

FULL YEAR RESULTS FOR THE YEAR ENDED 31 MARCH 2016

LONDONMETRIC PROPERTY PLC ("LondonMetric" or the "Group" or the "Company") ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

LONDONMETRIC DELIVERS SUBSTANTIAL EARNINGS GROWTH THROUGH ITS FOCUS ON RETAIL DISTRIBUTION

LondonMetric today announces its annual results for the year ended 31 March 2016.

	31 March 2016	31 March 2015
EPRA Earnings (£m)	48.5	40.9
EPRA EPS (p)	7.8	6.6
Reported Profit (£m)	82.7	159.5
Revaluation Surplus ¹ (£m)	49.8	118.4
EPRA NAV per share (p)	147.7	140.6
Dividend per share (p)	7.25	7.00

¹Including share of joint ventures

Recurring profits increased 19% to £48.5 million

- EPRA earnings of £48.5 million or 7.8p per share
- Net rental income up 10% to £77.7 million. Contracted income up to £87.1 million
- £11.7 million pa of new rental income from 1.9 million sq ft of completed developments and £3.5 million pa from asset management transactions
- 3.1% like-for-like income growth and 6.4% ERV growth
- Full year dividend of 7.25p per share, 107% covered. Change to quarterly dividends with next payment of 1.8p per share expected October 2016

Valuation gains driven by development activity and market yield compression

- EPRA NAV of 147.7p per share up 7% after excluding the 2p special dividend
- Total accounting return of 11.5%. Total core portfolio property return of 10.9%

£392 million investment activity, positive 100bps arbitrage

- £188 million of acquisitions (NIY of 6.6%)
- £204 million of disposals (NIY of 5.6%)
- Option exercised at Warrington by the The Hut Group to purchase the completed property in November 2016 for £54 million delivering a geared IRR of 22%

Significant development activity

- 1.1 million sq ft on site representing c.£8.4 million pa new rent at a 7.1% yield on cost
- 1.1 million sq ft pipeline representing c.£7.7 million pa new rent at a 6.9% yield on cost

High quality investment portfolio

- £1.5 billion portfolio (EPRA topped up NIY of 5.4%)
- Occupancy at 99.3%. WAULT at 12.8 years
- 49% of contracted rental income subject to uplifts
- Reversionary potential in distribution assets reflected in post year end rent review settlements at 15.4% above passing rent and 2.7% above ERV
- Only 6% of income expires within next five years

Finances strengthened and capacity increased to deliver developments

- Net debt of £591.2 million and LTV of 38% (2015: 36%)
- Debt maturity of 5.6 years (2015: 4.2 years)
- Average cost of debt at 3.5% (2015: 3.7%) and 93% (2015: 80%) of existing debt hedged
- Undrawn facilities of £69.9 million

Andrew Jones, Chief Executive of LondonMetric, commented:

“Our focus on growing our income has delivered a substantial increase in EPRA earnings during the year and we will continue to grow our repetitive and predictable income further. As yield tranquillity sets in, the compounding impact of this repetitive effect is becoming increasingly attractive.

“Distribution is the best performing retail sub sector driven by rapidly changing consumer shopping patterns and the need for retailers to continually invest in their distribution capabilities to remain competitive. Since merger, we have consciously increased our distribution exposure from 20% to 54% of the portfolio by value, and this is set to grow further, capitalising on this trend and building on our retailer relationships.

“We continue to experience strong structural demand/supply dynamics in this sub sector and our 2.0 million sq ft distribution development programme will help to deliver sustainable earnings and income growth as well as incremental returns.

“Our portfolio metrics are as strong as ever and we remain highly disciplined in our investment approach.”

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Dido Laurimore

Tom Gough

Clare Glynn

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 conference call dial-in is available for the meeting, as follows:

From United Kingdom: +44(0)20 3427 1906

Participant Password: 2288491

A live audio webcast will also be available at

<http://webcasting.brrmedia.co.uk/broadcast/573de7665e90cd2e3ae66b54>

An on demand recording will be available from the same link after the meeting and will also be available from the Company's website <http://www.londonmetric.com/investors/reports-and-presentations>

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 12 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

The further alignment of our portfolio towards distribution and the significant income contribution from our recently completed developments have enabled us to comfortably meet our dividend progression commitment.

During the year, we have taken advantage of a strong property market and sold over £200 million of assets, the proceeds of which have been recycled into attractive investments yielding 100 bps more than our sales.

Our developments in particular will generate good income and growth potential and we continue to leverage our skills and relationships to maximise current and future opportunities.

The income growth we achieved in the year has not been at the expense of our portfolio metrics which are as strong as ever; WAULT remains at 13 years, occupancy is 99.3% and only 6.0% of rent expires within the next five years.

Our activities have enabled us to increase the dividend for the year by 4% whilst also achieving a 1.1x dividend cover. The income growth embedded in the portfolio provides good predictability on future dividend progression which has, in part, prompted us to announce that we will commence payment of dividends on a quarterly basis.

Our portfolio is aligned to the winning sectors of retail, principally distribution, where the growth in online shopping and the need for better logistics is driving strong occupational demand and rental growth.

We work tirelessly to enhance our occupier and market relationships which, combined with our strong development and asset management capabilities, are fundamental to LondonMetric's success.

We continue to receive tempting approaches for our assets and have recently made further disposals at attractive prices. With a less certain macro outlook, driven by concerns over economic growth and Brexit, interest rates are unlikely to change in the short term. Whilst this low rate environment cannot persist forever, the defensive characteristics of property, particularly its long and strong income, should remain attractive for the foreseeable future.

Having served as a Non Executive Director for almost six years, Charles Cayzer is to retire from the Board. I should like to thank him for his very significant contribution. I should also like to welcome Andrew Livingston as a Non Executive Director and look forward to working with him. The Company will benefit from his extensive retail experience.

Patrick Vaughan
Chairman

1 June 2016

Chief Executive Q&A

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

Q What is your main focus at LondonMetric?

A Our overriding concern is to deliver value to shareholders over the long term.

We continue to focus on managing both the structural and cyclical forces that influence our business. As managers of risk, we need to fully understand the dynamics of these forces and navigate the business accordingly. Our judgement is not clouded by the burden of legacy assets and we endeavour to own assets that remain relevant in a rapidly changing retail environment.

Equally, we believe that the world is evolving from a focus on active strategies to more passive ones, where the offer of higher repetitive and predictable income is clearer and more attractive. Whilst it is not always the case, investors are valuing quality of income today more highly than its equivalent in NAV potential upside.

Q What specific structural forces are affecting LondonMetric?

A Recession and technology have significantly altered consumer expectations and habits. Shopping patterns are rapidly evolving and the expectation of efficiency, speed, value and convenience are driving omni-channel retailing.

The change in the digital economy is having a profound impact on retail stores and how they have been traditionally understood. Retail is changing to reflect this and the problems at retailers such as BHS are just the tip of the iceberg for a sector bedevilled by high rents, heavy discounting, inadequate online platforms and far too much physical capacity.

Retailers have to invest heavily in their distribution capability and continually evolve their infrastructure to drive operational efficiencies. Occupier demand for modern, high specification distribution warehousing has meant that availability is low and this has created structural demand/supply dynamics with good rental growth in evidence for the right assets.

This is especially the case for more strategically located depot warehousing and last mile distribution property which facilitate same day and next day delivery requirements, particularly in the South East and major UK conurbations.

Q How are you responding to the changing retail environment?

A The £392 million of transactions in the year demonstrates our ongoing response to these changes.

We have made significant further sales of mature retail assets, achieving attractive prices, whilst recycling into big box logistics and smaller distribution warehouses, which offer attractive risk adjusted yields and asset management opportunities.

During the year, we acquired £155 million of distribution assets let to occupiers such as Next, Poundworld and DHL. We successfully delivered 1.9 million sq ft of developments and our distribution developments in Wakefield and Warrington are on track to complete later this year. These two developments along with our pipeline developments at Stoke, Bedford and Crawley will add a further £11.8 million of rental income.

Distribution assets, including developments, totalled £824 million at the year end and now represent 54% of our portfolio – a significant increase from 20% at the time of merger in 2013.

Our strong retailer relationships have also generated further convenience deals where we have worked in partnership with M&S and Aldi.

Q What are the key drivers of LondonMetric's success?

A Our strong occupier relationships as well as the deep relationships that we have within the real estate sector are paramount to our success and key to maintaining our very strong portfolio metrics of long leases, extremely high occupancy and strengthening income. Our asset management activities delivered 55 lettings and rent reviews which helped to drive like-for-like income growth of 3.1% at 6.9% above ERV.

We remain unemotional about ownership of our assets and have crystallised strong returns from disposals whilst ensuring that we are unencumbered by legacy or less relevant assets. As evidenced by our £80 million of distribution disposals, we will sell core assets where purchasers' assessment of value is higher than our own aspirations.

In today's competitively priced environment, we are also disciplined and rational. We will step away from opportunities that don't meet our return criteria and our customer centric model helps us to make the correct real estate decisions. The management team is fully aligned with shareholders and is incentivised to deliver enhanced returns and not simply grow assets under management.

Q How have you improved your financing arrangements and describe your approach to gearing and managing interest rate risk?

A At the start of the year, we signed a new £400 million unsecured facility which was recently increased to £444 million. This facility provides significantly greater flexibility and has helped to reduce finance fees that might otherwise have arisen from our investment and development activity. It has also helped to increase our average debt maturity to 5.6 years, reduce our cost of debt to 3.5% and provide additional financing headroom.

Our loan to value of 38% at the year end is at an appropriate level that allows us to draw down further on our debt facilities to fund developments without impacting on our conservative approach to gearing. We continue to take a prudent approach to managing interest rate risk and, as at the year end, 93% of our drawn debt was hedged.

Q How has LondonMetric delivered on its Responsible Business Strategy?

A We have built on our significant progress from the previous year and our efforts have been recognised with an EPRA SBPR Gold Award and a substantially improved GRESB score.

94% of our 2015-16 targets were achieved and highlights included the introduction of a new Responsible Business Procurement Policy and implementation of initiatives to install solar panels, replace external lighting and monitor occupier contentment and energy usage. In addition we completed three major developments, all of which are rated BREEAM Very Good.

Q What are you most alert to as you look forward?

A We continue to monitor investment activity and market liquidity very closely. This ensures that we maintain flexibility to fund our developments and other opportunities as they arise whilst enjoying attractive margins of safety between our long and strong income and our cost of debt.

Andrew Jones
Chief Executive

1 June 2016

Driving logistics and retail real estate requirements

Logistics

Online retail is driving demand for a range of different types of warehousing including mega national distribution centres, parcel sortation centres, local parcel depot stations, dot.com warehouses and local delivery centres for same day delivery.

The occupier market remains robust with take up above long term averages. Around 4.5 million sq ft was taken up in Q1 2016 which was 22% up on Q4 2015 and 18% up on Q1 2015.

Supply remains muted. From a peak availability of 94 million sq ft in 2009, it is estimated that current supply is c.15 million sq ft equating to approximately six months' demand. Speculative development has risen as a result of the demand supply imbalance however remains significantly below pre-recession levels of c. 10 million sq ft per annum at 5.6 million sq ft per annum. The average void period for units speculatively built since 2009 is just five months, reducing to five weeks in prime locations such as the Midlands.

Retail

Whilst online is contributing to a successful supply/demand dynamic in logistics, it is causing great disruption to more traditional retail real estate. A shop unit is no longer the only route to market and as a result retailers continue to re-examine and rationalise their store networks. According to Local Data Company, vacancy rates across retail shops stand at 12.4%, however this masks the polarisation within this market. Prime retail real estate is more robust with secondary and tertiary retail increasingly redundant in today's digital age. Rental levels continue to fall in poorer retail locations as shoppers vote with their feet and retailers see no need to be located there.

The success stories within retail real estate revolve around top up, convenience-led retail. Footfall supports the strength of retail parks nationally, with their convenience and the ease at which click and collect orders can be fulfilled. Destination retail remains strong however the consumer expects more which is resulting in increased capital expenditure and operational costs to keep the destination relevant and attract footfall.

Leading to a re-rating in asset pricing

Investor demand remains strong for distribution assets. Investment volumes in this sector in the last two years have been the strongest for the last 15 years.

Yields have continued to narrow further with prime distribution yields being c.4.5% having improved by 125 bps in the last two years. Further yield compression is likely to be muted, however rental values are growing reflecting the supply/ demand imbalances in the sector.

Investment volumes in the retail sector are down on historic long term averages, possibly reflecting a perceived nervousness in the sector and the future role the sector has to play in the market. Yields remain robust for prime retail with weakness seen in the secondary markets reflecting the occupational trends.

Outlook

We believe that the pace of change will continue. The significant evolution since 2009 demonstrates the impact that technological changes and shopping behaviour is having on real estate requirements.

Non-food online spending is estimated to grow from 17.4% today to 25% of all non food sales by the end of 2019. It is now widely accepted by retailers that the supply chain is consumer facing requiring retailers to have fit for purpose logistics to meet the increasing consumer demands for instant gratification and quicker online delivery.

We believe that the retailers' response and impact to real estate requirements means that sheds are the new shops.

We seek to position our real estate portfolio to these wider structural trends whilst maximising shareholder returns through the cyclical drivers of the market.

Investment review

Our strategy is to own desirable real estate that offers opportunity to leverage our asset management and development capabilities.

Delivering future income and capital growth

Our disciplined approach to capital allocation prompted us to sell £204 million of assets which had delivered on their business plans. In particular, as yields continued to tighten across the property market, we have taken the opportunity to sell a significant number of retail assets at highly attractive prices. We also made selective distribution disposals and continue the sell down of our remaining residential assets.

