford council, a site which is on the A421, close to J13 of the M1 and in a well-established retail distribution location. It is zoned for distribution and is capable of accommodating a unit of up to 750,000 sq ft. The purchase is conditional on planning consent which is expected by the end of 2015.

Activity post year-end

We disposed of two assets for £33.0 million at share that were c.25 years old.

268,000 sq ft Harlow facility

The facility was sold by our distribution joint venture for £37.2 million (Group share: £18.6 million), reflecting a topped up net initial yield to the purchaser of 5.0%. The asset was acquired in August 2011 for £22.9 million and re-let for 25 years in 2014 to Brake Bros following a surrender by Tesco.

170,000 sq ft Brackmills facility

This facility was sold for £14.4 million, reflecting a net initial yield of 5.5%. The property was acquired in November 2013 for £9.0 million and re-gearred on a ten year lease shortly after purchase at a yield on cost of 8.0%.

A further distribution centre was acquired post year-end for £3.5 million in Basildon.

38,000 sq ft Basildon facility

The well located and modern distribution warehouse is let to Activair and was purchased for £3.5 million at a net initial yield of 6.5% and a WAULT of 4.6 years. The unit has strong reversionary potential and a low site cover at just 24%.

Retail investment activity

Acquisitions

MIPP acquisitions

Having achieved the target investment of £150 million in the previous year, we completed the equalisation and extension agreement with our joint venture partner the Universities Superannuation Scheme to grow our ownership in Metric Income Plus Limited Partnership from 33.3% to 50% at a cost of £30.4 million.

MIPP also acquired six assets in the period for £59.6 million (Group share: £26.7 million) at a topped up net initial yield of 6.0%. These acquisitions consisted of:

- 76,400 sq ft retail park in North Shields let predominantly to Dunelm and B&M Retail for £13.1 million with an unexpired lease term of 9.1 years
- 77,200 sq ft Trostre South Retail Park, Llanelli, for £12.8 million let to B&Q, Pets at Home and KFC with an unexpired lease term of 14.7 years
- 58,400 sq ft retail park in Hemel Hemstead for £12.2 million let to Wickes and Dunelm with an unexpired lease term of 10.3 years
- 43,800 sq ft Liskeard Retail Park, Cornwall, for £9.0 million let to Homebase, Pets at Home and Argos with an unexpired lease term of 12.8 years
- 34,500 sq ft Totton Retail Park, Southampton for £8.8 million let to Lidl, Poundstretcher, Argos and Jolley Pets
- 21,500 sq ft retail unit in Grimsby let to Wickes, for £3.7 million with an unexpired lease term of 20.0 years

Out-of-town leisure acquisition

During the year, we acquired the Vue cinema multiplex in Birkenhead for £5.5 million reflecting a NIY of 7.7% with 15 years of unexpired leases and RPI linked rental reviews.

Convenience retail acquisitions

Seven convenience retail assets were acquired for £37.2 million, reflecting a NIY of 6.1%:

- Two convenience stores let to Boots in Bangor and Isle of Man for £3.4 million and £5.3 million and on unexpired lease terms of 9.3 and 7.2 years respectively
- Two M&S convenience foodstore developments in Liverpool and Ferndown with a combined cost of £13.6 million and total area of 39,800 sq ft
- £6.6 million acquisition of the 20,200 sq ft Fordton retail park in Warrington let to Aldi and four other retailers, with an unexpired lease term of 16.3 years
- £5.3 million purchase in Guisborough let to Aldi and Iceland with a weighted average unexpired lease term of 18.1 years
- £3.1 million property in Hull let to Aldi on a 15 year lease

Post year-end, we acquired three further convenience retail assets let to M&S for £12.4 million.

Disposals

Retail disposals in the period amounted to £106.3 million (Group share) across 10 assets achieving an average net initial yield of 6.2%.

DFS and Odeon disposals

In the first half of the year, we rationalised our DFS and Odeon portfolios.

The £20.8 million DFS disposals (Group share: £6.4 million) comprised two portfolio sales of five units in total to ARC and Oval at net initial yields of 8.5% and 7.8% respectively, compared to our acquisition yield of 10.2%.

The Odeon in Huddersfield was sold for £15.2 million reflecting a net initial yield of 6.1% compared to an acquisition yield of 7.2%.

Out-of-town retail

We sold a number of retail assets consistent with our strategy of recycling capital where asset management initiatives have been completed:

- 76,500 sq ft retail park in Bishop Auckland for £23.9 million, following a significant redevelopment. The disposal crystallised a 49% profit on cost and reflected a net initial yield of 5.3%
- Cairngorm Retail Park for £21.8 million, reflecting a net initial yield of 6.1%. The asset was acquired in 2013 for £16.1 million reflecting an 8.3% net initial yield and producing a 29% profit on cost. The property was let to DFS, Oak Furniture Land, SCS, Furniture Village and Carpetright
- £18.0 million disposal by MIPP (Group share: £9.0 million) of its B&Q retail park in Londonderry
- Berkhamsted development was sold for £12.5 million reflecting an exit yield of 3.9%, a development profit of £4.5 million and profit on cost of 58%
- Other disposals included retail parks at Scarne, Bristol and Wick with a total disposal value of £17.6 million

Post year-end, MIPP disposed of its retail park in Lichfield for £13.3 million (Group share: £6.7 million).

Non-core disposal activity

One Carter Lane office

We completed on the sale of One Carter Lane, London EC4 for a gross price of £138.8 million to Fubon Life Insurance Company Limited reflecting a 4.3% net initial yield. The disposal represented a profit of c.£12.5 million over the 31 March 2014 book value and a total profit on cost of £29.1 million since acquisition.

Disposal of Crawley offices

Two office buildings in Crawley were sold during the period for £16.4 million representing a combined average yield of 7.8% based on income of £1.3 million per annum.

Due to the reshaping of the portfolio and the disposal of the above offices, the Company's environment and social risk profile has altered considerably resulting in a much reduced direct energy use and carbon footprint.

Following these disposals, we have one office asset left in Marlow which we have been actively asset managing. The office totals 231,000 sq ft and generates £4.7 million of income per annum.

Residential asset disposals

During the year we disposed of 57 residential units for a total value of £39.1 million (Group share: £27.3 million).

At Moore House, our last residential investment, we sold 23 flats during the year for £19.8 million (Group share: £7.9 million) and, since the year end, we have disposed of 6 units and have a further 5 units under offer, representing in total £10.7 million of sales (Group share: £4.3 million). There are 105 units remaining and we will continue to patiently sell these down.

Asset Management review

Creating desirable real estate

Our asset management strategy is based on institutionalising our portfolio and recycling into assets where we can deliver value enhancing asset management initiatives and short-cycle developments.

Our property expertise and occupier relationships provide a constant flow of opportunities to recycle assets and this is reflected in the average hold period of 3.1 years for assets that we have sold in the year.

As at 31 March 2015, our total portfolio comprised 101 assets valued at £1,400 million compared to £1,220 million at the start of the year. This does not, however, reflect the significant recycling of assets and the change in sector weightings particularly towards distribution which now represents (including development) 47% of the overall portfolio.

The sector repositioning has reduced our exposure to residential and office assets to 10% of the portfolio, compared to 45% at the time of the merger in 2013. As a consequence, the value of assets in our core sectors has grown to £1,258 million representing 90% of our portfolio.

Our asset management plans incorporate responsible business initiatives, in particular EPC considerations.

Valuation uplift of £118 million

The ability to drive valuation growth is reflective of our ability to create desirable real estate. The topped up net initial yield across our properties has fallen from 6.4% to 5.8%. The valuation uplift in the year was £118.4 million compared with £95.9 million in 2014.

The yield compression was a consequence of both an investment market that has continued to strengthen but also a significant improvement in values as a result of our asset management initiatives and short-cycle development activity, the latter accounting for c. 35% of yield compression.

Outperformance of IPD

Our core sectors delivered a total property return of 18.8% compared to IPD of 16.6% reflecting an outperformance of 220 bps. Our active management expertise ensured that we continued to outperform IPD Retail at both the income and capital level, with a total outperformance of 410 bps.

Total Property Return against IPD

| | Total Return | | Outperformance |
|-----------------------|--------------|-------------|----------------|
| | LMP (%) | IPD(%) | (bps) |
| Retail | 17.6 | 13.5 | +410 |
| Distribution | 20.0 | 21.4 | -140 |
| Core portfolio | 18.8 | 16.6 | +220 |
| All property | 17.5 | 17.1 | +40 |

Focus on income

Strong and rising income

We continue to focus heavily on strengthening our underlying income streams. Our contracted rental income increased from £78.0 million to £85.6 million driven by asset management initiatives, positive net investment and recycling into higher yielding assets.

Fixed rental uplifts provide security of income growth and the proportion of our total contracted rental income subject to fixed rental uplifts increased to 44% by the year-end (over 50% for our distribution assets).

Long income

The portfolio weighted average unexpired lease term is 13.1 years (12.3 years to first break) representing one of the longest in the sector. This is a further improvement on the prior year and reflects our focus on achieving longer leases through asset management and also selling assets with shorter lease lengths.

Only 1.8% of our income is due to expire in the next five years rising to 32.9% in the next 10 years, an improvement on 2014 of 40.8%.

Secure income

We continue to focus on balancing and strengthening our tenant list. Our top ten tenants represented 54.1% of total rental income and the occupancy rate for the investment portfolio was 99.7%.

Including contracted income from Islip, Primark is now our largest tenant by rental income at 11.0%. We strengthened the tenant mix further increasing our exposure to Dixons Carphone (6.8% of contracted rent) and adding The HUT Group to our tenant list (4.5% of contracted rent).

Asset management

During the year we executed on 50 occupier transactions across 2.6 million sq ft, generating an uplift in rental income of £2.6 million at average lease lengths of 16.2 years and achieved a 6.6% uplift against ERV. Our asset management activities delivered EPRA like-for-like income growth of 2.9%.

New lettings and re-gears

New lettings and re-gears were undertaken across 500,300 sq ft, achieving average lease terms of 16.2 years and an increase in contracted rental income of £2.0 million.

We accepted a surrender from Tesco on our distribution unit at Harlow. The unit was simultaneously re-let to Brake Bros increasing the unexpired lease term by 16.0 years.

We agreed a 12,700 sq ft extension and new lease with Morrisons at Loughborough to take the store to 54,000 sq ft, and increase the weighted average unexpired lease term by 21.1 years.

Our new shopping park in Kirkstall, is now 52% pre-let to seven retailers representing £1.3 million of income per annum, rising to £2.7 million once fully let.

At Airport Retail Park in Coventry, Aldi has signed a 20 year lease to occupy 18,000 sq ft of new space. This is in addition to the 15,000 sq ft of new space pre-let to B&M.

Post year-end at St. Margaret's Retail Park, Leicester, we pre-let a further 15,000 sq ft to Smyths Toys. The 28,500 sq ft scheme is now fully pre-let.