Through our strong market relationships, we selectively recycled into earnings accretive acquisitions that offered good income growth prospects, delivering a 100 bps positive yield arbitrage.

Significant retail disposals

Our main focus was on the further disposal of our retail parks and we sold £110 million of retail assets at a net initial yield of 5.8%, 160 bps better than their historic yield on cost. These disposals crystallised impressive returns and generated an average geared IRR of 26%, reflecting both the benefit from market yield compression and our asset management activity.

Post year end, we sold a further three retail parks and one cinema for £17 million.

Selective distribution disposals

Distribution disposals totalled £80 million across four assets.

These four disposals resulted from direct approaches where the prices offered were ahead of our value aspirations. We had regearaged several of these assets and as a result of our actions and market yield compression generated an impressive geared IRR of 36%.

At our recently completed development in Warrington, let to The Hut Group, the occupier has exercised its option to purchase the asset for £54 million reflecting a NIY of 6.5%. The yield on cost was 8.0% and the sale completes in November 2016, generating a geared IRR of 22%.

Acquisition activity focused on distribution

In a highly competitive investment market we remained disciplined and selective in acquiring assets. During the year, we purchased 16 assets totalling £188 million, predominantly in the distribution sector, at a blended yield of 6.6%.

The forward funded development that we acquired in Wakefield and our recently acquired speculative development in Warrington represented approximately half of the distribution investments. These developments are expected to generate a yield on cost of c.100-150 bps higher than the “up and built” investment yield. We continue to see good development opportunities.

The balance of our distribution investments was mainly focused on regional and depot warehouses that have the capability to facilitate next day delivery to major cities and conurbations. We made six such acquisitions in the year, the most significant of which was our £29 million DHL logistics hub in Reading. Depot warehouses are typically well located, offer attractive yields and offer strong rental growth prospects. They are becoming increasingly critical to a retailer’s logistics infrastructure and we anticipate further similar acquisitions going forward.

Value creation from convenience and opportunistic retail assets

Retail acquisitions in the year amounted to £32 million, purchased at a NIY of 7.0%, and these were predominantly convenience food acquisitions that offer modern trading formats, let at affordable rents and on very long leases to occupiers including Aldi and M&S. Towards the year end, we also acquired a development site in Ipswich, pre-let to Wickes.

Outlook

We remain active and engaged in sourcing new investments and selling out of those retail assets which have delivered to plan. We continue to refresh our development pipeline and make further selective acquisitions and disposals, and expect to further increase the percentage of our portfolio in distribution.

Investment activity by sub sector	Acquisitions ¹		Disposals	
	Cost at share £m	NIY %	Proceeds at share £m	NIY %
Distribution	85.5	6.3	80.4	5.4
Distribution – Development	70.0	6.8	–	–
Retail	32.1	7.0	110.1	5.8
Residential	–	–	13.6	1.8
Total	187.6	6.6	204.1	5.6

1 Assuming fully let

Distribution Acquisitions

330,000 sq ft in Doncaster

£29.0 million acquisition of a Next warehouse. Purpose built in 2005. Mezzanine floors increase the internal area to 725,000 sq ft. Acquired at a NIY of 6.3% and with a WAULT of nine years.

230,000 sq ft in Reading

£28.8 million acquisition of a DHL warehouse in a prime location next to J11 of the M4. Acquired at a NIY of 5.8% and with a WAULT of 10 years.

80,000 sq ft in Royston

£8.3 million acquisition of a warehouse let to Hamleys and connected to J10 of the M11. The building was acquired at a NIY of 6.5% and with a WAULT of 13 years.

66,000 sq ft in Castle Donnington

£6.0 million acquisition of a warehouse let to Howdens located close to Midlands airport. Acquired at a NIY of 7.1% and with a WAULT of nine years.

64,000 sq ft in Hemel Hempstead

£7.5 million acquisition of a warehouse let to Goodrich located one mile from J8 of the M1. Acquired at a NIY of 6.3% and with a WAULT of 15 years.

38,000 sq ft in Basildon

£3.5 million acquisition of a warehouse let to Activair. Acquired at a NIY of 6.5% and a WAULT of five years.

25,000 sq ft in Edinburgh

£2.4 million acquisition of a warehouse let to Scottish Widows. Acquired at an NIY of 8.2% and a WAULT of 11 years.

Post period end we acquired a 41,000 sq ft warehouse in Basildon for £3.8 million. The warehouse is let to Modular Heating Group and was acquired at a NIY of 6.5% and a WAULT of four years.

Distribution Developments

524,000 sq ft in Wakefield

Purchase and forward fund of a development for £40.0 million pre-let to Poundworld for 15 years and located near J31 of the M62. The anticipated yield on cost is 6.3% and the development is expected to complete in Autumn 2016.

356,000 sq ft in Warrington

Purchase and forward fund of a speculative development for £30.0 million located at Omega South logistics hub next to J8 of the M62. The anticipated yield on cost is c.7.0% and the development is expected to complete in November 2016.

Post period end we acquired a 112,000 sq ft speculative development site in Crawley at an anticipated cost of £20 million reflecting a 6.3% yield on cost.

Distribution Disposals

341,000 sq ft in Wellingborough

Sold for £29.2 million at a NIY of 5.8%. LondonMetric acquired the building for £19.6 million.

268,000 sq ft in Harlow

Sold for £37.2 million (Group share: £18.6 million) at a topped up NIY to the purchaser of 5.0%. The building was acquired in 2011 for £22.9 million.

210,000 sq ft in Birmingham

Sold for £18.2 million at a NIY of 5.2%. LondonMetric acquired the building for £10.1 million in 2013.

170,000 sq ft in Brackmills

Sold for £14.4 million, at a NIY of 5.5%. LondonMetric re-gearred the lease at a yield on cost of 8.0%.

Retail Acquisitions

Speke

£6.9 million acquisition (Group share: £3.5 million) of a 20,000 sq ft retail unit let for 15 years to Currys PC World at a NIY of 6.8%.

Cowes

£3.0 million acquisition of a 12,000 sq ft convenience food store let to M&S at a NIY of 5.6%.

Penrith

£4.7 million acquisition of a 15,000 sq ft convenience food store let to M&S for 20 years at a NIY of 6.0%.

Matlock

£3.6 million acquisition of a 22,000 sq ft convenience food store at a NIY of 7.0%. 13,000 sq ft has been pre-let to M&S for 25 years.

Haslemere

£4.7 million acquisition of a 15,000 sq ft convenience food store let to M&S at a NIY of 5.3%. The store opened in March 2016.

Retail Developments

Ipswich

£7.9 million acquisition of a 30,000 sq ft development pre-let to Wickes at a yield of 7.8%.

Leicester

£4.7 million acquisition of a 18,000 sq ft development pre-let to Aldi at a yield of 5.7%.

Retail Disposals

Four retail parks were sold for £64.5 million:

Milton Keynes

£27.2 million disposal of the 77,000 sq ft Westcroft retail park at a NIY of 5.7%, compared to a yield on cost of 7.2%

Southampton

£16.2 million disposal of the 52,000 sq ft Mountbatten Retail Park at a NIY of 5.8%, compared to a yield on cost of 6.9%.

Hove

£13.6 million disposal of the 28,000 sq ft PC World retail unit in Hove at a NIY of 5.4%, compared to a yield on cost of 7.0%.

Cannock

£7.5 million disposal of the 25,000 sq ft Watling Retail Park anchored by DFS. Sold at a NIY of 6.2%.

Our MIPP joint venture has disposed of six assets for £55.2 million (Group share: £27.6 million):

Lichfield

£13.3 million disposal of the 45,000 sq ft Retail Park at a NIY of 5.5%.

Bristol

£12.6 million disposal of Longwell Green Retail Park at a NIY of 5.4%.

Camborne

£9.9 million disposal of our 49,000 sq ft Retail Park at a NIY of 6.1%.

Maldon

£7.2 million disposal of the 27,000 sq ft Retail Park at a NIY of 6.0%.

Haverhill

£7.0 million disposal of our 39,000 sq ft Cambridge Road Retail Park at a NIY of 6.1%.

Nottingham

£5.2 million disposal of the 24,000 sq ft Retail Park at a NIY of 6.4%.

One Odeon Multiplex Cinema was sold in Preston for £10.2 million at a NIY of 5.8% and our DFS joint venture sold a property in Enfield for £24.5 million (Group share: £7.5 million) at a NIY of 6.6%.

Post period end, there were four further disposals for £25.0 million (Group share: £17.1 million). MIPP sold three assets in Chatham, Bridgwater and Grimsby for £15.9 million (Group share: £8.0m) at a NIY of 5.7%. One Odeon Cinema was sold in Taunton for £9.1 million at a NIY of 5.5%.

Asset management and development review

Our activities have further enhanced our portfolio metrics and strengthened our underlying income and prospects for income growth.

Delivering strong and growing income

Our asset management and development initiatives were fundamental to delivering a significant uplift in our net rental income during the year.

The £11.7 million per annum of additional income from our successfully completed developments at Islip, Warrington and Kirkstall has been the key driver of this uplift. The blended yield on cost of 7.4% for these developments was materially higher than yields on assets that we have sold. Our occupier transactions in the year also generated £3.5 million of contracted rental uplift.

Future income growth underpins further dividend progression. We will continue to recycle into higher yielding opportunities, primarily our 2.3 million sq ft of committed and pipeline developments across 13 assets.

Our activities have maintained the portfolio's strong income characteristic:

(i) Long income

The portfolio weighted average unexpired lease term of 12.8 years (12.2 years to first break) represents one of the longest in the sector.

We continue to achieve long leases on asset purchases and occupier transactions of 12.9 years and 13.6 years respectively.

Only 6.0% of our income expires in the next five years, rising to only 37.9% over ten years.

(ii) Secure income

We are highly focused on maintaining a strong and diverse tenant list and ensuring that there is strong occupier contentment. Our occupancy rate is 99.3% and our top ten tenants represent 52.2% of total contracted rent compared to 54.1% in 2015. Our top five tenants consist of Primark, Dixons Carphone, M&S, Argos and Odeon which together account for 32.7% of contracted income.

(iii) Rising income

Contractual rental uplifts provide security of income growth and 49.0% of our contracted rental income is subject to fixed or RPI linked uplifts.

We are confident of capturing meaningful open market rental uplifts from our distribution portfolio given the positive rental growth outlook for the distribution sector.

Value enhancing activities

Valuation uplift in the year was £49.8 million and the portfolio's topped up net initial yield fell from 5.8% to 5.4%.

Our asset management and development activities accounted for 39.3% of yield compression and, going forward, these activities will become increasingly important in delivering valuation uplift.

In the year we achieved a property return of 10.9% on our core portfolio and 10.5% for all properties. Our core portfolio outperformed the IPD benchmark reweighted for our core sectors of 10.1%.

Asset management – occupier transactions

	Area sq ft '000	No. of transactions	Net uplift in income £m	WAULT to expiry years
New lettings and re-gears	253	28	3.3	13.6
Rent reviews	1,836	27	0.2	
Total	2,089	55	3.5	

During the year, we executed 55 occupier transactions generating a £3.5 million rental income uplift. Lettings were undertaken at a WAULT of 13.6 years.

These transactions achieved a 6.9% uplift against ERV and delivered EPRA like-for-like income growth of 3.1%. ERV growth in the year was 6.4%.

Our occupancy rate remains very high at 99.3%.

Lettings

28 lettings were undertaken generating a rental uplift of £3.3 million at an average of £21.40 per sq ft, 13.5% above ERV and with average lease lengths of 13.6 years.

King's Lynn

New lettings were signed with B&M, Starbucks, DFS and Tapi Carpets on 43,000 sq ft. The 74,000 sq ft scheme is fully let and will generate £1.5 million per annum of rental income.

Coventry

Poundworld signed a 10 year lease at the Airport Retail Park. Together with previous lettings to Aldi, B&M and Smyths Toys, the 136,000 sq ft park is fully occupied.

Kirkstall

The retail park successfully opened in October and is 90% let. We signed lettings with Smyths Toys, Card Factory, Lloyds Pharmacy, Trespass, Iceland, Cancer Research and, post year end, with Peacocks, Holland & Barrett and Specsavers.

Leicester

Lettings were signed with Home Bargains and Smyths Toys on 28,500 sq ft.

Ipswich

M&S signed a 15 year lease on 20,000 sq ft and new lettings were signed with Hobbycraft and Brantano.

Tonbridge

Home Bargains signed a 15 year lease on 15,000 sq ft of space previously occupied by B&Q.

Hove

Dixons Carphone signed a new 15 year lease on an enlarged 28,000 sq ft unit.

Lettings completed post period end and currently in legals total £1.8 million covering 100,000 sq ft.

Rent reviews

During the year we agreed 27 rent reviews, including fixed uplifts, across 1.8 million sq ft at 4.8% above ERV.

Post year end, we agreed rental uplifts on two of our distribution assets totalling 0.3 million sq ft at 2.7% above ERV and 15.4% above the previous passing rent.

Occupier contentment

Occupier contentment and working in partnership with our retailers are key priorities for us and we continue to maintain a very high occupancy rate at 99.3%.

A comprehensive independent occupier survey was undertaken in the year and our top 35 tenants were invited to participate. LondonMetric achieved very favourable scores from those that responded:

- 100% scored LondonMetric as either good or excellent in relation to how satisfied they were with LondonMetric as a landlord and how well we understood their needs.
- 75% scored our ability to offer real estate solutions as good or excellent, with the remainder scoring us in line with expectations.
- 73% rated LondonMetric as better when compared against other landlords, with the remainder rating us in line with other landlords.

Short-cycle development

We successfully completed three major developments in the year across 1.9m sq ft delivering £11.7m of additional income. Post year end, we completed the development at Ferndown let to M&S.

In addition to a number of smaller retail developments, we will complete our distribution developments in Wakefield and Warrington by the end of 2016.

Committed and pipeline developments total 2.3m sq ft.

Development summary (currently committed and pipeline)

Scheme	Sector	Area sq ft '000	Anticipated additional rent £m	Yield on cost %
Committed				
Wakefield	Distribution	524	2.5	6.3
Warrington	Distribution	356	2.2	7.0
Tonbridge	Retail	71	0.7	8.0
King's Lynn	Retail	64	1.0	11.3
Liverpool	Retail	29	0.5	5.9
St Margaret's, Leicester	Retail	29	0.4	7.4
Aldi, Leicester	Retail	18	0.3	5.6
Coventry	Retail	18	0.3	7.3
Loughborough	Retail	12	0.5	5.1
		1,121	8.4	7.1
Conditional				
Bedford	Distribution	700	4.4	7.3
Stoke	Distribution	300	1.4	6.0
Crawley	Distribution	112	1.3	6.3
Ipswich	Retail	31	0.6	8.0
		1,143	7.7	6.9

Distribution developments

Wakefield

The forward funded development is pre-let to Poundworld for 15 years. Construction completes in September 2016.

Warrington

Planning was approved in March 2016. Construction has commenced and completion is expected by November 2016.

Bedford

Planning consent received for a development of up to 700,000 sq ft with acquisition of the land expected in September 2016. Several schemes for the site are under consideration.

Stoke

Planning consent for up to 300,000 sq ft was received in the year and demolition work has commenced and is expected to complete in January 2017.

Crawley

Speculative development of 112,000 sq ft. Planning is expected by December with practical completion anticipated in Spring 2018.

Retail developments

King's Lynn

Construction work is expected to complete in October 2016.

Tonbridge

Downsizing of the 18,000 sq ft Halfords unit will complete in September 2016. Planning consent to split and extend the 38,000 B&Q unit is expected in June 2016.

Ipswich

The former Tesco site has been acquired and revised planning consent is expected by September 2016.

Leicester

28,500 sq ft at St Margaret's Retail Park will be completed and handed over in July 2016. The nearby 18,000 sq ft Aldi development at Abbey Lane is expected to complete in August 2016.

Coventry

Development of the 18,000 sq ft Aldi store at the Airport Retail Park is expected to complete in October 2016.

Loughborough

Extension works to the Morrisons store complete in December 2016.

Key responsible development activities in the year**Islip, Northamptonshire**

- 1,062,000 sq ft distribution warehouse let to Primark
- Completed in September 2015
- BREEAM Very Good
- Built on brownfield site which was once an ironworks
- Solar panels installed covering 30,000 sq ft and generating electricity for the occupier
- Roof lights on 100,000 sq ft
- Foul drainage system on-site with dedicated treatment plant
- Monitoring energy usage of occupier

Warrington

- 690,000 sq ft distribution warehouse let to The Hut Group
- Completed in November 2015
- BREEAM Very Good
- Roof lights on 66,000 sq ft
- Roof designed for future fitting of solar panels
- Surface water discharge storage incorporated into scheme

Kirkstall, Leeds

- 120,000 sq ft retail park
- Completed in October 2015
- BREEAM Very Good
- Insulation and solar shading incorporated into scheme
- High efficiency LEDs for external lighting
- Tenant fit out guide produced for occupiers
- Initiating monitoring of occupier energy usage

Coventry

- 136,000 sq ft retail park
- Responsible asset management and development has transformed the retail park and generated significant socioeconomic benefits
- Ten occupier initiatives added four new retailers
- Currently developing an 18,000 sq ft Aldi convenience store which completes in October 2016
- Initiating car park lighting upgrade and, in partnership with Dixons Carphone, installed solar panels

Financial review

Our ongoing commitment to reposition the portfolio and capitalise on asset management and development opportunities has enabled us to grow income and earnings this year.

This year we achieved one of our key strategic and longstanding goals of fully covering our dividend commitment, as the charge for the year, paid in December 2015 and April 2016, was 107% covered by EPRA earnings.

We have achieved both earnings and NAV growth this year and have strengthened and de-risked our financing position.

EPRA earnings have increased by 18.6% to £48.5 million or 7.8p per share, compared with £40.9 million or 6.6p last year. We entered into a new £400 million unsecured revolving credit facility at the beginning of the year and refinanced £269m of secured debt, lowering the average interest rate, increasing debt maturity and strengthening the balance sheet.

EPRA NAV per share is 147.7p, an increase of 5.0% in the year or 6.6% excluding the additional 2p special dividend which was paid in July 2015. Reported profit has fallen to £82.7 million as a result of lower valuation gains and a £16.8 million adverse movement in derivatives.

Our strong financial results are underpinned by robust portfolio metrics, the combination of which has enabled us to increase the ordinary dividend for the year to 7.25p, up 3.6% from last year. We have decided to commence the payment of our dividends on a quarterly basis going forward with the next payment of 1.8p expected in October 2016.

Our financing ratios remain strong with LTV at 38%, an average cost of debt of 3.5% and loan maturity of 5.6 years.

Management monitors 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	2016 £m	Group £m	JV £m	2015 £m
Gross rental income	67.9	11.1	79.0	60.2	13.8	74.0
Property costs	(0.8)	(0.5)	(1.3)	(2.6)	(0.5)	(3.1)
Net rental income	67.1	10.6	77.7	57.6	13.3	70.9
Management fees	2.2	(0.9)	1.3	2.2	(0.9)	1.3
Administrative costs	(13.6)	(0.2)	(13.8)	(12.5)	(0.1)	(12.6)
Net finance costs	(13.8)	(2.9)	(16.7)	(15.4)	(3.2)	(18.6)
Other	–	–	–	–	(0.1)	(0.1)
EPRA earnings	41.9	6.6	48.5	31.9	9.0	40.9

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

	£m	p
EPRA earnings 2015	40.9	6.6
Net rental income	6.9	1.1
Administrative costs	(1.2)	(0.2)
Net finance costs	1.9	0.3
EPRA earnings 2016	48.5	7.8

Net rental income

Net rental income increased 9.6% in the year to £77.7 million. Movements in net rental income are reflected in the table below:

	£m
Net rental income 2015	70.9
Like-for-like properties	15.1
Acquisitions	3.4
Disposals	(13.5)
Property costs	1.8
Net rental income 2016	77.7

There was significant growth in like-for-like rental income in the year which increased by £15.1 million due to the impact of acquisitions in the previous year, contributing additional income of £9.4 million and the completion of three large developments, contributing a further £5.0 million.

In addition the Group increased its holding in the MIPP joint venture from 33% to 50% in the previous year resulting in additional income of £0.6 million this year.

Income lost as a result of disposals in the year of £13.5 million was offset in part by income of £3.4 million generated by acquisitions in the year.

Last year £1.6 million of development feasibility costs were written off and included within reported property costs. After adjusting for these non recurring costs, property costs have fallen by £0.2 million or 13.3% compared with the previous year. This reflects lower vacant unit costs post disposals of Carter Lane and residential assets.

Administrative costs

Administrative costs have increased by 9.5% to £13.8 million after capitalising staff costs of £1.5 million (2015: £1.7 million) in respect of time spent on development activity in the year.

Total administrative costs including amounts capitalised increased by 7.0% or £1.0 million to £15.3 million, primarily due to an increased LTIP charge as each of the awards granted in the three years post-merger are now being amortised.

EPRA cost ratio

The Group's cost base is closely monitored and the EPRA cost ratio is used as a key measure of effective cost management.

	2016 %	2015 %
EPRA cost ratio including direct vacancy costs	17	19
EPRA cost ratio excluding direct vacancy costs	17	17

The EPRA cost ratio for the year, including direct vacancy costs, was 17% compared with 19% last year. The ratio reflects total operating costs, including the cost of vacancy, as a percentage of gross rental income. The full calculation is shown in Supplementary note iv.

Net finance costs

Net finance costs, excluding the costs associated with repaying debt and terminating hedging arrangements on sales and refinancing in the year were £16.7 million, a decrease of £1.9 million over the previous year.

This was due to a £1.8 million increase in interest receivable from forward funded development projects and an increase in capitalised interest on developments of £1.1 million, both offset by increased commitment fees on the unsecured facility and bank interest costs associated with higher levels of debt of £1.0 million.

Our interest rate exposure is hedged by a combination of fixed and forward starting interest rate swaps and caps. At 31 March 2016 93% of our debt was hedged. Independent advice is given by J C Rathbone Associates.

Share of joint ventures

EPRA earnings from joint venture investments were £6.6 million, a reduction of £2.4 million over last year as reflected in the table below.

For the year to 31 March	2016 £m	2015 £m
MIPP	4.0	3.4
Retail Warehouse	2.4	3.2
Distribution	–	2.6
Residential	0.2	(0.2)
	6.6	9.0

In addition the Group received net management fees of £1.3 million for acting as property advisor, consistent with the previous year.

The Group's distribution joint venture disposed of its remaining asset in Harlow in June 2015 and its residential joint venture sold a further 25 flats at Moore House, London.

IFRS reported profit

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

For the year to 31 March	Group £m	JV £m	2016 £m	Group £m	JV £m	2015 £m
EPRA earnings	41.9	6.6	48.5	31.9	9.0	40.9
Revaluation of investment property	51.1	(1.3)	49.8	112.4	6.0	118.4
Fair value of derivatives	(16.7)	(0.1)	(16.8)	(7.5)	(1.1)	(8.6)
Debt and hedging early close out costs	(0.1)	(0.4)	(0.5)	(3.9)	(0.1)	(4.0)
Profit/(loss) on disposal	2.4	(0.3)	2.1	13.4	0.5	13.9
Other items ¹	(0.4)	–	(0.4)	(1.1)	–	(1.1)
IFRS reported profit	78.2	4.5	82.7	145.2	14.3	159.5

1 Other items include amortisation of intangible assets and deferred tax

Despite an 18.6% increase in the year in EPRA earnings to £48.5 million, the Group's reported profit for the year was £82.7 million compared with £159.5 million last year. The £76.8 million reduction was primarily due to lower property valuation gains realised and a larger adverse movement in derivatives.

Medium and long term interest rates have fluctuated over the year falling to very low levels by year end thereby increasing our exposure to out of the money swaps.

Other movements in reported profit include the profit on sale of properties and associated debt and hedging break costs, which together totalled £1.6 million this year compared with £9.9 million last year. In the previous year the sale of offices at Carter Lane generated a profit on sale of £12.4 million. The total profit over original cost on sales in the year was £37.9 million or 23% (2015: £51.1 million or 23%).

The amortisation of the MIPP management contract, acquired on merger in 2013, continues to flow through the income statement and is reflected in other items in the table.

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	2016 £m	Group £m	JV £m	2015 £m
Investment property	1,346.2	174.7	1,520.9	1,164.1	236.3	1,400.4
Gross debt	(575.0)	(62.9)	(637.9)	(465.5)	(97.5)	(563.0)
Cash	42.6	4.1	46.7	50.6	13.0	63.6
Other net (liabilities)/assets	(11.7)	4.1	(7.6)	(20.6)	(3.2)	(23.8)
EPRA net assets	802.1	120.0	922.1	728.6	148.6	877.2

EPRA net assets increased in the year by £44.9 million or 5.1% to £922.1 million. On a per share basis, net assets increased by 7.1p, or 5.0%, to 147.7p. The movement in the year is summarised below.

	£m	p
EPRA net asset value 2015	877.2	140.6
EPRA earnings	48.5	7.8
Property revaluation	49.8	8.0
Ordinary dividend paid	(43.7)	(7.0)
Special dividend paid	(12.5)	(2.0)
Other movements ¹	2.8	0.3
EPRA net asset value 2016	922.1	147.7

¹ Other movements include amortisation of intangible assets, profit on sales and share based awards

The major contributor to EPRA NAV growth in the year was the £49.8 million valuation uplift. Our asset management and development activities accounted for 39.3% of yield compression. The impact of the stamp duty increase to 5% on commercial property in March 2016 reduced the valuation uplift by £10.7 million.

EPRA earnings covered the ordinary dividend paid in the year. A special dividend was paid in July 2015 to distribute the realised gain on sale of offices at Carter Lane in the previous year.

IFRS reported net assets increased by £28.0 million or 3.2% in the year to £898.2 million. A reconciliation between IFRS and EPRA net assets is detailed in note 8(c) to the financial statements.

Portfolio valuation

The Group's portfolio including its share of joint venture properties grew to £1,520.9 million over the year, an increase of £120.5 million or 8.6%.

The core property portfolio of retail and distribution assets (including associated development) represented 91% of the total portfolio valuation at the year-end compared to 90% in March 2015 as reflected in the following segmental analysis:

As at 31 March	2016 £m	2015 £m
Retail	543.8	567.8
Distribution	784.4	558.6
Offices	80.2	73.3
Residential	55.9	69.6
Development ¹	56.6	131.1
Property value	1,520.9	1,400.4

¹ Distribution £40.0 million; Retail £16.6 million

Investment in distribution assets, including those under development, has increased to 54% of the portfolio from 47% last year as reflected in Supplementary note ix.

We have retained our remaining office at Marlow and have continued to sell down residential assets.

Investment in development assets has fallen as three developments at Islip, Kirkstall and Warrington completed on schedule in the year and have been reclassified as investment assets.

The movement in the investment portfolio is explained in the table below.

	Portfolio value £m
As at 31 March	
Opening valuation 2015	1,400.4
Acquisitions	113.0
Developments	105.0
Capital expenditure on completed properties	14.5
Disposals	(193.2)
Revaluation	49.8
Lease incentives	31.4
Closing valuation 2016	1,520.9

Further detail on the split between Group and joint venture movements can be found in Supplementary note vii.