We have nine new lettings in legals covering 102,000 sq ft.

Rent reviews

During the year we agreed 20 rent reviews including fixed uplifts across 2.1 million sq ft delivering an additional £0.6 million of rental income. In particular, we concluded a rent review with Dun & Bradstreet at Marlow which resulted in a rental uplift of £0.2 million.

Asset Management – Occupier transactions

| | Area (sq ft) | No. of transactions | Net uplift in income £m | WAULT (years) | |
|---------------------------|------------------|------------------------|-------------------------------|---------------|----------------|
| | | | | To expiry | To first break |
| New lettings and re-gears | 500,300 | 30 | 2.0 | 16.2 | 15.1 |
| Rent reviews | 2,133,700 | 20 | 0.6 | | |
| Total | 2,634,000 | 50 | 2.6 | | |

Short-cycle development

Occupier demand is the key driver in delivering our pipeline of short-cycle developments. Our committed developments total 2.0 million sq ft, and the value of our retail and distribution development portfolio has increased to £131.1 million up from £65.7 million in 2014.

During the year we received 19 planning consents on 1.3 million sq ft and this helped to drive our development programme.

Islip and Warrington

Our two largest developments at Islip and Warrington account for 1.8 million sq ft. The Islip development is progressing well and we are very focused on ensuring this project remains on track for practical completion in September 2015. Warrington is expected to complete in October 2015.

Kirkstall

At Kirkstall in Leeds, construction of the new 120,000 sq ft open A1 shopping park is well advanced and we expect to grant access to retailer occupiers from July 2015 onwards with completion forecast for October 2015.

Loughborough

We received planning consent on the 12,700 sq ft extension to increase the Morrisons' store to 54,000 sq ft.

Leicester

Planning consent was received in March 2015 on the 28,500 sq ft development at St. Margaret's Retail Park. The conditional development is fully pre-let.

Coventry

The 15,000 sq ft development of the new B&M store at the Airport Retail Park has commenced and is expected to complete in September. Planning for the new 18,000 sq ft Aldi store has been submitted.

Ferndown and Liverpool

These two convenience foodstore developments let to M&S are expected to complete in early 2016.

Development pipeline

We have built up a further 1.1 million sq ft of conditional development. In Bedford, we purchased a 37 acre site which is 7.5 miles from J13 of the M1 and would add up to 750,000 sq ft of retail distribution space. We have strong retailer interest for the location and hope to receive planning consent later this year.

In Stoke, we have planning consent to redevelop our 14 acre site for up to 300,000 sq ft of distribution space. The site is situated two miles from J15 of the M6 and we expect to start demolition of the existing building in late summer.

Development summary

| Scheme | Sector | Area sq ft '000 | Pre-let % | Contracted rent £m | Yield on cost % |
|--------------------------|--------------|-----------------------|--------------|--------------------------|--------------------|
| Committed | | | | | |
| Islip | Distribution | 1,062 | 100% | 5.3 | 6.8 |
| Warrington | Distribution | 690 | 100% | 3.8 | 7.5 |
| Leeds | Retail | 120 | 52% | 1.3 | 7.5 |
| Loughborough | Retail | 54 | 100% | 1.5 | 5.3 |
| Liverpool | Retail | 29 | 100% | 0.5 | 5.8 |
| Coventry | Retail | 15 | 100% | 0.2 | 8.6 |
| Ferndown | Retail | 11 | 100% | 0.3 | 5.2 |
| Total committed | | 1,981 | 90% | 12.9 | 7.1 |
| Conditional | | | | | |
| Bedford | Distribution | 750 | | | |
| Stoke | Distribution | 300 | | | |
| Leicester | Retail | 29 | | | |
| Total conditional | | 1,079 | | | |

Financial review

Our commitment to reshaping the portfolio into core sectors, recycling capital out of mature assets and growing contracted income has delivered another set of impressive results for LondonMetric.

The results reflect the intense level of investment and asset management activity during the year to improve income and capital yields and strengthen the core portfolio.

Since the year-end, we have considerably strengthened the balance sheet by completing a new £400 million unsecured revolving credit facility which increases our average debt maturity to 6.2 years and reduces our average debt cost to 3.4%.

EPRA earnings have increased to £40.9 million or 6.6p per share, a 57.1% increase on last year. EPRA NAV per share is 140.6p, an increase of 16.2% over 2014. Reported profit has increased by 27.3% to £159.5 million, predicated on a valuation uplift of £118.4 million.

The dividend has been maintained at 7.0p per share and the charge in the year is now 94% covered by EPRA earnings, up from 60% last year. The proposed final dividend is 3.5p per share.

In addition, a special dividend of 2.0p per share will be paid to distribute some of the gain realised on the redevelopment and sale of Carter Lane to shareholders.

Both dividends are subject to approval at the AGM and are payable on 20 July 2015 to ordinary shareholders on the register at the close of business on 12 June 2015.

Total accounting return, measured as the increase in EPRA NAV plus dividends is 21.7%, an increase of 520 bps over the previous year.

Management reviews the performance of the business on a proportionally consolidated basis, although the statutory results reflect the share of joint ventures using the equity accounting method. The commentary in this review is consistent with the proportionally consolidated approach.

EPRA earnings and other performance measures are used as alternatives to IFRS equivalent measures as they highlight the Group's underlying recurring performance. EPRA earnings is a key performance indicator, reflecting the recurring profit of the Group's property rental business and excludes items such as changes in property valuations and movements in the fair value of derivatives.

Income statement

EPRA earnings for the Group and its share of joint ventures are detailed as follows:

| For the year to 31 March | Group £m | JV £m | 2015 £m | Group £m | JV £m | 2014 £m |
|--------------------------|---------------|--------------|---------------|-------------|------------|-------------|
| Gross rental income | 60.2 | 13.8 | 74.0 | 54.1 | 7.8 | 61.9 |
| Property costs | (2.6) | (0.5) | (3.1) | (2.8) | (0.6) | (3.4) |
| Net rental income | 57.6 | 13.3 | 70.9 | 51.3 | 7.2 | 58.5 |
| Management fees | 2.2 | (0.9) | 1.3 | 0.8 | (0.8) | – |
| Administrative costs | (12.5) | (0.1) | (12.6) | (13.5) | (0.4) | (13.9) |
| Net finance costs | (15.4) | (3.2) | (18.6) | (15.4) | (2.9) | (18.3) |
| Other | – | (0.1) | (0.1) | 0.1 | – | 0.1 |
| EPRA earnings | 31.9 | 9.0 | 40.9 | 23.3 | 3.1 | 26.4 |

Gross rental income increased 19.5% to £74.0 million. Like-for-like gross rental income reported on a statutory basis increased by £14.1 million, driven by the impact of acquisitions in the previous year which contributed additional income of £13.4 million this year. In addition the Group increased its holding in the MIPP joint venture from 33% to 50%, resulting in additional income of £1.6 million.

Income lost as a result of disposals in the year of £11.3 million was offset in part by income of £9.7 million generated by acquisitions in the year.

Movements in net rental income are reflected in the table below:

| | 2015 £m |
|------------------------------------|-------------|
| Net rental income | |
| Prior year net rental income | 58.5 |
| Like-for-like investment income | 14.1 |
| Income generated from acquisitions | 9.7 |
| Income lost on disposals | (11.3) |
| Income lost on developments | (0.4) |
| Property costs | 0.3 |
| Net rental income | 70.9 |

Property costs in the year include £1.6 million of non recurring development feasibility costs written off. On a like-for-like basis, property costs fell by £1.9 million, reflecting the strategic disposal of the wholly owned residential portfolio over the last two years.

Management fees increased to £1.3 million from only £43,000 last year, reflecting increased joint venture investment in MIPP and the LMP Retail Warehouse joint venture, which acquired a portfolio of DFS assets at the end of last year. In addition, there was a charge in the previous year of £0.8 million, reducing performance fees previously earned.

Excluding prior year one-off share based payments, administrative costs have decreased by 9% to £12.6 million after capitalising staff costs of £1.7 million (2014: nil) reflecting the increased development activity in the year. On a like for like basis administration costs have increased by £0.4 million and staff costs have remained stable.

| | 2015 % | 2014 % |
|--|-----------|-----------|
| EPRA cost ratio | | |
| EPRA cost ratio including direct vacancy costs | 19 | 28 |
| EPRA cost ratio excluding direct vacancy costs | 17 | 25 |

The EPRA cost ratio for the year, including direct vacancy costs, was 19% compared with 28% last year. The ratio reflects total operating costs as a percentage of gross rental income.

Net finance costs, excluding the costs associated with repaying debt and terminating hedging arrangements on sales and refinancing in the year were £18.6 million, an increase of £0.3 million over the previous year.

Interest capitalised in the year in respect of development properties was £1.6 million (2014: £2.2 million).

The table below reconciles the movement in EPRA earnings in the year:

| | £m | p |
|---------------------------|-------------|------------|
| EPRA earnings 2014 | 26.4 | 4.2 |
| Net rental income | 12.4 | 2.0 |
| Management fees | 1.3 | 0.2 |
| Administrative costs | 1.3 | 0.2 |
| Net finance costs | (0.3) | — |
| Taxation | (0.2) | — |
| EPRA earnings 2015 | 40.9 | 6.6 |

A full reconciliation between EPRA earnings and IFRS reported profit is given in note 8 to the accounts and is summarised in the table below.

| For the year to 31 March | Group £m | JV £m | 2015 £m | Group £m | JV £m | 2014 £m |
|--|--------------|--------------|--------------|-------------|----------|------------|
| EPRA earnings | 31.9 | 9.0 | 40.9 | 23.3 | 3.1 | 26.4 |
| Revaluation of investment property | 112.4 | 6.0 | 118.4 | 87.5 | 8.4 | 95.9 |
| Fair value of derivatives | (7.5) | (1.1) | (8.6) | 8.4 | 2.8 | 11.2 |
| Debt and hedging early close out costs | (3.9) | (0.1) | (4.0) | (6.2) | (2.1) | (8.3) |
| Profit on disposal | 13.4 | 0.5 | 13.9 | 12.2 | 2.3 | 14.5 |
| Other items ¹ | (1.1) | – | (1.1) | (14.3) | (0.1) | (14.4) |
| IFRS reported profit | 145.2 | 14.3 | 159.5 | 110.9 | 14.4 | 125.3 |

1 Other items include amortisation of intangible assets, share based payments and deferred tax

The most significant contributors to IFRS reported profit are EPRA earnings of £40.9 million and the £118.4 million portfolio valuation, which reflects favourable yield compression as a consequence of a strong investment market, careful investment and value enhancing asset management initiatives.

Other movements in reported profit include profit on sale of properties of £13.9 million (2014: £14.5 million), principally relating to the sale of offices at Carter Lane, London, a decrease in the fair value of derivatives of £8.6 million (2014: £11.2 million increase) and debt and hedging break costs associated with property sales and refinancing of £4.0 million (2014: £8.3 million). The unsecured debt refinancing which completed post-year end required us to fully amortise capitalised finance costs relating to facilities repaid of £3.1 million in the year to 31 March 2015.

Other items primarily relate to the amortisation of management contracts and deferred tax thereon and continue to flow through the income statement but at significantly reduced levels when compared to previous years. In the current year other items relate to adjustments arising as a result of the merger of London & Stamford and Metric Property Investments in January 2013.

Our interest rate exposure is hedged by a combination of fixed and forward starting interest rate swaps and caps. Independent advice is given by J C Rathbone Associates.

The adverse derivative movement of £8.6 million on a proportionally consolidated basis reflects movements in future swap rates.

Balance sheet

EPRA net assets for the Group and its share of joint ventures are as follows:

| As at 31 March | Group £m | JV £m | 2015 £m | Group £m | JV £m | 2014 £m |
|------------------------|----------------|---------------|----------------|-------------|----------|------------|
| Investment property | 1,164.1 | 236.3 | 1,400.4 | 1,030.6 | 189.2 | 1,219.8 |
| Gross debt | (465.5) | (97.5) | (563.0) | (415.5) | (57.5) | (473.0) |
| Cash | 50.6 | 13.0 | 63.6 | 78.4 | 9.0 | 87.4 |
| Other net liabilities | (20.6) | (3.2) | (23.8) | (45.4) | (31.8) | (77.2) |
| EPRA net assets | 728.6 | 148.6 | 877.2 | 648.1 | 108.9 | 757.0 |

EPRA net assets at the year-end were £877.2 million, an increase of £120.2 million in the year. On a per share basis, net assets increased by 19.6p, or 16.2%, to 140.6p.

The major contributor to EPRA NAV growth in the year was the £118.4 million valuation uplift. Our dividend payment is now almost covered by EPRA earnings, giving rise to NAV leakage of only £2.8 million this year compared with £17.6 million last year.

IFRS reported net assets increased by £114.3 million or 15.1% in the year to £870.2 million.

Portfolio valuation

At 31 March 2015 the Group's portfolio was valued on a proportionally consolidated basis at £1,400.4 million, an increase of 14.8% over March 2014, reflecting the significant level of transactional activity and the valuation surplus in the year.

The core property portfolio of retail and distribution assets (including associated development) represented 90% of the total portfolio valuation at the year-end compared to 86% in March 2014 as reflected in the following segmental analysis.

| | 2015 £m | 2014 £m |
|-----------------------|----------------|----------------|
| Retail | 567.8 | 539.8 |
| Distribution | 558.6 | 336.0 |
| Offices | 73.3 | 75.9 |
| Residential | 69.6 | 96.2 |
| Development | 131.1 | 171.9 |
| Property value | 1,400.4 | 1,219.8 |

The movement in the portfolio valuation is explained in the table below:

| | Total £m |
|-------------------------------|----------------|
| Opening valuation 2014 | 1,219.8 |
| Acquisitions | 268.0 |
| Capital expenditure | 32.8 |
| Disposals | (254.4) |
| Revaluation | 118.4 |
| Lease incentives | 15.8 |
| Closing valuation 2015 | 1,400.4 |

The Group spent £268.0 million on acquisitions and £32.8 million on capital expenditure in the year, the latter principally relating to the development expenditure at Kirkstall, Islip and Warrington. The disposal of commercial and residential assets generating proceeds of £288.7 million reduced the carrying value of property by £254.4 million.

Financing

The proportionally consolidated performance indicators at the year end are shown in the table below.

| | 2015 £m | 2014 £m |
|--------------------|------------|------------|
| Gross debt | 563.0 | 473.0 |
| Cash | 63.6 | 87.4 |
| Loan to Value | 36% | 32% |
| Cost of debt | 3.7% | 3.9% |
| Undrawn facilities | 83.4 | 96.0 |
| Hedging | 80% | 85% |

We have had a very busy year with regard to our debt, which at the year-end stood at £563.0 million inclusive of joint ventures, an increase of £90 million over the previous year.

The loan to value at 31 March 2015 was 36% compared with 32% last year. The average cost of debt was 3.7% compared with 3.9% in March 2014. We have hedged 80% of our exposure to interest rate fluctuations and have undrawn facilities of £83.4 million.

We drew additional debt of £134.2 million to fund acquisitions and repaid £124.5 million following disposals.

During the year we refinanced three of our existing facilities and entered into one new facility as detailed below:

- The £80 million RBS revolving credit facility was extended by 2.5 years and utilised to finance three acquisitions in the year
- The Deutsche Pfandbrief MIPP joint venture loan was extended by two years and increased to £125 million as part of the equalisation of ownership between ourselves and USS, our joint venture partner. £22.5 million of the additional commitment (Group share: £11.3 million) remains available to draw to finance further acquisitions
- The Helaba facility secured against certain distribution assets was increased by £53.1 million and extended by three years, expiring November 2021
- New £71.8 million facility with M&G (Group share: £21.9 million) secured against the DFS portfolio which was acquired in March 2014

As a result of the new and extended facilities, our debt maturing at the year-end increased to 4.2 years from 3.7 years last year.

Post-year-end we have completed a new £400 million unsecured revolving credit facility with a syndicate of five lenders, which can be increased to £500 million to provide additional firepower and is for a five-year initial term and can be extended by up to two years. The facility has a minimum margin of 130 bps. In April 2015 we repaid five existing secured facilities with drawn debt of £269.3 million and drew debt of £265 million under this new facility. The new facility has significantly simplified our debt arrangements; the £196.2 million seven-year Helaba facility remains in place and joint venture arrangements are unaffected. This refinancing incorporates increased flexibility into our facilities which is critical as we continue to recycle capital and actively manage our assets.

As at the date of this report our average debt maturity has increased to 6.2 years, our average cost of debt has fallen to 3.4% and there are available undrawn facilities of £154.5 million.

Group income statement

For the year ended 31 March

| | Note | 2015 £000 | 2014 £000 |
|---|------|-----------------|--------------|
| Gross rental income | 3 | 60,192 | 54,061 |
| Property operating expenses | | (2,582) | (2,789) |
| Net rental income | | 57,610 | 51,272 |
| Property advisory fee income | | 2,211 | 799 |
| Net proceeds from sales of trading properties | 3 | – | 499 |
| Net income | | 59,821 | 52,570 |
| Administrative costs | 4 | (12,502) | (17,274) |
| Amortisation of intangible asset | 11 | (347) | (8,794) |
| Acquisition costs | | – | (189) |
| Total administrative costs | | (12,849) | (26,257) |
| Profit on revaluation of investment properties | 9 | 112,393 | 87,519 |
| Profit on sale of investment properties and subsidiaries | | 13,395 | 11,682 |
| Share of profits of joint ventures | 10 | 14,303 | 14,424 |
| Operating profit | | 187,063 | 139,938 |
| Finance income | | 356 | 162 |
| Finance costs | 5 | (27,104) | (13,411) |
| Profit before tax | | 160,315 | 126,689 |
| Taxation | 6 | (864) | (1,352) |
| Profit for the year and total comprehensive income | | 159,451 | 125,337 |
| Earnings per share | | | |
| Basic and diluted | 8 | 25.5p | 20.0p |
| EPRA | 8 | 6.6p | 4.2p |

All amounts relate to continuing activities.

Group balance sheet

As at 31 March

| | Note | 2015 £000 | 2014 £000 |
|---|------|------------------|--------------|
| Non current assets | | | |
| Investment properties | 9 | 1,164,140 | 1,030,553 |
| Investment in equity accounted joint ventures | 10 | 148,366 | 108,990 |
| Intangible assets | 11 | 497 | 844 |
| Other tangible assets | | 435 | 451 |
| Deferred tax assets | 6 | – | 829 |
| | | 1,313,438 | 1,141,667 |
| Current assets | | | |
| Trade and other receivables | 12 | 7,241 | 44,050 |
| Cash and cash equivalents | 13 | 50,568 | 78,357 |
| | | 57,809 | 122,407 |
| Total assets | | 1,371,247 | 1,264,074 |
| Current liabilities | | | |
| Trade and other payables | 14 | 31,971 | 96,839 |
| | | 31,971 | 96,839 |
| Non current liabilities | | | |
| Borrowings | 15 | 462,255 | 409,938 |
| Derivative financial instruments | 15 | 6,870 | 1,443 |
| | | 469,125 | 411,381 |
| Total liabilities | | 501,096 | 508,220 |
| Net assets | | 870,151 | 755,854 |
| Equity | | | |
| Called up share capital | 17 | 62,804 | 62,804 |
| Capital redemption reserve | | 9,636 | 9,636 |
| Other reserve | | 223,061 | 225,420 |
| Retained earnings | | 574,650 | 457,994 |
| Equity shareholders' funds | | 870,151 | 755,854 |
| Net asset value per share | 8 | 139.4p | 120.8p |
| EPRA net asset value per share | 8 | 140.6p | 121.0p |

The financial statements were approved and authorised for issue by the Board of Directors on 2 June 2015 and were signed on its behalf by:

Martin McGann

Finance Director

Registered in England, No 7124797

Group statement of changes in equity

For the year ended 31 March

| | Note | Share capital £000 | Capital redemption reserve £000 | Other reserve £000 | Retained earnings £000 | Total £000 |
|--|------|-----------------------|------------------------------------|-----------------------|---------------------------|----------------|
| At 1 April 2014 | | 62,804 | 9,636 | 225,420 | 457,994 | 755,854 |
| Profit for the year and total comprehensive income | | – | – | – | 159,451 | 159,451 |
| Purchase of shares held in trust | | – | – | (2,359) | – | (2,359) |
| Share-based awards | | – | – | – | 954 | 954 |
| Dividends paid | 7 | – | – | – | (43,749) | (43,749) |
| At 31 March 2015 | | 62,804 | 9,636 | 223,061 | 574,650 | 870,151 |

| | Note | Share capital £000 | Capital redemption reserve £000 | Other reserve £000 | Retained earnings £000 | Total £000 |
|--|------|-----------------------|------------------------------------|-----------------------|---------------------------|---------------|
| At 1 April 2013 | | 62,804 | 9,636 | 227,920 | 376,309 | 676,669 |
| Profit for the year and total comprehensive income | | – | – | – | 125,337 | 125,337 |
| Purchase of shares held in trust | | – | – | (2,500) | – | (2,500) |
| Share-based awards | | – | – | – | 311 | 311 |
| Dividends paid | 7 | – | – | – | (43,963) | (43,963) |
| At 31 March 2014 | | 62,804 | 9,636 | 225,420 | 457,994 | 755,854 |