The Group's commitment to its development pipeline is evidenced by the significant spend in the year, which included £71.3 million on forward funded developments at Warrington, Wakefield, Ferndown, Liverpool and Leicester and £33.7 million on other developments, principally at Kirkstall and Islip. Three of these developments completed in the year.

The Group has continued to take advantage of the strong investment market to dispose of mature assets that have delivered their business plans and enabled us to recycle capital into big box logistics and smaller distribution units which offer attractive yields, strong rental growth prospects and asset management opportunities.

The disposal of 16 commercial and 26 residential assets in the year generated proceeds of £204.1 million at share and reduced the carrying value of property by £193.2 million.

Financing

Net debt on a proportionately consolidated basis at the year end was £591.2 million, a £91.8 million or 18.4% increase over last year. The proportionally consolidated key performance indicators used to monitor the Group's debt and liquidity position are shown in the table below.

	2016 £m	2015 £m
As at 31 March		
Gross debt	637.9	563.0
Cash	46.7	63.6
Net debt	591.2	499.4
Loan to value ¹	38%	36%
Cost of debt ²	3.5%	3.7%
Undrawn facilities	69.9	83.4
Average debt maturity	5.6 years	4.2 years
Hedging	93%	80%

¹ 2016 LTV includes £10.2 million of deferred consideration receivable on sales

² Cost of debt is based on gross debt and including amortised costs but excluding commitment fees

The Group and joint venture split is shown in Supplementary note iii.

The Group refinanced all of its existing secured debt facilities on 1 April 2015 except for its £196.2 million distribution facility with Helaba and its joint venture facilities. A new unsecured facility was agreed with a syndicate of five lending banks for an initial commitment of £400 million and five year

term. The commitment was increased in November 2015 by £43.8 million and the term was extended by one year in March 2016.

The refinancing simplified the Group's debt arrangements and provides greater operational flexibility.

The Group's share of joint venture gross debt has fallen by £34.7 million or 35.5% since last year as a result of flat sales at Moore House, the distribution warehouse sale in Harlow and retail asset sales through the MIPP and Retail Warehouse joint ventures.

The MIPP debt facility with Deutsche Pfandbriefbank was reduced by £37.9 million (Group share: £19.0 million) to £87.1 million (Group share: £43.6 million), of which currently £10.0 million (Group share: £5.0 million) remains available to draw. The Retail Warehouse facility with M&G was reduced by £11.5 million (Group share: £3.5 million) following the sale of a DFS unit in Enfield.

Debt maturity and the average cost of debt both improved as a result of the Group refinancing at the beginning of the year and were 5.6 years (2015: 4.2 years) and 3.5% (2015: 3.7%) respectively at the year end.

Loan to value net of cash resources and deferred consideration on the sale of Odeon Preston which completed post year end was 38% (2015: 36%).

At 31 March 2016, 93% of our exposure to interest rate fluctuations was hedged. This reduces to 84% as existing undrawn facilities are fully utilised. During the year we acquired forward starting swaps and swaptions to increase and extend the longer term hedging profile. We monitor interest rate movements and since the year end have bought down £66.3 million of legacy interest rate swaps to reduce our interest cost. This reduces our average debt cost to 3.3%.

The Group has complied throughout the year comfortably with the financial covenants contained in its debt funding arrangements.

Taxation

As the Group is a UK REIT, any income and capital gains from our qualifying property rental business are exempt from UK corporation tax. Any UK income that does not qualify as property income within the REIT regulations is subject to UK tax in the normal way.

We continue to monitor and comfortably comply with the REIT balance of business tests to ensure our REIT status is maintained.

Managing risk

The strategic priorities for the business continue to be the delivery of sustainable, progressive earnings and long term capital growth.

The Directors recognise that risk is inherent in running the business and therefore the associated risks must be understood and managed.

Board's role in the process

The Board is responsible for determining the nature and extent of the principal risks that the Company is willing to take in achieving its objectives. It undertakes a robust assessment of the principal risks facing the business at each meeting and has adopted a risk dashboard to assist this process. Its assessment covers a three year period, consistent with its statement on viability. Material issues are monitored so that key risks can be managed appropriately and new risks identified early on and action taken to remove or reduce their likelihood and any potential negative impact. Effective risk management has always been embodied within the culture of the business and decision making processes. In general the Board's appetite for risk is low where it prejudices its objectives being achieved.

Audit Committee's role in the process

The Board has delegated responsibility for detailed assurance of the risk management process to the Audit Committee. The Audit Committee carries out a detailed review of the risk register and internal controls at least once a year to consider the effectiveness of the risk management and internal control processes and reports its findings to the Board. The risk register was last presented to and considered by the Audit Committee in March 2016.

Management's role in the process

A key part of the risk management process is the assessment of the impact and likelihood of risks occurring so that appropriate mitigation plans can be developed and implemented. The Executive Committee is responsible for the identification of risk and the design, implementation and maintenance of the systems of internal controls and is assisted by senior management in this process. The Company operates from one office location and has short reporting lines ensuring the Executive Committee's close involvement in day-to-day matters and enabling increasing risk to be identified quickly and appropriate responses to be put in place.

The risk register rates the significance and probability of each risk identified by management as having either a high, medium or low impact. Greater weighting is applied the higher the significance and probability of a risk. These weightings are then mathematically combined to produce an overall gross risk rating which is colour coded using a traffic light system. Specific risk management safeguards for each risk are identified, detailed and rated as strong, medium or weak with greater weighting applied the stronger the safeguard. The gross risk rating and strength of safeguards against that risk are then combined to produce a resultant overall net risk. Consideration is given to the implementation of further action to reduce risk where it is considered necessary. Finally each risk is allocated an owner and details of how the safeguards are evidenced is noted.

The principal risks and uncertainties that affect the Company are those risks identified as having the potential to cause material harm to the business and its ability to execute the strategic objectives or exceed the Board's risk appetite. The risks identified and reported are broadly the same as those reported at the last year end but have been categorised in a manner consistent with the Board's risk dashboard which it considers at each meeting. The rationale for perceived increases or decreases in the risks identified are contained within the commentary for each risk category.

Corporate risks

Risk, impact, appetite	How it is managed	Commentary
1 Strategy		
That the Company has an unclear or unrealistic strategy for the current stage of the property cycle and economic climate	The Board review and update strategy and objectives on a regular basis adapting to changes in economic conditions and opportunities as they arise.	Portfolio repositioning has continued during the year towards big box logistics and smaller distribution warehouses.
Impact: Suboptimal returns for shareholders. The Company may not be able to take advantage of opportunities and effectively manage threats to its success. It may not be able to ensure that the people, resources and	The Executive Directors are closely involved in the day to day management of the Company which operates from one office location and has a relatively flat organisational structure making it easier to identify market changes. Management have an entrepreneurial approach and extensive experience in real estate particularly the retail	54% of the portfolio is in the Company's core distribution sector including 40% in retailer-led distribution, a strong performing sector with real prospects for rental growth and therefore capital growth due to a supply/demand imbalance. Delivery of three developments over 1.9 million sq ft of space in the year adding rent of £11.7 million per annum.

Risk, impact, appetite	How it is managed	Commentary
<p>systems are in place to ensure ongoing success.</p> <p>Appetite: The Board views this as fundamental to the business and its reputation.</p>	<p>sector.</p> <p>Research is commissioned into consumer shopping patterns and occupational markets to assist in strategic decisions.</p> <p>Financial forecasts are updated in light of strategic changes and reported to the Board and Executive Committee regularly. The Group has a rolling three year forecast.</p> <p>Management has a substantial investment in the Company and their interests are aligned with external shareholders.</p> <p>The Company's staffing plan is focused on experience and expertise necessary to deliver its strategy.</p>	<p>Committed and pipeline development of 2.3 million sq ft is expected to add a further £16.1 million of rental income.</p> <p>EPRA like-for-like income growth was 3.1% over 55 lettings and rent reviews.</p> <p>These strong operational metrics supported another strong financial performance with EPRA earnings per share increasing 18% to 7.8p.</p> <p>Executive Directors hold 8.5 million shares between them and comfortably meet the Company's shareholding guidelines.</p>
No significant change from 2015		

Risk, impact, appetite	How it is managed	Commentary
2 Economic and political outlook		
<p>Economic and political factors may lead to a downturn or specific sector turbulence</p> <p>Impact: Poorer than expected performance, property values may fall, tenant demand and asset liquidity may reduce. Debt markets may be impacted.</p> <p>Appetite: Market conditions are outside of the Company's control.</p>	<p>Research is commissioned into economic matters and market volatility is monitored.</p> <p>The Company only invests in the UK and has little exposure to the London market.</p> <p>A significant proportion of the Company's portfolio is in a resilient asset class with a supply/demand imbalance.</p> <p>The Company has a high weighted average unexpired lease term reducing re-letting risk.</p> <p>The Company has a low vacancy rate due to its strict investment and development criteria. It also has a diversified tenant base. Acquisition due diligence considers tenant covenant strength.</p> <p>Developments and asset management initiatives are predominantly</p>	<p>Weighted average unexpired lease term of 12.8 years and EPRA vacancy rate of 0.7% are amongst the highest and lowest respectively in the industry.</p> <p>Distribution assets represent 54% of the portfolio. Current logistics supply equates to approximately six months' demand.</p> <p>88% of development expenditure in the year related to forward funded and pre-let opportunities.</p> <p>The Board is conscious of the uncertainty which surrounds the outcome of the European Referendum and the risks posed by it.</p> <p>The Board is confident that these risks are mitigated by the makeup of the portfolio with its strong focus on retailer-led distribution and convenience and out of town retail</p>

Risk, impact, appetite	How it is managed	Commentary
	<p>undertaken on a pre-let basis or geographically where a researched supply/demand imbalance exists.</p> <p>The Company has medium term, flexible funding with headroom in covenant levels and no reliance on sales.</p>	<p>and that the strong portfolio and financial returns outlined in this report will provide protection in the form of a sustainable long term income return to investors whatever the outcome of the Referendum.</p>
Increased risk from 2015		

Risk, impact, appetite	How it is managed	Commentary
3 Human resources		
<p>An inability to attract, motivate and retain high calibre staff</p> <p>Impact: That the Company doesn't have staff with the right skills and experience to deliver its business plan.</p> <p>Appetite: The Board views it as vitally important that the Company has the appropriate level of leadership, expertise and experience to delivery its objectives and adapt to change.</p>	<p>The Company maintains an organisational structure with clear responsibilities and reporting lines.</p> <p>The remuneration structure for staff is aligned to long term performance targets for the business with long term share based incentive arrangements in place.</p> <p>Senior management shareholdings in the Company are significant.</p> <p>Annual appraisals identify training requirements and assess performance.</p> <p>Specialist agencies are contracted where appropriate if there are perceived short term skills shortfalls.</p>	<p>The Chairman's contract was extended to 31 March 2017. Further consideration will be given to the position of Chairman during the course of the current year.</p> <p>The Company appointed an executive search company, Zygos, to source potential Non Executive Director candidates for succession planning purposes. As a result of this search Andrew Livingston, Chief Executive of Screwfix, will be proposed to replace Charles Cayzer on the Non Executive Board.</p> <p>Additional staff have been employed with development and logistics expertise given increased focus on these areas.</p>
No significant change from 2015		

Risk, impact, appetite	How it is managed	Commentary
4 Systems, processes and financial management		

Risk, impact, appetite	How it is managed	Commentary
<p>Controls for safeguarding assets and supporting strategy are weak</p> <p>Impact: Inadequate asset security. Suboptimal returns and decisions made on inaccurate information.</p> <p>Appetite: The Board's appetite for such risk is low and management continually strives to monitor and improve processes.</p>	<p>There is a strong control culture within the Company.</p> <p>Systems security is in place, supported by a specialist advisor. Business continuity plans are up to date with adequate back up which is tested.</p> <p>Procedures are in place to ensure accuracy of the property database and data capture.</p> <p>Assets are safeguarded with appropriate levels of insurance.</p> <p>Appropriate segregation of duties and controls over financial systems are in place.</p> <p>Financial information is provided to management on a timely basis for approval and decision making purposes.</p> <p>Costs are controlled with procedures to ensure that expenditure is valid, properly authorised and monitored</p>	<p>A new property database was implemented in the year which interfaces with the accounting system to provide up to date accessible information. The external auditors tested the integrity of the system which has been used to provide the key portfolio metrics in this report.</p> <p>The Audit Committee received and considered a report from management on the implementation of the new system in the context of internal control.</p>

No significant change from 2015

Risk, impact, appetite	How it is managed	Commentary
<h2>5 Regulatory and tax framework</h2>		
<p>Non compliance with legal or regulatory obligations</p> <p>Impact: Fines, penalties, sanctions and reputational damage which may impact investor demand in the Company. Potential loss of REIT status. Increased costs. Impact on re-letting potential of an asset.</p> <p>Appetite: The Board has no appetite where non</p>	<p>There is a clear focus on obligations under the Company's responsible business strategy and regulatory influences on the business such as Health & Safety, environmental, employment, anti-corruption related legislation and the UK Corporate Governance Code.</p> <p>Responsibility for specific obligations is allocated to individuals and overseen by the Executive Committee. External specialists provide advice and support.</p> <p>Staff training is provided.</p> <p>The Company is provided with external specialist tax advice.</p> <p>Compliance with REIT legislation is</p>	<p>The Company has been affected by recent tax changes. The increase in the commercial rate of SDLT to 5% has impacted the whole real estate sector.</p> <p>The stamp duty increase reduced the portfolio valuation uplift in the second half of the year by £10.7 million.</p> <p>Changes in respect of the taxation of residential property, particularly the rate of SDLT has, in addition to economic factors, led to a slowdown in the London residential market to which the Company still has some exposure through a 40% joint venture interest in Moore House.</p> <p>The joint venture has continued to sell down flats with 25 being sold in the</p>