Group cash flow statement

For the year ended 31 March

| | 2015 £000 | 2014 £000 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Profit before tax | 160,315 | 126,689 |
| Adjustments for non cash items: | | |
| Profit on revaluation of investment properties | (112,393) | (87,519) |
| Profit on sale of investment properties and subsidiaries | (13,395) | (11,682) |
| Share of post-tax profit of joint ventures | (14,303) | (14,424) |
| Share-based payment | 954 | 4,101 |
| Amortisation of intangible asset | 347 | 8,794 |
| Net finance costs | 26,748 | 13,249 |
| Cash flows from operations before changes in working capital | 48,273 | 39,208 |
| Change in trade and other receivables | 419 | 777 |
| Movement in lease incentives | (11,600) | (7,881) |
| Change in trade and other payables | 6,439 | (2,610) |
| Disposal of trading properties | – | 3,837 |
| Cash flows from operations | 43,531 | 33,331 |
| Interest received | 356 | 162 |
| Interest paid | (13,763) | (12,722) |
| Tax received/(paid) | 215 | (114) |
| Financial arrangement fees and break costs | (5,533) | (10,436) |
| Cash flows from operating activities | 24,806 | 10,221 |
| Investing activities | | |
| Purchase of investment properties and subsidiaries | (279,740) | (263,871) |
| Purchase of other tangible assets | (25) | (257) |
| Capital expenditure on investment properties | (32,102) | (26,157) |
| Sale of investment properties and subsidiaries | 248,356 | 422,171 |
| Investments in joint ventures | (12,476) | (52,597) |
| Distributions from joint ventures | 19,524 | 46,829 |
| Cash flow from investing activities | (56,463) | 126,118 |
| Financing activities | | |
| Dividends paid | (43,749) | (43,963) |
| Purchase of shares held in trust | (2,359) | (2,501) |
| New borrowings | 166,379 | 292,870 |
| Repayment of loan facilities | (116,403) | (341,960) |
| Cash flows from financing activities | 3,868 | (95,554) |
| Net (decrease)/increase in cash and cash equivalents | (27,789) | 40,785 |
| Opening cash and cash equivalents | 78,357 | 37,572 |
| Closing cash and cash equivalents | 50,568 | 78,357 |

Notes forming part of the Group financial statements

For the year ended 31 March 2015

1 Accounting policies

The financial information set out herein does not constitute the Company's statutory accounts for the years ended 31 March 2015 or 2014, but is derived from those accounts. Statutory accounts for the years ended 31 March 2015 and 31 March 2014 have been reported on by the independent auditors. The independent auditor's reports on the annual reports and financial statements for 2015 and 2014 were unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 March 2014 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 March 2015 will be delivered to the Registrar following the Company's Annual General Meeting.

The financial information set out in this preliminary results release has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The accounting policies adopted in these preliminary results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the statutory accounts for the year ended 31 March 2014.

a) General information

LondonMetric Property Plc is a company incorporated in the United Kingdom under the Companies Act.

b) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

c) Basis of preparation

The functional and presentational currency of the Group is sterling. The financial statements are prepared on the historical cost basis except that investment and development properties and derivative financial instruments are stated at fair value.

The accounting policies have been applied consistently in all material respects. The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

i) Estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant items subject to such assumptions and estimates include the fair value of investment properties and the fair value of derivative financial instruments. The most critical accounting policies in determining the financial condition and results of the Group are those requiring the greatest degree of subjective or complex judgements. These relate to property valuation, investment in joint ventures, derivative financial instruments and revenue recognition and these are discussed in the policies below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of

which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision affects both current and future periods, the change is recognised over those periods.

ii) Adoption of new and revised standards

Standards and interpretations effective in the current period

During the year the following new and revised Standards and Interpretations have been adopted and have not had a material impact on the amounts reported in these financial statements:

| Name | Description |
|---|--|
| Amendments to IFRS 10, IFRS 12 and IAS 27 | Investment Entities |
| Amendments to IAS 32 | Offsetting financial assets and financial liabilities |
| Amendments to IAS 36 | Recoverable Amount Disclosures for Non Financial Assets |
| Amendments to IAS 39 | Novation of Derivatives and Continuation of Hedge Accounting |

Standards and interpretations in issue not yet adopted

The IASB and the International Financial Reporting Interpretations Committee have issued the following standards and interpretations that are mandatory for later accounting periods and which have not been adopted early. These are:

| Name | Description |
|---|---|
| IFRS 9 | Financial Instruments |
| IFRS 15 | Revenue from Contracts with Customers |
| IAS 16 and IAS 38 (amendments) | Clarification of Acceptable Methods of Depreciation and Amortisation |
| IAS 27 (amendments) | Equity Method in Separate Financial Statements |
| IFRS 10 and IAS 28 (amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Annual Improvements to IFRSs: 2010–2012 | Amendments to: IFRS 2 Share-based Payments, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets. |
| Annual Improvements to IFRSs: 2011–2013 | Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property. |
| Annual Improvements to IFRSs: 2012–2014 Cycle | Amendments to: IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments - Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting. |

Annual improvements 2012-2014

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

d) Basis of consolidation

i) Subsidiaries

The consolidated financial statements include the accounts of the Company and its subsidiaries using the purchase method. Subsidiaries are those entities controlled by the Group. Control is assumed when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair value at the acquisition date. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where properties are acquired through corporate acquisitions and there are no significant assets or liabilities other than property, the acquisition is treated as an asset acquisition, in other cases the purchase method is used.

ii) Joint ventures and associates

Joint ventures are those entities over whose activities the Group has joint control. Associates are those entities over whose activities the Group is in a position to exercise significant influence but does not have the power to jointly control.

Joint ventures and associates are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share of the net assets of its joint ventures and associates. The consolidated income statement incorporates the Group's share of joint venture and associate profits after tax.

The Group's joint ventures and associates adopt the accounting policies of the Group for inclusion in the Group financial statements.

iii) Intangible assets

Intangible assets, such as property advisory and management agreements acquired through business combinations, are measured initially at fair value and are amortised on a straight-line basis over their estimated useful lives. Intangible assets are subject to regular reviews for impairment.

iv) Goodwill

Any excess of the purchase price of business combinations over the fair value of the assets, liabilities and contingent liabilities acquired and resulting deferred tax thereon is recognised as goodwill. This is recognised as an asset and is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement within administration expenses and is not subsequently reversed.

Any excess of the fair value of the assets, liabilities and contingent liabilities acquired and resulting deferred tax thereon over the purchase price of business combinations is recognised immediately in the income statement.

e) Property portfolio

i) Investment properties

Investment properties are properties owned or leased by the Group which are held for long-term rental income and for capital appreciation. Investment property includes property that is being constructed, developed or redeveloped for future use as an investment property. Investment property is initially recognised at cost, including related transaction costs. It is subsequently carried at each published balance sheet date at fair value on an open market basis as determined by professionally qualified independent external valuers. Where a property held for investment is appropriated to development property, it is transferred at fair value. A property ceases to be treated as a development property on practical completion.

The determination of the fair value of each property requires, to the extent applicable, the use of estimates and assumptions in relation to factors such as future rental income, current market rental yields, future development costs and the appropriate discount rate. In addition, to the extent possible, the valuers make reference to market evidence of transaction prices for similar properties. Gains or losses arising from changes in the fair value of investment properties are recognised in the income statement in the period in which they arise.

In accordance with IAS 40 “Investment Property”, no depreciation is provided in respect of investment properties.

Investment property is recognised as an asset when:

- It is probable that the future economic benefits that are associated with the investment property will flow to the Group
- There are no material conditions precedent which could prevent completion
- The cost of the investment property can be measured reliably

All costs directly associated with the purchase of an investment property are capitalised. Capital expenditure that is directly attributable to the redevelopment or refurbishment of investment property, up to the point of it being completed for its intended use, is capitalised in the carrying value of the property.

ii) Assets held for sale

Non current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in its present condition, management expect the sale to complete within one year from the date of its classification and are committed to the sale.

iii) Trading properties

Trading properties are initially recognised at cost and subsequently at the lower of cost and net realisable value.

iv) Tenant leases

Management has exercised judgement in considering the potential transfer of the risks and rewards of ownership in accordance with IAS 17 for all properties leased to tenants and has determined that such leases are operating leases.

v) Net rental income

Revenue comprises rental income.

Rental income from investment property leased out under an operating lease is recognised in the profit or loss on a straight-line basis over the lease term.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

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 earlier of the first break option or the lease termination date.

Lease incentives and costs associated with entering into tenant leases are amortised over the period from the date of lease commencement to the earlier of the first break option or the lease termination date.

Revenue from the sale of trading properties is recognised in the period within which there is an unconditional exchange of contracts.

Property operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges is charged to profit or loss.

vi) Surplus on sale of investment properties

Surpluses on sales of investment properties are calculated by reference to the carrying value at the previous year-end valuation date, adjusted for subsequent capital expenditure.

f) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of the financial assets and liabilities are a reasonable approximation of their fair values.

i) Loans and receivables

These are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade and other receivables, intra-group loans and cash and cash equivalents. Loans and receivables are initially recognised at fair value, plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

ii) Other financial assets

These comprise deposits held with banks where the original maturity was more than three months.

iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

iv) Other financial liabilities

Other financial liabilities include interest bearing loans, trade payables (including rent deposits and retentions under construction contracts) and other short-term monetary liabilities. Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Interest bearing loans are initially recorded at fair value net of direct issue costs, and subsequently carried at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

v) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks.

Derivative financial instruments are recognised initially at fair value, which equates to cost and subsequently remeasured at fair value, with changes in fair value being included in profit or loss.

g) Finance costs

Net finance costs include interest payable on borrowings, net of interest capitalised and finance costs amortised.

Interest is capitalised if it is directly attributable to the acquisition, construction or redevelopment of development properties from the start of the development work until practical completion of the property. Capitalised interest is calculated with reference to the actual interest rate payable on specific borrowings for the purposes of development or, for that part of the borrowings financed out of general funds, with reference to the Group's weighted average cost of borrowings.

h) Finance income

Finance income includes interest receivable on funds invested, measured at the effective rate of interest on the underlying sum invested.

i) Dividends

Dividends on equity shares are recognised when they become legally payable. In the case of interim dividends, this is when paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

j) Tax

Tax is included in profit or loss except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, together with any adjustment in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

The following differences are not provided for:

- The initial recognition of goodwill
- Goodwill for which amortisation is not tax deductible
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit
- Investments in subsidiaries, associates and jointly-controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future

The amount of deferred tax provided is based on the expected manner or realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

k) Share-based payments

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest.

l) Shares held in Trust

The cost of the Company's shares held by the Employee Benefit Trust is deducted from equity in the Group balance sheet. Any shares held by the Trust are not included in the calculation of earnings per share.

m) Capital management policy

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

n) Operating lease commitments

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group, the total rentals payable under the lease are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

2 Segmental information

| As at 31 March | 2015 | | | 2014 | | |
|----------------|--------------------|---------------------|------------------|--------------------|---------------------|------------------|
| Property value | 100% owned £000 | Share of JV £000 | Total £000 | 100% owned £000 | Share of JV £000 | Total £000 |
| Retail | 422,405 | 145,406 | 567,811 | 437,745 | 102,045 | 539,790 |
| Distribution | 534,220 | 24,386 | 558,606 | 322,800 | 13,200 | 336,000 |
| Offices | 73,300 | – | 73,300 | 75,900 | – | 75,900 |
| Residential | 3,120 | 66,453 | 69,573 | 22,223 | 73,960 | 96,183 |
| Development | 131,095 | – | 131,095 | 171,885 | – | 171,885 |
| | 1,164,140 | 236,245 | 1,400,385 | 1,030,553 | 189,205 | 1,219,758 |

| For the year to 31 March | 2015 | | | 2014 | | |
|--------------------------|--------------------|---------------------|---------------|--------------------|---------------------|---------------|
| Gross rental income | 100% owned £000 | Share of JV £000 | Total £000 | 100% owned £000 | Share of JV £000 | Total £000 |
| Retail | 28,340 | 8,714 | 37,054 | 27,921 | 2,880 | 30,801 |
| Distribution | 24,443 | 3,515 | 27,958 | 10,659 | 2,923 | 13,582 |
| Offices | 7,045 | – | 7,045 | 12,679 | – | 12,679 |
| Residential | 4 | 1,615 | 1,619 | 2,618 | 1,970 | 4,588 |
| Development | 360 | – | 360 | 184 | – | 184 |
| | 60,192 | 13,844 | 74,036 | 54,061 | 7,773 | 61,834 |

| For the year to 31 March | 2015 | | | 2014 | | |
|--------------------------|--------------------|---------------------|---------------|--------------------|---------------------|---------------|
| Net rental income | 100% owned £000 | Share of JV £000 | Total £000 | 100% owned £000 | Share of JV £000 | Total £000 |
| Retail | 26,701 | 8,711 | 35,412 | 27,044 | 2,876 | 29,920 |
| Distribution | 24,379 | 3,559 | 27,938 | 10,180 | 2,929 | 13,109 |
| Offices | 6,285 | – | 6,285 | 12,499 | – | 12,499 |
| Residential | (76) | 1,067 | 991 | 1,383 | 1,368 | 2,751 |
| Development | 321 | – | 321 | 166 | – | 166 |
| | 57,610 | 13,337 | 70,947 | 51,272 | 7,173 | 58,445 |

An operating segment is a distinguishable component of the Group that engages in business activities, earns revenue and incurs expenses, whose results are reviewed by the Group's chief operating decision makers and for which discrete financial information is available. Gross rental income represents the Group's revenues from its tenants and net rental income is the principal profit measure used to determine the performance of each sector. Total assets are not monitored by segment. However, property assets are reviewed on an ongoing basis. The Group operates entirely in the UK and no geographical split is provided in information reported to the Board.

3 Net income

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| For the year to 31 March | | |
| Gross rental income | 60,192 | 54,061 |
| Property operating expenses | (2,582) | (2,789) |
| | 57,610 | 51,272 |
| Proceeds from sales of trading properties | – | 4,426 |
| Cost of sales of trading properties | – | (3,927) |
| | – | 499 |

No single tenant contributed more than 10% of the Group's gross rental income in either the current or previous year. Included within property operating expenses in the year to 31 March 2015 is £1.6 million development feasibility costs relating to aborted projects which is not expected to recur.

4 Administration expenses

a) Total Administration expenses

| | 2015 £000 | 2014 £000 |
|-------------------------------|--------------|--------------|
| For the year to 31 March | | |
| Staff costs | 8,807 | 13,958 |
| Auditor's remuneration | 190 | 223 |
| Depreciation | 88 | 105 |
| Other administrative expenses | 3,417 | 2,988 |
| | 12,502 | 17,274 |

b) Staff costs

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| For the year to 31 March | | |
| Employee costs, including those of Directors, comprise the following: | | |
| Wages and salaries | 8,122 | 8,188 |
| Less staff costs capitalised | (1,662) | – |
| | 6,460 | 8,188 |
| Social security costs | 981 | 1,143 |
| Other pension costs | 412 | 526 |
| Share scheme costs: | | |
| – share-based payment under LSI Acquisition Agreement | – | 3,790 |
| – share-based payment of current LTIP scheme | 954 | 311 |
| | 8,807 | 13,958 |

A share-based payment prepayment was created in 2011 for £39.5 million of the total purchase consideration payable under the LSI Acquisition Agreement. This was based on a total of 34,346,378 Consideration Shares issued to the members of the former Property Advisor (LSI Management LLP) at the market price on the date of its acquisition of 115p per share, of which 6,244,796 were subject to clawback provisions. Bad leaver provisions and lock-in arrangements prohibiting the disposal of such Consideration Shares applied for the three years to September 2013. The share-based payment prepayment was amortised over the three-year period to September 2013. The share-based payment charge in the previous year was £3.8 million.

The long-term share incentive scheme that was created following the merger in 2013 allows Executive Directors and eligible employees to receive an award of shares, held in trust, dependent on performance conditions based on the earnings per share and total shareholder return of the Group over a three-year vesting period. The Group expenses the estimated number of shares likely to vest over the three-year period based on the market price at the date of grant. In the current year the charge was £1.0 million (2014: £0.3 million).

The Company awarded 1,905,956 LTIP shares during the year, 1,490,936 of which were awarded to Executive Directors. The cost of acquiring the shares expected to vest of £2.4 million has been charged to reserves.

Employee costs of £1.7 million (2014: nil) have been capitalised in respect of time spent on development projects.

c) Staff numbers

The average number of employees including Executive Directors during the year was:

| | 2015 Number | 2014 Number |
|-------------------------------------|----------------|----------------|
| Head office and property management | 36 | 35 |

d) Auditor's remuneration

| For the year to 31 March | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Audit services: | | |
| Audit of the Group and Company financial statements, pursuant to legislation | 62 | 60 |
| Audit of subsidiary financial statements, pursuant to legislation | 95 | 118 |
| Audit related assurance services | 26 | 25 |
| Other fees: | | |
| Other advisory services | 2 | 20 |
| Total fees for audit and other services | 185 | 223 |

In addition to the above audit fees totalling £37,000 (2014: £46,000) were due to the Group's auditor in respect of its joint venture operations (excluding LMP Retail Warehouse JV Property Unit Trust).

5 Finance costs

| For the year to 31 March | 2015 £000 | 2014 £000 |
|--|---------------|---------------|
| Interest payable on bank loans and related derivatives | 15,410 | 14,947 |
| Debt and hedging early close out costs | 3,891 | 6,228 |
| Amortisation of loan issue costs | 1,428 | 2,035 |
| Commitment fees and other finance costs | 509 | 816 |
| Total borrowing costs | 21,238 | 24,026 |
| Less amounts capitalised on the development of properties | (1,607) | (2,232) |
| Net borrowing costs | 19,631 | 21,794 |
| Fair value loss/(gain) on derivative financial instruments | 7,473 | (8,383) |
| Total finance costs | 27,104 | 13,411 |

As a result of the refinancing of the Group's bank facilities in April 2015, £3.1 million of unamortised arrangement costs associated with the existing facilities repaid were written off to the income statement in the year to 31 March 2015 and are included within debt and hedging early close out costs. In accordance with EPRA guidance, these costs have been excluded from EPRA earnings.

6 Taxation

| | 2015 £000 | 2014 £000 |
|----------------------------------|--------------|--------------|
| For the year to 31 March | | |
| The tax charge comprises: | | |
| Current tax | | |
| UK tax charge/(credit) on profit | 35 | (130) |
| Deferred tax | | |
| Change in deferred tax | 829 | 1,482 |
| | 864 | 1,352 |

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are explained below:

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| For the year to 31 March | | |
| Profit before tax | 160,315 | 126,689 |
| Tax at the standard rate of corporation tax in the UK of 21% (2014: 23%) | 33,666 | 29,138 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 74 | 2,938 |
| Tax effect of income not subject to tax | (30,701) | (28,758) |
| Share of post-tax profit of associates and joint ventures | (3,004) | (3,318) |
| Temporary differences | 829 | 1,482 |
| Prior year tax adjustments | – | (130) |
| UK tax charge on profit | 864 | 1,352 |

Deferred tax asset

| | Intangible assets £000 |
|-------------------------|---------------------------|
| Opening balance | 829 |
| Charged during the year | (829) |
| At 31 March 2015 | – |

As the Group is a UK-REIT there is no provision for deferred tax arising on the revaluation of properties or other temporary differences.

7 Dividends

| | 2015 £000 | 2014 £000 |
|--|---------------|---------------|
| For the year to 31 March | | |
| Ordinary dividends paid | | |
| 2013 Final dividend: 3.5p per share | – | 21,982 |
| 2014 Interim dividend: 3.5p per share | – | 21,981 |
| 2014 Final dividend: 3.5p per share | 21,903 | – |
| 2015 Interim dividend: 3.5p per share | 21,846 | – |
| | 43,749 | 43,963 |
| Proposed for approval by shareholders at Annual General Meeting | | |
| 2015 Final dividend: 3.5p per share | 21,843 | – |
| Special dividend: 2.0p per share | 12,482 | – |
| | 34,325 | – |

The proposed final and special dividends were approved by the Board on 1 June 2015 and are subject to approval at the Annual General Meeting on 16 July 2015. Neither have been included as liabilities nor deducted from retained earnings as at 31 March 2015. The proposed final dividend is 3.5p per share, which includes 2.0p per share as a Property Income Distribution. The dividends are payable on 20 July 2015 to ordinary shareholders on the register at the close of business on 12 June 2015 and will be recognised as an appropriation of retained earnings in 2016.

8 Earnings and net assets per share

Adjusted earnings and net assets per share are calculated in accordance with the Best Practice Recommendations of The European Public Real Estate Association (EPRA). The EPRA earnings measure highlights the underlying recurring performance of the property rental business.

The earnings per share calculation uses the weighted average number of ordinary shares during the year and excludes the average number of shares held by the Employee Benefit Trust for the year.