Risk, impact, appetite	How it is managed	Commentary
compliance risks injury or damage to staff, tenants, assets, shareholders and reputation.	monitored on an ongoing basis for decision making purposes and reported. The impact of legislative changes is considered in strategic terms.	year bringing the total number of flats sold to 58.
No significant change from 2015		

Risk, impact, appetite	How it is managed	Commentary
6 Investment risk		
<p>Investment opportunities cannot be sourced at attractive prices</p> <p>Impact: Ability to implement strategy and deploy capital into value and earnings accretive investments at risk.</p> <p>Appetite: The Board aims to keep this risk to a minimum but it is affected to a large degree by matters outside of its control. The Board's focus is on having the right people and funding in place to take advantage of opportunities as they arise.</p>	<p>The extensive experience of management and their strong network of connections provide insight into the property market and opportunities.</p> <p>Management's relationship with retailers and its ability to forward fund assets is an important factor in generating deal flow given that it is harder to find value in income generating assets due to yield compression in the market.</p>	<p>The Company acquired £187.6 million of property with a number of significant off market transactions.</p> <p>The yield arbitrage between acquisitions and disposals was 100 bps evidencing appropriate investment and divestment decisions.</p> <p>Opportunities to acquire assets let on long leases to strong covenants have reduced as yields have compressed.</p> <p>Better value opportunities have been identified with development and asset management potential that offer good income growth prospects.</p>
No significant change from 2015		

Risk, impact, appetite	How it is managed	Commentary
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7 Development risk

<p>Excessive capital is allocated to activities which carry development risk. Developments fail to deliver expected returns due to inconsistent timing with the economic cycle, adverse letting conditions, increased costs, planning or construction delays</p> <p>Impact: Poorer than expected performance.</p> <p>Appetite: The Board is willing to take some speculative development and planning risk if it represents a relatively small proportion of the total property portfolio and is supported by robust research in respect of demand and a high likelihood of planning approval.</p>	<p>The Company only considers short cycle and relatively uncomplicated development. Management have significant experience of more complex development.</p> <p>Exposure to developments and phasing of projects is considered as part of the quarterly financial forecasting process for the Board. The Company's overall level of exposure to development is low as a percentage of the total portfolio.</p> <p>Standardised appraisals and cost budgets are prepared for developments with regular monitoring of expenditure against budget to highlight potential overruns at an early stage. External project managers are appointed.</p> <p>The procurement process includes tendering and the use of highly regarded firms with track records of delivery to minimise uncertainty over costs.</p> <p>Developments are only undertaken in areas of high occupier demand and significant pre-lets are secured where possible before development work commences to de-risk projects.</p> <p>Where possible development sites are acquired with planning approval in place.</p>	<p>Development represents 4% of the portfolio at the year end compared with 9% last year.</p> <p>Delivery of three developments over 1.9 million sq ft of space in the year on schedule.</p> <p>Further developments in progress at Wakefield, Ferndown, Liverpool and Leicester are all due to complete on time and budget this year.</p> <p>Committed development at the year end totalled 1.1 million sq ft and was 72.3% pre-let.</p> <p>Short cycle development pipeline of 1.1 million sq ft.</p>
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No significant change from 2015

Risk, impact, appetite	How it is managed	Commentary
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8 Valuation risk

Assets may fall in value	The property cycle is continually monitored with investment and divestment decisions made strategically in anticipation of changing conditions.	The valuation uplift in the year was £49.8 million. Asset management and development activities accounted for 39.3% of yield compression.
Impact: Pressure on NAV growth and potentially loan covenants.	Property portfolio performance is regularly reviewed and benchmarked on an asset by asset basis.	55 letting and rent review transactions generated an increase in like-for-like income of 3.1%.
Appetite: There is no certainty that property values will be realised. This is an inherent risk in the industry.	Focus is on income security. Lettings to high quality tenants within a diversified portfolio of well located assets and a high weighted average unexpired lease term reduces the risk of negative movements in a downturn.	Delivery of developments on schedule and budget supported the valuation assumptions.
	Acquisitions which have opportunities to enhance value by undertaking asset management initiatives and playing to the strengths of the asset management team and their connections are favoured as well as assets which are considered to be mis-priced.	Our top 10 tenants contribute 52% of contracted rental income.

Valuations across the sector have reduced as a result of the increase in the rate of SDLT charged on commercial property from the date of the March 2016 budget.

Risk, impact, appetite	How it is managed	Commentary
9 Transaction and tenant risk		
Property purchases are inconsistent with strategy. Inadequate due diligence is undertaken. Lettings are made to inappropriate tenants	Acquisitions are thoroughly evaluated by undertaking a detailed financial, legal and operational appraisal prior to Board approval.	The Company has a very low level of tenant default within the industry and high occupancy levels.
Impact: Pressure on NAV, earnings and potentially loan covenants.	Asset management initiatives undergo cost-benefit analysis prior to implementation.	The EPRA vacancy rate at the year end was 0.7%.
Appetite: The Board's appetite to risks arising out of poor due diligence processes on acquisitions, disposals and lettings is low.	External advisors are used to ensure appropriate pricing of lease transactions and to carry out acquisition due diligence.	There were no trade debtors considered at risk at the year end.
	Tenant covenant strength and concentration are assessed for all acquisitions and leasing transactions.	The tenant base has been further diversified during the year and the covenant strength of the top 10 tenants has increased.
	An experienced property management team work closely with tenants and consider action for slow payers.	The Board consider that fundamentally the occupational market is currently strong particularly for its core asset class.

Rent collection is closely monitored and reported to the asset management team to identify potential issues.

The Group has a diversified tenant base and limited exposure to individual occupiers in bespoke properties.

No significant change from 2015

Risk, impact, appetite	How it is managed	Commentary
10 Capital and finance risk		
<p>The Company has insufficient funds and credit available to it</p> <p>Impact: Implementation of strategy is at risk.</p> <p>Appetite: The Board has no appetite for imprudently low levels of available headroom in its reserves or credit lines.</p> <p>It accepts a low degree of market standard inflexibility in return for the availability of credit.</p> <p>The Board has some appetite for interest rate risk, loans are not fully hedged. This follows cost benefit assessment and takes into account that not all loans are fully drawn all the time.</p>	<p>Assets which have achieved target returns and strategic asset plans are sold. Cash flow forecasts are monitored closely to ensure sufficient funds are available to take advantage of investment opportunities and meet financial commitments.</p> <p>Relationships with a diversified range of banks and alternative lenders are nurtured and loan facilities regularly reviewed. The availability of debt and the terms on which it is available is considered as part of the strategy and analysis for each acquisition and development.</p> <p>Loan facilities incorporate covenant headroom, appropriate cure provisions and sufficient flexibility to implement asset management initiatives. Headroom is actively monitored and incorporated into forecasts. Non financial covenants are also closely monitored.</p> <p>Gearing levels are carefully considered and stress tested before entering into new arrangements. The Company maintains a modest level of gearing overall.</p> <p>The impact of disposals on secured loan facilities covering multiple assets is considered as part of the decision making process.</p> <p>Interest rate derivatives are used to fix or cap exposure to rising rates. Hedging recommendations are</p>	<p>Disposals of £204.1 million and acquisitions of £187.6 million were made in the year demonstrating our ability to recycle capital.</p> <p>The secured Helaba facility was refinanced in the prior year for a seven year term.</p> <p>The Company took advantage of a continuing improvement in the debt market and entered into a £400 million unsecured revolving credit facility to refinance its remaining balance sheet debt on 1 April 2015 for an initial five year term. This facility together with the Helaba facility provides greater operational flexibility and alignment with the real estate strategy. The facility also diversified the lending partners to the Company and has since been extended by a further year and the credit limit raised to £443.8 million. The facility can be increased by a further £56 million.</p> <p>At 31 March 2016 the Group had £593 million of derivatives in place covering 93% of total available debt including joint venture arrangements. Advantage has been taken of falling swap rates during the year and subsequently to improve the hedging profile following the unsecured loan refinancing.</p> <p>The Company complied with all financial covenants during the year.</p> <p>Increased diversification, scale and</p>

received from a specialist advisor.

The Company has joint ventures with well funded partners particularly for larger transactions. Current joint venture arrangements have no significant foreseeable equity requirements.

Joint venture partners are chosen with care to ensure that strategies are not misaligned which may impact asset value and liquidity.

reduced interest rate costs under the new unsecured facility and hedging profile insulate the Company from credit risks associated with one off shocks from any single asset.

Risk reduced since 2015

Viability statement

In accordance with provision C.2.2 of the 2014 revision of the Code, the Directors have assessed the prospect of the Group over a period longer than the 12 months required by the 'Going Concern' provision. The Board conducted this review taking account of the Group's long term strategy, principal risks, current position and future plans and for a period of three years.

This period was chosen for the following reasons;

- The Group's financial business plan and detailed budgets cover a rolling three year period. The business plan includes budgeted profit and cashflows and also considers dividend cover, loan to value, loan covenants and REIT compliance metrics. These are updated and reviewed at least quarterly against actual performance.
- It reflects the short-cycle nature of the Group's developments and asset management initiatives. Three major developments completed this year at Islip, Kirkstall and Warrington. All three developments were completed within one year.
- The average length of asset management initiatives involving significant reconfiguration of retail parks is under one year. All other committed developments in progress at the end of the year are expected to complete in 2016.
- Three years is considered to be the optimum balance between long term property investment and the inability to accurately forecast ahead given the cyclical nature of property investment.

The business model is stress tested to validate its resistance to principal risks including changes to property valuations and associated asset yield curves, ERV growth, future libor and swap rates, committed capital expenditure and the ability to finance forecast transactions and refinance maturing debt.

The sensitivity analysis assessed the limits at which key financial covenants and ratios would be breached or deemed unacceptable. The modelling consists of a base case scenario which only includes deals under offer and also an assumed case which factors in reinvestment.

Based on the results of their review, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The responsibility statement has been prepared in connection with the Group's full Annual Report for the year ended 31 March 2016. Certain parts of the Annual Report are not included in this announcement.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 101 (FRS101) 'Reduced Disclosure Framework'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable Financial Reporting Standard 101 (FRS101) 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

- The Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Martin McGann
Finance Director

1 June 2016

Andrew Jones
Chief Executive

1 June 2016

Group income statement

For the year ended 31 March

	Note	2016 £000	2015 £000
Gross rental income	3	67,948	60,192
Property operating expenses		(830)	(2,582)
Net rental income		67,118	57,610
Property advisory fee income		2,191	2,211
Net income		69,309	59,821
Administrative costs	4	(13,636)	(12,502)
Amortisation of intangible asset		(315)	(347)
Total administrative costs		(13,951)	(12,849)
Profit on revaluation of investment properties	9	51,063	112,393
Profit on sale of investment properties		2,359	13,395
Share of profits of joint ventures	10	4,528	14,303
Operating profit		113,308	187,063
Finance income		2,182	356
Finance costs	5	(32,748)	(27,104)
Profit before tax		82,742	160,315
Taxation	6	(18)	(864)
Profit for the year and total comprehensive income		82,724	159,451
Earnings per share			
Basic and diluted	8	13.3p	25.5p
EPRA	8	7.8p	6.6p

All amounts relate to continuing activities.

Group balance sheet

As at 31 March

	Note	2016 £000	2015 £000
Non current assets			
Investment properties	9	1,346,110	1,164,140
Investment in equity accounted joint ventures	10	119,666	148,366
Intangible assets		182	497
Other tangible assets		392	435
		1,466,350	1,313,438
Current assets			
Trade and other receivables	11	16,049	7,241
Cash and cash equivalents	12	42,621	50,568
		58,670	57,809
Total assets		1,525,020	1,371,247
Current liabilities			
Trade and other payables	13	35,343	31,971
		35,343	31,971
Non current liabilities			
Borrowings	14	567,910	462,255
Derivative financial instruments	14	23,570	6,870
		591,480	469,125
Total liabilities		626,823	501,096
Net assets		898,197	870,151
Equity			
Called up share capital	16	62,804	62,804
Capital redemption reserve		9,636	9,636
Other reserve		222,936	223,061
Retained earnings		602,821	574,650
Equity shareholders' funds		898,197	870,151
Net asset value per share	8	143.9p	139.4p
EPRA net asset value per share	8	147.7p	140.6p

The financial statements were approved and authorised for issue by the Board of Directors on 1 June 2016 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 2015		62,804	9,636	223,061	574,650	870,151
Profit for the year and total comprehensive income		–	–	–	82,724	82,724
Purchase of shares held in trust		–	–	(419)	–	(419)
Vesting of shares held in trust		–	–	294	12	306
Share-based awards		–	–	–	1,606	1,606
Dividends paid	7	–	–	–	(56,171)	(56,171)
At 31 March 2016		62,804	9,636	222,936	602,821	898,197

	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

Group cash flow statement

For the year ended 31 March

	2016 £000	2015 £000
Cash flows from operating activities		
Profit before tax	82,742	160,315
Adjustments for non cash items:		
Profit on revaluation of investment properties	(51,063)	(112,393)
Profit on sale of investment properties	(2,359)	(13,395)
Share of post-tax profit of joint ventures	(4,528)	(14,303)
Movement in lease incentives	(5,173)	(11,600)
Share-based payment	1,606	954
Amortisation of intangible asset	315	347
Net finance costs	30,566	26,748
Cash flows from operations before changes in working capital	52,106	36,673
Change in trade and other receivables	2,360	419
Change in trade and other payables	(165)	6,439
Cash flows from operations	54,301	43,531
Interest received	50	356
Interest paid	(16,516)	(13,763)
Tax (paid)/received	(8)	215
Financial arrangement fees and break costs	(6,960)	(5,533)
Cash flows from operating activities	30,867	24,806
Investing activities		
Purchase of investment properties	(179,000)	(279,740)
Purchase of other tangible assets	(60)	(25)
Capital expenditure on investment properties	(43,584)	(32,102)
Lease incentives paid	(26,006)	–
Sale of investment properties	123,353	248,356
Investments in joint ventures	(10)	(12,476)
Distributions from joint ventures	33,238	19,524
Cash flow from investing activities	(92,069)	(56,463)
Financing activities		
Dividends paid	(56,171)	(43,749)
Purchase of shares held in trust	(419)	(2,359)
Vesting of shares held in trust	306	–
New borrowings	478,275	166,379
Repayment of loan facilities	(368,736)	(116,403)
Cash flows from financing activities	53,255	3,868
Net decrease in cash and cash equivalents	(7,947)	(27,789)
Opening cash and cash equivalents	50,568	78,357
Closing cash and cash equivalents	42,621	50,568

Notes forming part of the Group financial statements

For the year ended 31 March 2016

1 Significant accounting policies

The financial information set out herein does not constitute the Company's statutory accounts for the years ended 31 March 2016 or 2015, but is derived from those accounts. Statutory accounts for the years ended 31 March 2016 and 31 March 2015 have been reported on by the independent auditor. The independent auditor's reports on the Annual Reports and financial statements for 2016

and 2015 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 2015 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 March 2016 will be delivered to the Registrar following the Company's Annual General Meeting.