The net asset per share calculation uses the number of shares in issue at the year-end and excludes the actual number of shares held by the Employee Benefit Trust at the year-end.

a) EPRA Earnings

EPRA earnings for the Group and its share of joint ventures are detailed as follows:

| For the year to 31 March | Group £000 | JV £000 | 2015 £000 | Group £000 | JV £000 | 2014 £000 |
|--------------------------|---------------|---------------|---------------|---------------|------------|--------------|
| Gross rental income | 60,192 | 13,844 | 74,036 | 54,061 | 7,773 | 61,834 |
| Property costs | (2,582) | (507) | (3,089) | (2,789) | (600) | (3,389) |
| Net income | 57,610 | 13,337 | 70,947 | 51,272 | 7,173 | 58,445 |
| Management fees | 2,211 | (949) | 1,262 | 799 | (756) | 43 |
| Administrative costs | (12,502) | (141) | (12,643) | (13,484) | (456) | (13,940) |
| Net finance costs | (15,384) | (3,238) | (18,622) | (15,404) | (2,905) | (18,309) |
| Other | (35) | – | (35) | 130 | – | 130 |
| EPRA earnings | 31,900 | 9,009 | 40,909 | 23,313 | 3,056 | 26,369 |

The reconciliation of EPRA earnings to IFRS reported profit can be summarised as follows:

| For the year to 31 March | Group £000 | JV £000 | 2015 £000 | Group £000 | JV £000 | 2014 £000 |
|--|----------------|---------------|----------------|---------------|------------|--------------|
| EPRA earnings | 31,900 | 9,009 | 40,909 | 23,313 | 3,056 | 26,369 |
| Revaluation of investment property | 112,393 | 5,982 | 118,375 | 87,519 | 8,360 | 95,879 |
| Fair value of derivatives | (7,473) | (1,105) | (8,578) | 8,383 | 2,838 | 11,221 |
| Debt and hedging early close out costs | (3,891) | (58) | (3,949) | (6,228) | (2,121) | (8,349) |
| Profit on disposal | 13,395 | 475 | 13,870 | 12,181 | 2,291 | 14,472 |
| Amortisation of intangible assets | (347) | – | (347) | (8,794) | – | (8,794) |
| Share-based payments | – | – | – | (3,790) | – | (3,790) |
| Acquisition costs | – | – | – | (189) | – | (189) |
| Deferred tax | (829) | – | (829) | (1,482) | – | (1,482) |
| IFRS reported profit | 145,148 | 14,303 | 159,451 | 110,913 | 14,424 | 125,337 |

b) Earnings per ordinary share

| For the year to 31 March | 2015 £000 | 2014 £000 |
|---------------------------------|---------------|--------------|
| Basic and diluted earnings | 159,451 | 125,337 |
| EPRA adjustments ⁽¹⁾ | (118,542) | (98,968) |
| EPRA earnings | 40,909 | 26,369 |

(1) Adjustments shown in table reconciling EPRA profit with IFRS reported profit

| | 2015 Number of shares '000 | 2014 Number of shares '000 |
|---|-------------------------------------|-------------------------------------|
| For the year to 31 March | | |
| Opening ordinary share capital | 628,044 | 628,044 |
| Average number of shares held in employee trust | (3,509) | (1,147) |
| Weighted average number of ordinary shares | 624,535 | 626,897 |
| Basic and diluted earnings per share | 25.5p | 20.0p |
| EPRA earnings per share | 6.6p | 4.2p |

c) Net assets per share

| | 2015 £000 | 2014 £000 |
|---|----------------|----------------|
| As at 31 March | | |
| Equity shareholders' funds | 870,151 | 755,854 |
| Fair value of derivatives | 6,870 | 1,443 |
| Fair value of joint ventures' derivatives | 205 | (115) |
| Cost of derivatives | – | (212) |
| EPRA net asset value | 877,226 | 756,970 |

| | 2015 Number of shares '000 | 2014 Number of shares '000 |
|---|-------------------------------------|-------------------------------------|
| As at 31 March | | |
| Opening ordinary share capital | 628,044 | 628,044 |
| Number of shares held in employee trust | (3,964) | (2,247) |
| Number of ordinary shares | 624,080 | 625,797 |
| Basic net asset value per share | 139.4p | 120.8p |
| EPRA net asset value per share | 140.6p | 121.0p |

9 Investment properties

a) Investment property

| As at 31 March | 2015 | | | 2014 | | |
|---|-------------------|------------------------------|------------------|-------------------|------------------------------|------------------|
| | Completed £000 | Under development £000 | Total £000 | Completed £000 | Under development £000 | Total £000 |
| Opening balance | 858,668 | 171,885 | 1,030,553 | 904,169 | 82,624 | 986,793 |
| Acquisitions | 188,988 | 19,955 | 208,943 | 318,313 | 17,015 | 335,328 |
| Other capital expenditure | 10,545 | 21,557 | 32,102 | 7,663 | 19,671 | 27,334 |
| Disposals | (219,510) | (11,941) | (231,451) | (410,911) | (3,391) | (414,302) |
| Transfer between completed investment and property under development | 106,310 | (106,310) | – | (26,535) | 26,535 | – |
| Revaluation movement | 76,398 | 35,995 | 112,393 | 58,088 | 29,431 | 87,519 |
| Movement in tenant incentives and rent-free uplifts | 11,646 | (46) | 11,600 | 7,881 | – | 7,881 |
| | 1,033,045 | 131,095 | 1,164,140 | 858,668 | 171,885 | 1,030,553 |

Investment properties are held at fair value as at 31 March 2015 based on external valuations performed by professionally qualified valuers CBRE Limited ("CBRE") and Savills Advisory Services Limited ("Savills"). The valuation of property held for sale at 31 March 2015 was £16.0 million (2014: £22.2 million).

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2014 on the basis of fair value. Fair value represents the price that would be received to sell an

asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. There has been no change in the valuation technique in the year. The total fees earned by CBRE and Savills from the Company represent less than 5% of their total UK revenues. CBRE and Savills have continuously been the signatory of valuations for the Company since October 2007 and September 2010 respectively.

Long-term leasehold values included within investment properties amount to £107.7 million (2014: £240.3 million). All other properties are freehold.

b) Valuation technique and quantitative information

| Asset type | Fair value 2015 £000 | Valuation technique | ERV | | Net initial yield | | Reversionary yield | |
|----------------------------|----------------------|----------------------|--------------------------------|---------------------|--------------------|---------|--------------------|---------|
| | | | Weighted average (£ per sq ft) | Range (£ per sq ft) | Weighted average % | Range % | Weighted average % | Range % |
| Retail | 422,405 | Yield capitalisation | 15.37 | 9.01-27.50 | 5.7 | 2.9-7.8 | 5.5 | 4.2-7.8 |
| Distribution | 534,220 | Yield capitalisation | 5.36 | 3.71-8.73 | 5.3 | 4.5-6.8 | 5.4 | 4.4-7.5 |
| Office | 73,300 | Yield capitalisation | 20.67 | 20.67 | 6.0 | 6.0 | 6.1 | 6.1 |
| Residential | 3,120 | Comparison | n/a | n/a | n/a | n/a | n/a | n/a |
| Development – retail | 5,780 | Yield capitalisation | 19.50 | 16.64-27.00 | 4.7 | 4.5-5.3 | 4.7 | 4.5-5.3 |
| Development – distribution | 93,450 | Yield capitalisation | 5.20 | 5.00-5.50 | 4.8 | 4.4-6.2 | 4.9 | 4.5-6.4 |
| Development – other | 31,865 | Residual | Note 1 | Note 1 | Note 1 | Note 1 | Note 1 | Note 1 |
| | 1,164,140 | | | | | | | |

1 Capitalised market rental values calculated using estimated rentals and market capitalisation rates derived from prior transactions and for comparable transactions in the market

All of the Group's properties are categorised as Level 3 in the fair value hierarchy as defined by IFRS 13 Fair Value Management. There have been no transfers of properties between Levels 1, 2 and 3 during the year ended 31 March 2015. The fair value at 31 March 2015 represents the highest and best use.

i) Technique

The valuation techniques described below are consistent with IFRS 13 and use significant “unobservable” inputs. There have been no changes in valuation techniques since the prior year.

Yield capitalisation – for commercial investment properties, market rental values are capitalised with a market capitalisation rate. The resulting valuations are cross-checked against the net initial yields and the fair market values per square foot derived from recent market transactions.

Residual – for certain investment properties under development, the fair value of the property is calculated by estimating the fair value of the completed property using the yield capitalisation technique less estimated costs to completion and a risk premium.

Comparison – for residential properties the fair value is calculated by using data from recent market transactions.

ii) Sensitivity

An increase or decrease in ERV will increase or decrease the fair value of the Group's investment properties.

An increase or decrease to the net initial yields and reversionary yields will decrease or increase the fair value of the Group's investment properties.

An increase or decrease in the estimated costs of development will decrease or increase the fair value of the Group's investment properties under development.

There are interrelationships between the unobservable inputs as they are determined by market conditions; an increase in more than one input could magnify or mitigate the impact on the valuation.

iii) Process

The valuation reports produced by CBRE and Savills are based on:

- Information provided by the Group, such as current rents, lease terms, capital expenditure and comparable sales information, which is derived from the Group's financial and property management systems and is subject to the Group's overall control environment
- Assumptions applied by the valuers such as ERVs and yields which are based on market observation and their professional judgement

CBRE and Savills separately meet the Auditors and the Audit Committee semi-annually.

Included within the investment property valuation is £20.8 million (2014: £9.2 million) in respect of lease incentives and rent-free periods.

The historical cost of all of the Group's investment properties at 31 March 2015 was £984.7 million (2014: £946.7 million).

Capital commitments have been entered into amounting to £82.8 million (2014: £56.0 million) which have not been provided for in the financial statements.

10 Investment in joint venture

At 31 March 2015 the following principal property interests, being jointly-controlled entities, have been equity accounted for in these financial statements:

| | Country of Incorporation or Registration | Property Sector | Group Share |
|--------------------------------------|--|-----------------|-------------|
| Metric Income Plus Partnership | England and Wales | Retail | 50.0% |
| LMP Retail Warehouse JV PUT | Guernsey | Retail | 30.5% |
| LSP London Residential Investments | Guernsey | Residential | 40.0% |
| LSP Green Park Distribution Holdings | Guernsey | Distribution | 50.0% |

The principal activity of all joint venture interests is property investment in the UK in the sectors noted in the table above, which complements the Group's operations and contributes to the achievement of its strategy.

As part of the Company's strategy to become an equal shareholder in the Metric Income Plus Partnership ("MIPP") the Company increased its interest from 33% to 50% during the year at a cost of £30.4 million. MIPP also acquired six assets in the year for £59.6 million (Group share: £26.7 million). MIPP disposed of one property in Londonderry in the year for gross proceeds of £18.0 million (Group share: £9.0 million).

The Group also disposed of five properties for £20.8 million (Group share: £6.4 million) through its 30.5% interest in LMP Retail Warehouse JV PUT and 23 residential flats for £19.8 million (Group share: £7.9 million) through its 40% interest in LSP London Residential Investments in the year.

Capital commitments have been entered into by MIPP amounting to £0.6 million (Group share: £0.3 million) which have not been provided for in these financial statements.

At 31 March 2015, the freehold and leasehold investment properties were externally valued by Royal Institution of Chartered Surveyors (RICS) Registered Valuers of CBRE Limited and Savills Advisory Services Limited. The valuation of property held for sale at 31 March 2015 was £50.1 million (Group share: £25.0 million).