The financial information set out in this results announcement 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 this results announcement 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 2015.

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 financial statements are prepared on a going concern basis. 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.

i) Significant judgements and key estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

The accounting policies subject to significant judgements and estimates are as follows:

Property valuations

The valuation of the property portfolio is a critical part of the Group's performance. The Group carries the property portfolio at fair value in the balance sheet and engages professionally qualified external valuers to undertake six-monthly valuations.

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 lease income, lease incentives, 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.

The fair value of a development property is determined by using the 'residual method', which deducts all costs necessary to complete the development, together with an allowance for development risk, profit and purchasers' costs, from the fair valuation of the completed property.

Significant transactions

Some property transactions are complex and require management to assess whether the acquisition of property through a corporate vehicle represents an asset acquisition or a business combination under IFRS3.

Where there are significant other assets and liabilities acquired in addition to property, the transaction is accounted for as a business combination. Where there are not it is accounted for as an asset purchase. Other complexities include conditionality inherent in transactions and deferred property completions.

Revenue recognition

Certain transactions require management to make judgements as to whether, and to what extent, revenue should be recognised and the appropriate cut off for property transactions. Management consider whether the significant risks and rewards of ownership of assets have been transferred between buyer and seller and the point at which developments reach practical completion. Other complexities include the accounting for rent free periods and capital incentive payments.

REIT status

The Group must comply with the UK REIT regulation to benefit from the favourable tax regime.

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
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

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.

Name	Description
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 11 (amendments)	Accounting for Acquisitions of Interests in Joint Operations
IAS 1 (amendments)	Disclosure Initiative
IAS 7 (amendments)	Disclosure Initiative
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
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 IFRS 12 (amendments)	Application of the Consolidation Exception
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to IFRSs: 2012 –	Amendments to: IFRS 5 Non-Current Assets Held for Sale

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, IFRS 15 may have an impact on revenue recognition and related disclosures, and IFRS 16 will impact the accounting for those leases currently classified as operating leases. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9, IFRS 15 and IFRS 16 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. 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.

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. Changes in fair value are included in the income statement. 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.

In accordance with IAS 40 Investment Properties, 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 and construction of a development 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 included in the carrying value of the property.

ii) Assets held for sale

An asset is classified as held for sale if its carrying amount is expected to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for sale in its present condition and management expect the sale to complete within one year from the balance sheet date.

iii) 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.

iv) Net 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.

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.

v) 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 the fair values.

i) Trade and other receivables and payables

Trade and other receivables and payables are initially measured at fair value and subsequently at fair value using the effective interest method. An impairment provision is created where there is objective evidence to suggest that the Group will not be able to collect receivables in full.

ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities.

iii) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequently, borrowings are stated at amortised cost with any difference being recognised in the income statement over the term of the borrowing.

iv) 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 the income statement.

g) Finance costs and income

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.

Finance income includes interest receivable on funds invested and notional interest receivable on forward funded developments at the contractual rate.

h) 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 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.

i) 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.

j) 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 or net assets per share.

k) 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.

2 Segmental information

As at 31 March	2016			2015		
	100% owned £000	Share of JV £000	Total £000	100% owned £000	Share of JV £000	Total £000
Property value						
Retail	429,475	114,323	543,798	422,405	145,406	567,811
Distribution	778,340	6,068	784,408	534,220	24,386	558,606
Offices	80,200	–	80,200	73,300	–	73,300
Residential	1,545	54,350	55,895	3,120	66,453	69,573
Development	56,550	–	56,550	131,095	–	131,095
	1,346,110	174,741	1,520,851	1,164,140	236,245	1,400,385

For the year to 31 March	2016			2015		
	100% owned £000	Share of JV £000	Total £000	100% owned £000	Share of JV £000	Total £000
Gross rental income						
Retail	26,066	9,112	35,178	28,340	8,714	37,054
Distribution	37,252	583	37,835	24,443	3,515	27,958
Offices	4,471	–	4,471	7,045	–	7,045
Residential	79	1,389	1,468	4	1,615	1,619
Development	80	–	80	360	–	360
	67,948	11,084	79,032	60,192	13,844	74,036

For the year to 31 March	2016			2015		
	100% owned £000	Share of JV £000	Total £000	100% owned £000	Share of JV £000	Total £000
Net rental income						
Retail	25,416	9,053	34,469	26,701	8,711	35,412
Distribution	37,115	573	37,688	24,379	3,559	27,938
Offices	4,434	–	4,434	6,285	–	6,285
Residential	71	943	1,014	(76)	1,067	991
Development	82	–	82	321	–	321
	67,118	10,569	77,687	57,610	13,337	70,947

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 almost entirely in the UK and no geographical split is provided in information reported to the Board.

3 Net income

For the year to 31 March	2016 £000	2015 £000
Gross rental income	67,948	60,192
Property operating expenses	(830)	(2,582)
	67,118	57,610

For the year to 31 March 2016, 22% of the Group's gross rental income was receivable from two tenants. For the comparative period no single tenant contributed more than 10% of the Group's gross rental income.

4 Administration expenses

a) Total administration expenses

For the year to 31 March	2016 £000	2015 £000
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Staff costs	9,852	8,807
Auditor's remuneration	183	190
Depreciation	103	88
Other administrative expenses	3,498	3,417
	13,636	12,502

b) Staff costs

	2016	2015
For the year to 31 March	£000	£000
Employee costs, including those of Directors, comprise the following:		
Wages and salaries	8,567	8,122
Less staff costs capitalised	(1,488)	(1,662)
	7,079	6,460
Social security costs	724	981
Pension costs	443	412
Share-based payment	1,606	954
	9,852	8,807

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 £1.6 million (2015: £1.0 million).

The Company awarded 1,839,181 LTIP shares during the year, 1,373,558 of which were awarded to Executive Directors. The cost of acquiring the shares expected to vest of £0.4 million has been charged to reserves.

Employee costs of £1.5 million (2015: £1.7 million) 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:

	2016	2015
	Number	Number
Head office and property management	35	36

d) Auditor's remuneration

	2016	2015
For the year to 31 March	£000	£000
Audit services:		
Audit of the Group and Company financial statements, pursuant to legislation	74	62
Audit of subsidiary financial statements, pursuant to legislation	79	95
Audit related assurance services	26	26
Other fees:		
Other advisory services	–	2
Total fees for audit and other services	179	185

In addition to the above audit fees totalling £31,000 (2015: £37,000) 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

	2016 £000	2015 £000
For the year to 31 March		
Interest payable on bank loans and related derivatives	15,641	15,410
Debt and hedging early close out costs	77	3,891
Amortisation of loan issue costs	1,404	1,428
Commitment fees and other finance costs	1,595	509
Total borrowing costs	18,717	21,238
Less amounts capitalised on the development of properties	(2,669)	(1,607)
Net borrowing costs	16,048	19,631
Fair value loss on derivative financial instruments	16,700	7,473
Total finance costs	32,748	27,104

As a result of the refinancing of the Group's bank facilities in April 2015, £3.1 million of unamortised arrangement costs associated with facilities repaid were written off to the income statement in the previous year.

6 Taxation

	2016 £000	2015 £000
For the year to 31 March		
The tax charge comprises:		
Current tax		
UK tax charge on profit	18	35
Deferred tax		
Change in deferred tax	–	829
	18	864

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

	2016 £000	2015 £000
For the year to 31 March		
Profit before tax	82,742	160,315
Tax at the standard rate of corporation tax in the UK of 20% (2015: 21%)	16,548	33,666
Effects of:		
Expenses not deductible for tax purposes	63	74
Tax effect of income not subject to tax	(15,687)	(30,701)
Share of post-tax profit of joint ventures	(906)	(3,004)
Temporary differences	–	829
UK tax charge on profit	18	864

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

	2016 £000	2015 £000
For the year to 31 March		
Ordinary dividends paid		
2014 Final dividend: 3.5p per share	–	21,903

2015 Interim dividend: 3.5p per share	–	21,846
2015 Final dividend: 3.5p per share	21,843	–
2015 Special dividend: 2.0p per share	12,482	–
2016 Interim dividend: 3.5p per share	21,846	–
	56,171	43,749

Dividend paid in 2017

2016 Second interim dividend: 3.75p per share	23,404
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The second interim dividend was approved by the Board on 1 April 2016 and paid on 5 April 2016 to ordinary shareholders on the register at the close of business on 18 March 2016. It has not been included as a liability. It will be recognised as an appropriation of retained earnings in 2017.

No final dividend is proposed.

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	2016 £000	Group £000	JV £000	2015 £000
Gross rental income	67,948	11,084	79,032	60,192	13,844	74,036
Property costs	(830)	(515)	(1,345)	(2,582)	(507)	(3,089)
Net income	67,118	10,569	77,687	57,610	13,337	70,947
Management fees	2,191	(865)	1,326	2,211	(949)	1,262
Administrative costs	(13,636)	(172)	(13,808)	(12,502)	(141)	(12,643)
Net finance costs	(13,789)	(2,947)	(16,736)	(15,384)	(3,238)	(18,622)
Other	(18)	–	(18)	(35)	–	(35)
EPRA earnings	41,866	6,585	48,451	31,900	9,009	40,909

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

For the year to 31 March	Group £000	JV £000	2016 £000	Group £000	JV £000	2015 £000
EPRA earnings	41,866	6,585	48,451	31,900	9,009	40,909
Revaluation of investment property	51,063	(1,276)	49,787	112,393	5,982	118,375
Fair value of derivatives	(16,700)	(132)	(16,832)	(7,473)	(1,105)	(8,578)
Debt and hedging early close out costs	(77)	(411)	(488)	(3,891)	(58)	(3,949)
Profit on disposal	2,359	(238)	2,121	13,395	475	13,870
Amortisation of intangible assets	(315)	–	(315)	(347)	–	(347)
Deferred tax	–	–	–	(829)	–	(829)
IFRS reported profit	78,196	4,528	82,724	145,148	14,303	159,451

b) Earnings per ordinary share

For the year to 31 March	2016 £000	2015 £000
Basic and diluted earnings	82,724	159,451
EPRA adjustments ¹	(34,273)	(118,542)

EPRA earnings	48,451	40,909
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1 Adjustments shown in table reconciling EPRA profit with IFRS reported profit

	2016 Number of shares '000	2015 Number of shares '000
For the year to 31 March		
Ordinary share capital	628,044	628,044
Average number of shares held in employee trust	(3,885)	(3,509)
Weighted average number of ordinary shares	624,159	624,535
Basic and diluted earnings per share	13.3p	25.5p
EPRA earnings per share	7.8p	6.6p

c) Net assets per share

	2016 £000	2015 £000
As at 31 March		
Equity shareholders' funds	898,197	870,151
Fair value of derivatives	23,570	6,870
Fair value of joint ventures' derivatives	338	205
EPRA net asset value	922,105	877,226

	2016 Number of shares '000	2015 Number of shares '000
As at 31 March		
Opening ordinary share capital	628,044	628,044
Number of shares held in employee trust	(3,945)	(3,964)
Number of ordinary shares	624,099	624,080
Basic net asset value per share	143.9p	139.4p
EPRA net asset value per share	147.7p	140.6p

Further EPRA performance measures are reflected in the Supplementary notes.

9 Investment properties

a) Investment property

As at 31 March	2016			2015		
	Completed £000	Under development £000	Total £000	Completed £000	Under development £000	Total £000
Opening balance	1,033,045	131,095	1,164,140	858,668	171,885	1,030,553
Acquisitions	109,546	70,290	179,836	188,988	19,955	208,943
Other capital expenditure	13,720	34,665	48,385	10,545	21,557	32,102
Disposals	(128,493)	–	(128,493)	(219,510)	(11,941)	(231,451)
Property transfers	204,823	(204,823)	–	106,310	(106,310)	–
Revaluation movement	41,991	9,072	51,063	76,398	35,995	112,393
Movement in tenant incentives and rent-free uplifts	14,928	16,251	31,179	11,646	(46)	11,600
	1,289,560	56,550	1,346,110	1,033,045	131,095	1,164,140

Investment properties are held at fair value as at 31 March 2016 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 2016 was £62.8 million (2015: £16.0 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 £93.9 million (2015: £107.7 million). All other properties are freehold.

Included within the investment property valuation is £52.5 million (2015: £20.8 million) in respect of unamortised lease incentives and rent free periods.

The historical cost of all of the Group's investment properties at 31 March 2016 was £1,127.9 million (2015: £984.7 million).

Capital commitments have been entered into amounting to £85.5 million (2015: £82.8 million) which have not been provided for in the financial statements.

Internal staff costs of the development team of £1.5 million (2015: £1.7 million) have been capitalised, being directly attributable to the development projects in progress.

b) Valuation technique and quantitative information

Asset type	Fair value 2016 £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	429,475	Yield capitalisation	16.02	9.01-23.89	5.62	4.25-8.16	5.49	4.12-8.16
Distribution	778,340	Yield capitalisation	5.61	3.95-9.17	5.01	4.11-7.23	5.10	4.21-6.74
Office	80,200	Yield capitalisation	25.94	25.94	5.59	5.59	6.80	6.80
Residential	1,545	Comparison	n/a	n/a	n/a	n/a	n/a	n/a
Development – retail	13,175	Yield capitalisation	17.91	14.50-27.00	4.70	4.25-5.10	4.77	4.25-5.10
Development – distribution	29,300	Yield capitalisation	5.00	5.00	5.02	5.02	5.18	5.18
Development	14,075	Residual	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1

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 2016. The fair value at 31 March 2016 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 meet the Auditors and the Audit Committee semi-annually.

10 Investment in joint ventures

At 31 March 2016 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%

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.

The Metric Income Plus Partnership ("MIPP") in which the Company has a 50% interest acquired one asset in the year for £6.9 million (Group share: £3.5 million) and disposed of six assets for gross proceeds of £55.2 million (Group share: £27.6 million). Associated bank debt of £25.4 million (Group share: £12.7 million) was repaid following net disposals in the year and £12.5 million (Group share: £6.3 million) of the remaining loan facility has been cancelled.

The LSP Green Park Distribution joint venture disposed of its remaining distribution warehouse in Harlow in June 2015 for £37.2 million (Group share: £18.6 million) and the LMP Retail Warehouse JV PUT disposed of one asset in Enfield for £24.5 million (Group share: £7.5 million).

The Group also disposed of 25 residential flats for £29.8 million (Group share: £11.9 million) through its 40% interest in LSP London Residential Investments in the year. All proceeds received have been used to repay bank debt.

At 31 March 2016, 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 2016 was £17.4 million (Group share: £8.7 million).

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

	2016 £000	2015 £000
As at 31 March		
Opening balance	148,366	108,990
Additions at cost	10	44,597
Share of profit in the year	4,528	14,303
Disposals	(14,110)	–
Profit distributions received	(19,128)	(19,524)
	119,666	148,366

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	Total 2016 £000	Group Share 2016 £000
Summarised income statement	100%	100%	100%	100%	100%	100%	
Gross rental income	12,359	10,964	3,472	343	–	27,138	11,084
Property costs	(117)	(2)	(1,113)	(21)	–	(1,253)	(515)
Net rental income	12,242	10,962	2,359	322	–	25,885	10,569
Administration expenses	(124)	(117)	(113)	(26)	(38)	(418)	(172)
Management fees	(939)	(425)	(550)	(93)	–	(2,007)	(865)
Revaluation loss	(1,534)	(960)	(540)	–	–	(3,034)	(1,276)
Finance income	45	4	3	–	–	52	14
Finance cost	(3,555)	(2,935)	(1,432)	(277)	–	(8,199)	(3,372)
Movement in derivatives	(338)	(188)	105	105	–	(316)	(132)
(Loss)/profit on disposal	(514)	1,006	(1,108)	(185)	771	(30)	(238)
Tax	–	–	–	(5)	–	(5)	–
Profit/(loss) after tax	5,283	7,347	(1,276)	(159)	733	11,928	4,528
EPRA adjustments:							
Revaluation loss	1,534	960	540	–	–	3,034	1,276
Movement in derivatives	338	188	(105)	(105)	–	316	132
Loss/(profit) on disposal	514	(1,006)	1,108	185	(771)	30	238
Debt and hedging early close out costs	364	326	153	138	–	981	411
EPRA earnings	8,033	7,815	420	59	(38)	16,289	6,585
Summarised balance sheet							
Investment properties	165,335	123,685	135,875	–	–	424,895	174,741
Other current assets	12,912	75	349	–	–	13,336	6,620
Cash	3,198	3,285	3,596	20	–	10,099	4,049
Current liabilities	(3,588)	(3,971)	(860)	–	–	(8,419)	(3,349)
Bank debt	(77,075)	(60,328)	(14,933)	–	–	(152,336)	(62,911)
Unamortised finance costs	1,068	1,011	29	–	–	2,108	854
Derivative financial instruments	(713)	86	(19)	–	–	(646)	(338)
Net assets	101,137	63,843	124,037	20	–	289,037	119,666
Group share	50%	30.5%	40%	50%	–		
Group share of net assets	50,569	19,472	49,615	10	–	119,666	

	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	Total 2015 £000	Group share 2015 £000
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Summarised income statement	100%	100%	100%	100%	100%	100%	
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/(loss) 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	

11 Trade and other receivables

As at 31 March	2016 £000	2015 £000
Trade receivables	1,771	2,847
Amounts receivable from property sales	11,402	337
Prepayments and accrued income	2,744	1,744
Other receivables	132	2,313
	16,049	7,241

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 2016 there were no trade receivables which were overdue and considered at risk (2015: £225,000). A full provision was made against these trade receivables in the previous year.

12 Cash and cash equivalents

Cash and cash equivalents include £4.9 million (2015: £8.2 million) retained in rent and restricted accounts which are not readily available to the Group for day to day commercial purposes.

13 Trade and other payables

	2016	2015
As at 31 March	£000	£000
Trade payables	4,780	8,404
Amounts payable on property acquisitions and disposals	9,595	5,193
Rent received in advance	12,160	8,953
Accrued interest	1,897	2,772
Other payables	525	593
Other accruals	6,386	6,056
	35,343	31,971

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

14 Borrowings and financial instruments

a) Non current financial liabilities

	2016	2015
As at 31 March	£000	£000
Secured bank loans	179,989	465,450
Unsecured bank loans	395,000	–
Unamortised finance costs	(7,079)	(3,195)
	567,910	462,255

Of the total bank loans at 31 March 2016, £180.0 million are secured by fixed charges over certain of the Group's investment properties with a carrying value of £360.3 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 secured facilities. In November 2015 this facility was increased to £443.8 million.

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 £42.6 million (2015: £50.6 million) and available and undrawn bank loan facilities at 31 March 2016 of £64.9 million (2015: £72.2 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
As at 31 March 2016					
Bank loans	14,358	14,358	43,112	578,087	649,915
Derivative financial instruments	5,750	6,279	18,389	5,767	36,185
	20,108	20,637	61,501	583,854	686,100
As 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

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 2016 the Group (excluding share of joint ventures) had £524.6 million (2015: £364.6 million) of hedges in place, and its debt of £575.0 million (2015: £465.5 million) was 91.2% (2015: 78%) 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 £2.5 million and £1.5 million respectively.

Including its share of joint ventures the Group had £593.1 million (2015: £450.5 million) of hedges in place and its debt of £637.9 million (2015: £563.0 million) was 93.0% (2015: 80%) fixed.

The average interest rate payable by the Group (including share of joint ventures) on all bank borrowings at 31 March 2016 including the cost of amortising finance arrangement fees was 3.5% (2015: 3.7%).

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

	Loans and receivables	
	2016	2015
As at 31 March	£000	£000
Current assets		
Cash and cash equivalents (note 12)	42,621	50,568
Trade receivables (note 11)	1,771	2,847
Other receivables (note 11)	132	2,313
	44,524	55,728

	Measured at amortised cost		Measured at fair value	
	2016	2015	2016	2015
As at 31 March	£000	£000	£000	£000
Non current liabilities				
Borrowings (note 14)	567,910	462,255	—	—
Current liabilities				
Trade payables (note 13)	4,780	8,404	—	—
Accrued interest (note 13)	1,897	2,772	—	—
Other accruals (note 13)	6,386	6,056	—	—
Other payables (note 13)	525	593	—	—
Derivative financial instruments (see 14c(iii))	—	—	23,570	6,870
	581,498	480,080	23,570	6,870

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 2016.

iii) Derivative financial instruments

Details of the fair value of the Group's derivative financial instruments that were in place at 31 March 2016 are provided below:

As at 31 March	Average rate		Notional amount		Fair value	
	2016	2015	2016	2015	2016	2015
	%	%	£000	£000	£000	£000
Interest rate caps – expiry						
Less than one year	2.4	4.0	77,500	4,000	—	—
One to two years	2.0	2.3	16,313	101,000	4	3
Two to five years	2.1	2.1	110,000	126,313	128	721
More than five years	2.0	2.0	18,150	18,150	234	537
	2.2	2.2	221,963	249,463	366	1,261

As at 31 March	Average rate		Notional amount		Fair value	
	2016 %	2015 %	2016 £000	2015 £000	2016 £000	2015 £000
Interest rate swaps – expiry						
Less than one year	3.3	–	10,500	–	(12)	–
One to two years	3.2	2.1	16,313	28,084	(624)	(297)
Two to five years	2.9	2.3	60,000	178,420	(3,185)	(4,243)
More than five years	1.9	2.0	467,290	187,290	(20,115)	(3,591)
	2.1	2.1	554,103	393,794	(23,936)	(8,131)
Total fair value					(23,570)	(6,870)

All derivative financial instruments are non current interest rate derivatives, and are carried at fair value following a valuation as at 31 March 2016 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.

15 Commitments under operating leases

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

As at 31 March	2016 £000	2015 £000
Less than one year	73,090	66,168
Between one and five years	288,518	281,345
Between six and ten years	287,566	280,081
Between 11 and 15 years	186,977	181,610
Between 16 and 20 years	82,761	97,418
Over 20 years	43,387	49,383
	962,299	956,005

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

As at 31 March	2016 £000	2015 £000
Less than one year	810	812
Between one and five years	1,147	1,958
	1,957	2,770

16 Share capital

As at 31 March	2016 Number	2016 £000	2015 Number	2015 £000
Authorised				
Ordinary shares of 10p each	Unlimited	Unlimited	Unlimited	Unlimited

As at 31 March	2016 Number	2016 £000	2015 Number	2015 £000
Issued, called up and fully paid				
Ordinary shares of 10p each	628,043,905	62,804	628,043,905	62,804

In June 2015, the Company granted options over 2,303,891 ordinary shares under its Long Term Incentive Plan and Deferred Bonus Plan and 236,733 ordinary shares in the Deferred Bonus Plan vested.

17 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.

18 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:

	Group interest	Management fees		Dividends	
		2016 £000	2015 £000	2016 £000	2015 £000
For the year to 31 March					
LSP Green Park Property Trust	31.4%	—	46	231	275
LSP Green Park Distribution Holdings	50.0%	92	260	11,210	511
LSP London Residential Investments	40.0%	458	449	—	2,400
Metric Income Plus Partnership	50.0%	1,216	962	4,161	2,866
LMP Retail Warehouse JV Property Unit Trust	30.5%	425	494	3,526	13,472
		2,191	2,211	19,128	19,524

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

19 Events after the balance sheet date

On 7 April 2016 the Group's MIPP joint venture exchanged contracts to dispose of a 33,000 sq ft store let to The Range in Bridgwater for £4.9 million.

On 28 April 2016 the Group completed the disposal of its Odeon property in Taunton for £9.1 million.

On 5 May 2016 the Group acquired a distribution unit in Basildon for £3.8 million.

On 9 May 2016 the Group's MIPP joint venture completed the disposal of its 26,000 sq ft property in Chatham let to Wickes for £6.9 million. On 25 May 2016 the MIPP joint venture completed the disposal of a 21,000 sq ft unit in Grimsby let to Wickes for £4.1 million.

On 25 May 2016 the Group exchanged contracts to acquire a 112,000 sq ft development site in Crawley for £7.6 million.