The movement in the carrying value of joint venture interests in the year is summarised as follows:

| | 2015 £000 | 2014 £000 |
|-------------------------------|-----------------|--------------|
| As at 31 March | | |
| Opening balance | 108,990 | 120,919 |
| Additions at cost | 44,597 | 20,476 |
| Share of profit in the year | 14,303 | 14,424 |
| Disposals | – | (43,968) |
| Profit distributions received | (19,524) | (2,861) |
| | 148,366 | 108,990 |

The Group's share of the profit after tax and net assets of its joint ventures is as follows:

| | Metric Income Plus Partnership £000 | LMP Retail Warehouse JV PUT £000 | LSP London Residential Investments £000 | LSP Green Park Distribution Holdings £000 | LSP Green Park Trust £000 | 2015 £000 | 2015 £000 |
|--|--|--|---|---|------------------------------------|------------------|------------------------|
| Summarised income statement | 100% | 100% | 100% | 100% | 100% | 100% | Group share |
| Net rental income | 11,953 | 12,736 | 2,668 | 6,297 | – | 33,654 | 13,337 |
| Administration expenses | (122) | (22) | (130) | (4) | (100) | (378) | (141) |
| Management fees | (874) | (493) | (538) | (260) | (213) | (2,378) | (949) |
| Revaluation gain | 7,020 | 7,821 | 400 | 2,457 | – | 17,698 | 5,982 |
| Finance income | 18 | 8 | 4 | 1 | – | 31 | 13 |
| Finance cost | (3,283) | (1,863) | (2,559) | (585) | – | (8,290) | (3,251) |
| Movement in derivatives | (1,683) | (390) | (352) | 21 | – | (2,404) | (1,105) |
| (Loss)/profit on disposal | (427) | 1,916 | (595) | – | 1,089 | 1,983 | 417 |
| Tax | – | – | – | (62) | – | (62) | – |
| Profit after tax | 12,602 | 19,713 | (1,102) | 7,865 | 776 | 39,854 | 14,303 |
| EPRA adjustments | | | | | | | |
| Revaluation gain | (7,020) | (7,821) | (400) | (2,457) | – | (17,698) | (5,982) |
| Movement in derivatives | 1,683 | 390 | 352 | (21) | – | 2,404 | 1,105 |
| Loss/(profit) on disposal | 427 | (1,916) | 595 | – | (1,089) | (1,983) | (475) |
| Debt and hedging early close out costs | – | – | 146 | – | – | 146 | 58 |
| EPRA earnings | 7,692 | 10,366 | (409) | 5,387 | (313) | 22,723 | 9,009 |
| Summarised balance sheet | | | | | | | |
| Investment properties | 212,430 | 147,995 | 166,134 | 36,878 | – | 563,437 | 236,245 |
| Other current assets | 1,448 | 25 | 336 | – | 24 | 1,833 | 873 |
| Cash | 21,275 | 1,821 | 2,309 | 1,253 | 979 | 27,637 | 13,051 |
| Current liabilities | (7,544) | (1,725) | (1,153) | (640) | (1,003) | (12,065) | (5,397) |
| Bank debt | (102,500) | (71,800) | (42,464) | (14,890) | – | (231,654) | (97,579) |
| Unamortised finance costs | 1,527 | 1,546 | 275 | 67 | – | 3,415 | 1,378 |
| Derivative financial instruments | (375) | 274 | (124) | (105) | – | (330) | (205) |
| Net assets | 126,261 | 78,136 | 125,313 | 22,563 | – | 352,273 | 148,366 |
| Group share | 50% | 30.5% | 40% | 50% | 31.4% | | |
| Group share of net assets | 63,131 | 23,829 | 50,125 | 11,281 | – | 148,366 | |

| | Metric Income Plus Partnership £000 | LMP Retail Warehouse JV PUT £000 | LSP London Residential Investments £000 | LSP Green Park Distribution Holdings £000 | LSP Green Park Trust £000 | 2014 £000 | 2014 £000 |
|--|--|--|---|---|------------------------------------|--------------|----------------|
| Summarised income statement | 100% | 100% | 100% | 100% | 100% | 100% | Group share |
| Net rental income | 8,376 | 275 | 3,420 | 5,858 | – | 17,929 | 7,173 |
| Administration expenses | (75) | (210) | (670) | (198) | – | (1,153) | (456) |
| Management fees | (489) | (177) | (580) | (614) | – | (1,860) | (756) |
| Revaluation gain | 9,219 | 11,931 | 2,933 | 950 | – | 25,033 | 8,360 |
| Finance income | 20 | – | 10 | 1 | – | 31 | 12 |
| Finance cost | (2,462) | – | (2,715) | (6,261) | – | (11,438) | (5,038) |
| Movement in derivatives | 498 | – | 608 | 4,858 | – | 5,964 | 2,838 |
| Profit on disposal | 861 | 5,492 | 8 | 652 | – | 7,013 | 2,291 |
| Profit after tax | 15,948 | 17,311 | 3,014 | 5,246 | – | 41,519 | 14,424 |
| EPRA adjustments | | | | | | | |
| Revaluation gain | (9,219) | (11,931) | (2,933) | (950) | – | (25,033) | (8,360) |
| Movement in derivatives | (498) | – | (608) | (4,858) | – | (5,964) | (2,838) |
| Profit on disposal | (861) | (5,492) | (8) | (652) | – | (7,013) | (2,291) |
| Debt and hedging early close out costs | – | – | – | 4,242 | – | 4,242 | 2,121 |
| EPRA earnings | 5,370 | (112) | (535) | 3,028 | – | 7,751 | 3,056 |
| Summarised balance sheet | | | | | | | |
| Investment properties | 160,650 | 159,000 | 184,900 | 26,400 | – | 530,950 | 189,205 |
| Other current assets | 153 | 15,400 | 2,198 | 20 | – | 17,771 | 5,637 |
| Cash | 3,312 | 12,948 | 8,473 | 1,240 | – | 25,973 | 9,062 |
| Current liabilities | (3,024) | (119,007) | (1,323) | (694) | – | (124,048) | (38,181) |
| Bank debt | (75,000) | – | (62,765) | (14,890) | – | (152,655) | (57,551) |
| Unamortised finance costs | 1,056 | – | 705 | 138 | – | 1,899 | 703 |
| Derivative financial instruments | 261 | – | 228 | (126) | – | 363 | 115 |
| Net assets | 87,408 | 68,341 | 132,416 | 12,088 | – | 300,253 | 108,990 |
| Group share | 33.3% | 30.5% | 40% | 50% | 31.4% | | |
| Group share of net assets | 29,136 | 20,844 | 52,966 | 6,044 | – | 108,990 | |

11 Intangible assets

| | 2015 £000 | 2014 £000 |
|------------------------------|--------------|--------------|
| As at 31 March | | |
| Cost | | |
| Opening balance | 54,428 | 54,428 |
| Additions | – | – |
| | 54,428 | 54,428 |
| Amortisation | | |
| Opening balance | 53,584 | 44,790 |
| Amortisation during the year | 347 | 8,794 |
| | 53,931 | 53,584 |
| Net carrying amount | 497 | 844 |

An intangible asset of £53.3 million was created on the acquisition by the Company of the LSP Green Park Property Trust Property Advisory Agreement on 1 October 2010 and was fully impaired in the year to 31 March 2014.

As part of the merger with Metric the Group created a further intangible asset of £1.2 million, representing the fair valuation of the Management Agreement with Metric Income Plus Limited Partnership. This is being amortised on a straight-line basis over the remaining period of the contract.

12 Trade and other receivables

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| As at 31 March | | |
| Trade receivables | 2,847 | 2,386 |
| Performance fees receivable | – | 2,712 |
| Amounts receivable from property sales | 337 | 4,420 |
| Taxation | – | 227 |
| Prepayments and accrued income | 1,744 | 1,556 |
| Other receivables | 2,313 | 32,749 |
| | 7,241 | 44,050 |

All amounts fall due for payment in less than one year.

Trade receivables comprise rental income which is due on contractual quarter days with no credit period.

At 31 March 2015 there were trade receivables of £225,000 which were overdue and considered at risk (2014: £405,000). A full provision has been made against these trade receivables.

Included within other debtors in 2014 is a short-term loan to the LMP Retail Warehouse JV Property Unit Trust of £32.1 million which was repayable on demand.

13 Cash and cash equivalents

Cash and cash equivalents include £8.2 million (2014: £30.7 million) retained in rent and restricted accounts which are not readily available to the Group for day to day commercial purposes.

14 Trade and other payables

| | 2015 £000 | 2014 £000 |
|--|---------------|---------------|
| As at 31 March | | |
| Trade payables | 8,404 | 1,139 |
| Amounts payable on property acquisitions and disposals | 5,193 | 77,740 |
| Rent received in advance | 8,953 | 8,577 |
| Accrued interest | 2,772 | 2,732 |
| Other payables | 593 | 996 |
| Other accruals | 6,056 | 5,655 |
| | 31,971 | 96,839 |

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15 Borrowings and financial instruments

a) Non current financial liabilities

| | 2015 £000 | 2014 £000 |
|---------------------------|----------------|----------------|
| As at 31 March | | |
| Secured bank loans | 465,450 | 415,474 |
| Unamortised finance costs | (3,195) | (5,536) |
| | 462,255 | 409,938 |

The bank loans at 31 March 2015 are secured by fixed charges over certain of the Group's investment properties with a carrying value of £918 million. On 1 April 2015 the Company agreed a new £400 million unsecured revolving credit facility with a syndicate of five lending banks and replaced five existing secured facilities with drawn debt totalling £269.3 million which were repaid in full. Debt of £265.0 million was drawn under the new credit facility. Debt maturity as at the date of this report increased to 6.2 years and the average debt cost decreased to 3.4%, both on a proportionately consolidated basis.

b) Financial risk management

Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's financial risk management objectives are to minimise the effect of risks it is exposed to through its operations and the use of debt financing.

The principal financial risks to the Group and the policies it has in place to manage these risks are summarised below:

i) Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's principal financial assets are cash balances and deposits and trade and other receivables. The Group's credit risk is primarily attributable to its cash deposits and trade receivables.

The Group mitigates financial loss from tenant defaults by dealing with only creditworthy tenants. The trade receivable amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivables concerned. The balance is low relative to the scale of the balance sheet and therefore the credit risk of trade receivables is considered to be low.

Cash is placed on deposit with a diverse mix of institutions with suitable credit ratings and rates of return and for varying periods of time. The credit ratings of the banks are monitored and changes are made where necessary to manage risk.

The credit risk on liquid funds and derivative financial instruments is limited due to the Group's policy of monitoring counterparty exposures with a maximum exposure equal to the carrying amount of these instruments. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

ii) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure that the Group has sufficient available funds for operations and committed investments. The Group's funding sources are diversified across a range of banks. Weekly cash flow forecasts are prepared for the Executive Committee to ensure sufficient resources of cash and undrawn borrowing facilities are in place to meet liabilities as they fall due.

The Group had cash reserves of £50.6 million (2014: £78.4 million) and available and undrawn bank loan facilities at 31 March 2015 of £72.2 million (2014: £96.0 million).