Supplementary information (not audited)

i EPRA Summary table

	2016	2015
EPRA earnings	7.8p	6.6p
EPRA net asset value	147.7p	140.6p
EPRA triple net asset value	143.9p	139.4p
EPRA vacancy rate	0.7%	0.3%
EPRA cost ratio (including vacant property costs)	17%	19%
EPRA cost ratio (excluding vacant property costs)	17%	17%
EPRA net initial yield	4.9%	4.9%
EPRA “topped up” net initial yield	5.4%	5.8%

ii EPRA proportionally consolidated income statement

For the year to 31 March	Group £000	JV £000	2016 £000	Group £000	JV £000	2015 £000
Gross rental income	67,948	11,084	79,032	60,192	13,844	74,036
Property costs	(830)	(515)	(1,345)	(2,582)	(507)	(3,089)
Net income	67,118	10,569	77,687	57,610	13,337	70,947
Management fees	2,191	(865)	1,326	2,211	(949)	1,262
Administrative costs	(13,636)	(172)	(13,808)	(12,502)	(141)	(12,643)
Net finance costs	(13,789)	(2,947)	(16,736)	(15,384)	(3,238)	(18,622)
Other	(18)	–	(18)	(35)	–	(35)
EPRA earnings	41,866	6,585	48,451	31,900	9,009	40,909

iii EPRA proportionally consolidated balance sheet

As at 31 March	Group £000	JV £000	2016 £000	Group £000	JV £000	2015 £000
Investment property	1,346,110	174,741	1,520,851	1,164,140	236,245	1,400,385
Gross debt	(574,989)	(62,911)	(637,900)	(465,450)	(97,579)	(563,029)
Cash	42,621	4,049	46,670	50,568	13,051	63,619
Other net (liabilities)/assets	(11,641)	4,125	(7,516)	(20,603)	(3,146)	(23,749)
EPRA net assets	802,101	120,004	922,105	728,655	148,571	877,226
Loan to value	38%	34%	38%	36%	36%	36%
Cost of debt	3.5%	3.6%	3.5%	3.7%	3.6%	3.7%
Undrawn facilities	64,931	5,000	69,931	72,191	11,250	83,441

iv EPRA cost ratio

For the year to 31 March	2016 £000	2015 £000
Property operating expenses	830	2,582
Administration expenses	13,636	12,502
Share of joint venture property operating, administration expenses and management fees	1,552	1,597
Less:		

Joint venture property management fee income	(2,191)	(2,211)
Ground rents	(59)	(180)
Total costs including vacant property costs (A)	13,768	14,290
Group vacant property costs	(369)	(1,199)
Share of joint venture vacant property costs	(292)	(347)
Total costs excluding vacant property costs (B)	13,107	12,744
Gross rental income	67,948	60,192
Share of joint venture gross rental income	11,084	13,844
	79,032	74,036
Less:		
Ground rents	(59)	(180)
Total gross rental income (C)	78,973	73,856
Total EPRA cost ratio (including vacant property costs) (A)/(C)	17%	19%
Total EPRA cost ratio (excluding vacant property costs) (B)/(C)	17%	17%

v EPRA net initial yield and “topped up” net initial yield

As at 31 March	2016 £000	2015 £000
Investment property – wholly-owned	1,346,110	1,164,140
Investment property – share of joint ventures	174,741	236,245
Less development properties	(56,550)	(131,095)
Less residential properties	(55,895)	(69,573)
Completed property portfolio	1,408,406	1,199,717
Allowance for:		
Estimated purchasers’ costs	95,772	69,584
Estimated costs to complete	43,967	33,754
EPRA property portfolio valuation (A)	1,548,145	1,303,055
Annualised contracted rental income	71,945	63,605
Share of joint ventures	8,064	12,222
Less development properties	(3,972)	(11,333)
Less residential properties	(856)	(1,140)
Annualised net rents (B)	75,181	63,354
Contractual rental increases for rent free periods	5,334	9,783
Contractual rental increases for fixed uplifts	3,641	1,855
“Topped up” net annualised rent (C)	84,156	74,992
EPRA net initial yield (B/A)	4.9%	4.9%
EPRA “topped up” net initial yield (C/A)	5.4%	5.8%

vi EPRA Vacancy rate

As at 31 March	2016 £000	2015 £000
Annualised estimated rental value of vacant premises	604	255
Portfolio estimated rental value ¹	82,720	70,615
EPRA vacancy rate	0.7%	0.3%

¹ Excludes residential and development properties

vii EPRA capital expenditure analysis

	Group 2016 £000	JV 2016 £000	Total 2016 £000	Group 2015 £000	JV 2015 £000	Total 2015 £000
As at 31 March						
Opening valuation	1,164,140	236,245	1,400,385	1,030,553	189,205	1,219,758
Acquisitions	109,546	3,477	113,023	208,943	59,049	267,992
Developments ¹	104,955	–	104,955	21,557	–	21,557
Capital expenditure ²	13,720	761	14,481	10,545	727	11,272
Disposals	(128,493)	(64,749)	(193,242)	(231,451)	(22,854)	(254,305)
Revaluation	51,063	(1,276)	49,787	112,393	5,982	118,375
Lease incentives	31,179	283	31,462	11,600	4,136	15,736
Closing valuation	1,346,110	174,741	1,520,851	1,164,140	236,245	1,400,385

1 Includes capitalised interest of £2.7 million (2015: £1.6 million)

2 Capital expenditure on completed properties

viii Total accounting return

For the year to 31 March	2016 £000	2015 £000
EPRA net asset value		
– at end of year	922,105	877,226
– at start of year	877,226	756,970
Increase	44,879	120,256
Dividend paid	56,171	43,749
Increase including dividend	101,050	164,005
Total accounting return	11.5%	21.7%

ix Portfolio split and valuation

As at 31 March	2016 £m	2016 %	2015 £m	2015 %
Retail	474.8	31.2	490.7	35.0
Leisure	69.0	4.5	77.1	5.5
Distribution – retail	581.1	38.2	402.2	28.7
Distribution – non retail	203.3	13.4	156.4	11.2
Office	80.2	5.3	73.3	5.2
Investment Portfolio	1,408.4	92.6	1,199.7	85.6
Development – retail	16.6	1.1	32.8	2.4
Development – distribution	40.0	2.6	98.3	7.0
Residential	55.9	3.7	69.6	5.0
	1,520.9	100.0	1,400.4	100.0

Retail (Group and JV split)

Wholly-owned	360.5	75.9	345.3	70.4
Metric Income Plus Partnership	82.7	17.4	106.2	21.6
LMP Retail Warehouse JV Property Unit Trust	31.6	6.7	39.2	8.0
	474.8	100.0	490.7	100.0

x Investment Portfolio yields

As at 31 March	2016			2015		
	EPRA NIY %	EPRA topped up NIY %	Equivalent yield %	EPRA NIY %	EPRA topped up NIY %	Equivalent yield %
Retail	4.8	5.8	5.8	5.2	6.0	5.9
Leisure	6.0	6.0	7.0	6.1	6.2	7.4
Distribution	4.7	5.2	5.4	4.2	5.4	5.7
Office	5.3	5.6	6.6	6.3	6.3	6.2

Investment portfolio	4.9	5.4	5.7	4.9	5.8	5.9
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xi Investment Portfolio – Key statistics

As at 31 March 2016	Area '000 sq ft	WAULT to expiry years	WAULT to first break years	Occupancy %	Average rent £ per sq ft
Retail	2,461	12.1	11.2	98.1	16.90
Leisure	289	21.3	21.3	100.0	15.30
Distribution – Retail	6,171	13.9	13.2	100.0	5.20
Distribution – Non Retail	1,634	11.1	10.4	100.0	6.85
Office	231	7.3	7.3	100.0	21.30
Investment portfolio	10,786	12.8	12.2	99.3	8.30
Distribution development ¹	1,180				
Retail development	89				
Total investment & development portfolio	12,055				

1 Excludes conditional development site at Bedford.

xii Total property returns (%)

For the year to 31 March	Core portfolio 2016 %	All property 2016 %	All property 2015 %
Capital return	5.2	4.9	11.1
Income return	5.5	5.3	5.8
Total return	10.9	10.5	17.5

xiii Contracted rental income

As at 31 March	2016 £m	2015 £m
Retail	31.3	31.6
Leisure	4.4	5.0
Distribution – retail	31.1	23.1
Distribution – non retail	11.2	8.8
Office	4.9	4.7
Investment portfolio	82.9	73.2
Development – retail	0.8	2.1
Development – distribution	2.5	9.2
Residential	0.9	1.1
Total portfolio	87.1	85.6

xiv Rent subject to expiry

As at 31 March 2016	Within 5 years %	Within 10 years %	Within 15 years %	Within 20 years %	Over 20 years %
Retail	7.0	33.7	76.4	91.4	100.0
Leisure	–	–	10.1	10.1	100.0
Distribution	5.1	37.7	58.0	88.1	100.0
Office	13.4	100.0	100.0	100.0	100.0
	6.0	37.9	64.8	86.0	100.0

xv Contracted rent subject to RPI or fixed uplifts for investment portfolio (%)

As at 31 March	2016 £m	2016 %	2015 £m	2015 %
Retail	8.9	27.7	8.3	26.4
Leisure	4.4	100.0	5.0	100.0
Distribution	26.0	57.9	16.2	50.8
Office	3.0	60.9	3.0	64.1
Investment portfolio	42.3	49.0	32.5	44.4

xvi Top 10 assets (by value¹)

As at 31 March 2016	Area '000 sq ft	Contracted Rent £m	Occupancy %	WAULT to expiry years	WAULT to first break years
Primark Distribution Centre, Islip	1,062	5.3	100	24.5	24.5
Dixons Carphone, Newark Distribution Centre	726	3.9	100	17.3	17.3
Primark Distribution Centre, Thrapston	783	4.0	100	16.5	16.5
Marlow International, Marlow	231	4.9	100	7.3	7.3
Argos, Bedford	658	3.8	100	6.7	6.7
Eddie Stobart, Dagenham	410	3.1	100	15.3	15.3
The Hut Group, Warrington	690	3.8	100	14.6	14.6
Royal Mail, Daventry	273	2.5	100	7.4	7.4
Kirkstall Bridge Shopping Park, Leeds	120	2.1	100	12.8	10.7
M&S, Sheffield	626	2.6	100	7.7	5.3

1 Excluding residential assets

xvii Top 10 Occupiers

As at 31 March 2016	Contracted rental income £m	Market capitalisation £bn	Contracted rental income %
Primark ¹	9.4	23.1	10.9
Dixons Carphone	5.5	5.1	6.4
M&S	5.3	7.2	6.1
Argos ¹	4.1	5.2	4.7
Odeon	4.0	Private	4.6
The Hut Group	3.8	Private	4.4
DFS	3.6	0.7	4.3
Royal Mail	3.2	4.9	3.8
Eddie Stobart	3.1	Private	3.5
Allergan	3.0	61.3	3.5
Top 10	45.0		52.2
Other commercial income	41.2		47.8
Total commercial	86.2		100.0
Residential income	0.9		
Total Group income	87.1		

1 Market capitalisation of parent company

Definitions

Building Research Establishment Environmental Assessment Methodology (BREEAM)

A set of assessment methods and tools designed to help construction professionals understand and mitigate the environmental impacts of the developments they design and build

Capital Return

The valuation movement on the property portfolio adjusted for capital expenditure and expressed as a percentage of the capital employed over the period

Contracted Rent

The annualised rent adjusting for the inclusion of rent free periods

Cost of debt

Weighted average interest rate payable

Debt maturity

Weighted average period to expiry of drawn debt

Energy Performance Certificate (EPC)

Required certificate whenever a property is built, sold or rented. An EPC gives a property an energy efficiency rating from A (most efficient) to G (least efficient) and is valid for 10 years. An EPC contains information about a property's energy use and typical energy costs, and recommendations about how to reduce energy use and save money

EPRA Cost Ratio

Total operating costs as a percentage of gross rental income

EPRA Earnings per Share (EPS)

Recurring earnings from core operational activities divided by the average number of shares in issue over the year

EPRA Like for Like Income Growth

The movement in rental income on properties owned throughout the current and previous periods under review. The movement includes revenue recognition and lease accounting adjustments but excludes properties held for development and residential

EPRA NAV per Share

Balance sheet net assets excluding fair value of derivatives, divided by the number of shares in issue at the balance sheet date

EPRA NNNAV per Share

EPRA NAV per share adjusted to include the fair value of financial instruments, debt and deferred taxes at the balance sheet date

EPRA net initial yield

Annualised rental income based on cash rents passing at the balance sheet date, less non recoverable property operating expenses, expressed as a percentage of the market value of the property, after inclusion of estimated purchaser's costs

EPRA topped up net initial yield

EPRA net initial yield adjusted for expiration of rent free periods or other lease incentives such as discounted rent periods and stepped rents

EPRA Vacancy

The Estimated Rental Value (ERV) of immediately available vacant space divided by total annualised income of the investment portfolio

Equivalent Yield

The weighted average income return expressed as a percentage of the market value of the property, after inclusion of estimated purchaser's costs

Estimated Rental Value (ERV)

The external valuers' opinion of the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property

European Public Real Estate Association (EPRA)

The European Public Real Estate Association (EPRA) is the industry body for European Real Estate Investment Trusts (REITs)

Group

LondonMetric Property Plc and its subsidiaries

IFRS

The International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union

Income Return

Net rental income expressed as a percentage of capital employed over the period

Investment Portfolio

The Group's property portfolio excluding development, land holdings and residential properties

Investment Property Databank (IPD)

Investment Property Databank (IPD) is a wholly owned subsidiary of MSCI producing an independent benchmark of property returns and the Group's portfolio returns

Loan to Value (LTV)

Net debt expressed as a percentage of the total property portfolio value at the period end

Net Rental Income

The rental income receivable after deduction for ground rents and other net property outgoings including void costs and net service charge expenses

Occupancy Rate

The ERV of the let units as a percentage of the total ERV of the investment portfolio

Omni Channel Retailing

The evolution of multi channel retailing providing a seamless shopping experience for the consumer through all available shopping channels, ie physical, internet, mobile, social media, telephone, catalogue etc

Passing Rent

The gross rent payable by tenants under operating leases, less any ground rent payable under head leases

Property Income Distribution (PID)

Dividends from profits of the Group's tax-exempt property business under the REIT regulations. The PID dividend is paid after deducting withholding tax at the basic rate

Real Estate Investment Trust (REIT)

A listed property company which qualifies for and has elected into a tax regime which is exempt from corporation tax on profits from property rental income and UK capital gains on the sale of investment properties

Total Accounting Return (TAR)

The movement in EPRA NAV plus the dividend paid during the period expressed as a percentage of the EPRA NAV at the beginning of the period

Total Property Return (TPR)

Unlevered weighted capital and income return of the property portfolio as calculated by IPD

Total Shareholder Return (TSR)

The movement in the ordinary share price as quoted on the London Stock Exchange plus dividends per share assuming that dividends are reinvested at the time of being paid

Weighted Average Interest Rate

The total loan interest and derivative costs per annum (including the amortisation of finance costs) divided by the total debt in issue at the period end

Weighted Average Unexpired Lease Term (WAULT)

Average unexpired lease term across the investment portfolio weighted by net rental income