The following table shows the contractual maturity profile of the Group's financial liabilities on an undiscounted cash flow basis and assuming settlement on the earliest repayment date.

| | Less than one year £000 | One to two years £000 | Two to five years £000 | More than five years £000 | Total £000 |
|----------------------------------|-------------------------------|-----------------------------|------------------------------|---------------------------------|---------------|
| At 31 March 2015 | | | | | |
| Bank loans | 13,043 | 100,833 | 202,319 | 204,195 | 520,390 |
| Derivative financial instruments | 3,506 | 3,619 | 6,958 | 2,260 | 16,343 |
| | 16,549 | 104,452 | 209,277 | 206,455 | 536,733 |
| At 31 March 2014 | | | | | |
| Bank loans | 12,531 | 12,566 | 437,550 | – | 462,647 |
| Derivative financial instruments | 2,997 | 3,005 | 6,528 | – | 12,530 |
| | 15,528 | 15,571 | 444,078 | – | 475,177 |

iii) Market risk – interest rate risk

The Group is exposed to interest rate risk from the use of debt financing at a variable rate. It is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates. It is Group policy that a reasonable portion of external borrowings are at a fixed interest rate in order to manage this risk.

The Group uses interest rate swaps and caps to manage its interest rate exposure and hedge future interest rate risk for the term of the bank loan. Although the Board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully the cash flow risk associated with interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

At 31 March 2015 the Group (excluding share of joint ventures) had £365 million (2014: £358 million) of hedges in place, and its debt of £465.5 million (2014: £415.5 million) was 78% (2014: 86%) hedged by way of interest rate swaps and caps. Consequently, based on year-end debt levels, a 1% change in interest rates would decrease or increase the Group's annual profit before tax by £2.7 million and £1.5 million respectively.

Including its share of joint ventures the Group had £451 million (2014: £401 million) of hedges in place and its debt of £563.0 million (2014: £473.0 million) was 80% (2014: 85%) fixed.

The average interest rate payable by the Group (including share of joint ventures) on all bank borrowings at 31 March 2015 including the cost of amortising finance arrangement fees was 3.7% (2014: 3.9%).

iv) Capital risk management

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern so that it can provide returns to shareholders and as such it seeks to maintain an appropriate mix of debt and equity. The capital structure of the Group consists of debt, which includes long-term borrowings and undrawn debt facilities, and equity comprising issued capital, reserves and retained earnings. The Group balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

c) Financial instruments

i) Categories of financial instruments

| As at 31 March | Loans and receivables | |
|---------------------------------------|-----------------------|---------------|
| | 2015 £000 | 2014 £000 |
| Current assets | | |
| Cash and cash equivalents | 50,568 | 78,357 |
| Trade receivables (note 12) | 2,847 | 2,386 |
| Performance fees receivable (note 12) | – | 2,712 |
| Taxation receivable (note 12) | – | 227 |
| Other receivables (note 12) | 2,313 | 628 |
| | 55,728 | 84,310 |

| As at 31 March | Measured at amortised cost | | Measured at fair value | |
|--|-------------------------------|----------------|------------------------|--------------|
| | 2015 £000 | 2014 £000 | 2015 £000 | 2014 £000 |
| Non current liabilities | | | | |
| Borrowings (note 15) | 462,255 | 409,938 | – | – |
| Current liabilities | | | | |
| Trade payables (note 14) | 8,404 | 1,139 | – | – |
| Accrued interest (note 14) | 2,772 | 2,732 | – | – |
| Other accruals (note 14) | 6,056 | 5,655 | – | – |
| Other payables (note 14) | 593 | 996 | – | – |
| Derivative financial instruments (see 15(iii)) | – | – | 6,870 | 1,443 |
| | 480,080 | 420,460 | 6,870 | 1,443 |

ii) Fair values

To the extent financial assets and liabilities are not carried at fair value in the Consolidated Balance Sheet, the Directors are of the opinion that book value approximates to fair value at 31 March 2015.

iii) Derivative financial instruments

Details of the fair value of the Group's derivative financial instruments that were in place at 31 March 2015 are provided below:

| As at 31 March | Average rate | | Notional amount | | Fair value | |
|------------------------------------|--------------|-----------|-----------------|--------------|--------------|--------------|
| | 2015 % | 2014 % | 2015 £000 | 2014 £000 | 2015 £000 | 2014 £000 |
| Interest rate caps – expiry | | | | | | |
| Less than one year | 4.0 | 4.0 | 4,000 | 26,500 | – | – |
| One to two years | 2.3 | 4.0 | 101,000 | 4,000 | 3 | – |
| Two to five years | 2.1 | 2.2 | 126,313 | 167,313 | 721 | 2,660 |
| More than five years | 4.0 | – | 18,150 | – | 537 | – |
| | 2.3 | 2.4 | 249,463 | 197,813 | 1,261 | 2,660 |

| As at 31 March | Average rate | | Notional amount | | Fair value | |
|-------------------------------------|--------------|-----------|-----------------|--------------|----------------|--------------|
| | 2015 % | 2014 % | 2015 £000 | 2014 £000 | 2015 £000 | 2014 £000 |
| Interest rate swaps - expiry | | | | | | |
| One to two years | 2.1 | – | 28,084 | – | (297) | – |
| Two to five years | 2.3 | 2.2 | 178,420 | 221,504 | (4,243) | (4,103) |
| More than five years | 2.0 | – | 187,290 | – | (3,591) | – |
| | 2.1 | 2.2 | 393,794 | 221,504 | (8,131) | (4,103) |
| Total fair value | | | | | (6,870) | (1,443) |

All derivative financial instruments are non current interest rate derivatives, and are carried at fair value following a valuation as at 31 March 2015 by J C Rathbone Associates Limited.

The market values of hedging products change with interest rate fluctuations, but the exposure of the Group to movements in interest rates is protected by way of the hedging products listed above. In accordance with accounting standards, fair value is estimated by calculating the present value of future cash flows, using appropriate market discount rates. For all derivative financial instruments this equates to a Level 2 fair value measurement as defined by IFRS 13 Fair Value Measurement. The valuation therefore does not reflect the cost or gain to the Group of cancelling its interest rate protection at the balance sheet date, which is generally a marginally higher cost (or smaller gain) than a market valuation.

16 Commitments under operating leases

The Group's minimum lease rentals receivable under non cancellable operating leases, excluding associates and joint ventures, are as follows:

| As at 31 March | 2015 £000 | 2014 £000 |
|----------------------------|----------------|--------------|
| Less than one year | 66,168 | 57,114 |
| Between one and five years | 281,345 | 246,218 |
| Between six and ten years | 280,081 | 247,872 |
| Between 11 and 15 years | 181,610 | 139,369 |
| Between 16 and 20 years | 97,418 | 75,802 |
| Over 20 years | 49,383 | 50,438 |
| | 956,005 | 816,813 |

The Group's minimum lease payments under non cancellable operating leases, excluding associates and joint ventures, are as follows:

| | 2015 £000 | 2014 £000 |
|----------------------------|--------------|--------------|
| As at 31 March | | |
| Less than one year | 812 | 810 |
| Between one and five years | 1,958 | 2,770 |
| | 2,770 | 3,580 |

17 Share capital

| | 2015 Number | 2015 £000 | 2014 Number | 2014 £000 |
|--|----------------|--------------|----------------|--------------|
|--|----------------|--------------|----------------|--------------|

Authorised

| | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|
| Ordinary shares of 10p each | Unlimited | Unlimited | Unlimited | Unlimited |
|-----------------------------|-----------|-----------|-----------|-----------|

| | 2015 Number | 2015 £000 | 2014 Number | 2014 £000 |
|--|----------------|--------------|----------------|--------------|
|--|----------------|--------------|----------------|--------------|

Issued, called up and fully paid

| | | | | |
|-----------------------------|-------------|--------|-------------|--------|
| Ordinary shares of 10p each | 628,043,905 | 62,804 | 628,043,905 | 62,804 |
|-----------------------------|-------------|--------|-------------|--------|

In June 2014, the Company granted options over 2,475,929 ordinary shares under its Long Term Incentive Plan and Deferred Bonus Plan and acquired 1,573,947 shares through its Employee Benefit Trust at a cost of £2.4 million.

18 Reserves

The following describes the nature and purpose of each reserve within equity:

| | |
|----------------------------|--|
| Share capital | The nominal value of shares issued. |
| Capital redemption reserve | Amounts transferred from share capital on redemption of issued ordinary shares. |
| Other reserve | A reserve relating to the application of merger relief in the acquisition of LondonMetric Management Limited and Metric Property Investments plc by the Company, the cost of the Company's shares held in treasury and the cost of shares held in trust to provide for the Company's future obligations under share award schemes. |
| Retained earnings | The cumulative profits and losses after the payment of dividends. |

19 Related party transactions and balances

Management fees and dividends receivable from the Group's joint venture arrangements in which it has an equity interest were as follows:

| Year to 31 March | Group interest | Management fees | | Dividends | |
|---|----------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | Year to 31 March 2015 £000 | Year to 31 March 2014 £000 | Year to 31 March 2015 £000 | Year to 31 March 2014 £000 |
| LSP Green Park Property Trust | 31.4% | 46 | (745) | 275 | – |
| LPS Green Park Distribution Holdings | 50.0% | 260 | 614 | 511 | 533 |
| LSP London Residential Investments | 40.0% | 449 | 483 | 2,400 | – |
| Metric Income Plus Partnership | 50.0% | 962 | 489 | 2,866 | 1,432 |
| LMP Retail Warehouse JV Property Unit Trust | 30.5% | 494 | 177 | 13,472 | 896 |
| Group non recoverable VAT | | – | (219) | – | – |
| | | 2,211 | 799 | 19,524 | 2,861 |

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation.

20 Events after the balance sheet date

On 1 April 2015 the Company agreed a new £400 million unsecured Revolving Credit Facility with a syndicate of five lending banks and replaced five secured facilities with drawn debt totalling £269.3 million which were repaid in full. Debt of £265 million was drawn under the new credit facility. The Group's £196.2 million seven year Helaba facility and its joint venture debt arrangements are unaffected and remain in place.

On 7 April 2015 the Group completed the acquisition of a distribution warehouse in Basildon let to Activair for £3.5 million.

On 9 April 2015 the Group's LSP Green Park Distribution Holdings joint venture exchanged on the corporate sale of its 268,000 sq ft distribution facility in Harlow to Tritax Big Box REIT plc for £37.2 million (Group share: £18.6 million).

On 24 April 2015 the Group completed the disposal of its 170,000 sq ft distribution facility in Brackmills let to Travis Perkins for £14.4 million.

On 11 May 2015 the Group's MIPP joint venture completed the disposal of Lichfield Retail Park for £13.3 million (Group share: £6.65 million).

On 19 May 2015 the Group completed the acquisition of a convenience store let to Marks and Spencer plc for £2.3 million.

On 28 May 2015 the Group completed the acquisition of a further two convenience stores for £8.3 million.