3 June 2014

LONDONMETRIC PROPERTY PLC

("LondonMetric" or the "Group" or the "Company")

FULL YEAR RESULTS FOR THE YEAR ENDED 31 MARCH 2014

DELIVERING MATERIAL RENTAL INCOME GROWTH FROM PORTFOLIO REPOSITIONING, LONG LEASES AND PRE-LET DEVELOPMENTS

LondonMetric today announces its full year results for the twelve months ended 31 March 2014.

HIGHLIGHTS:[1]

	Year ended 31 March 2014	Year ended 31 March 2013	% change
Reported profit/(loss) (£m)	125.3	(13.5)	
Revaluation surplus (£m)	95.9	20.3	+372
EPRA earnings (£m)	26.4	22.0	+20.0
EPRA NAV per share (p)	121	109	+11.0
NAV per share (p)	121	108	+12.0
EPRA EPS (p)	4.2	3.9	+7.7
Dividend per share (p)	7.0	7.0	
LTV (%)	31.6	43.3	

1. Unless otherwise stated, all figures include LondonMetric's net share of joint ventures

Financial:

- Reported profit of £125.3 million (2013: Loss of £13.5 million)
- Final dividend declared of 3.5p to be paid on 21 July 2014 bringing the full year dividend to 7.0p (2013: 7.0p); full dividend covered by contracted rental income
- Revaluation surplus of £95.9 million, a portfolio uplift of 8.5%
- EPRA EPS of 4.2p (2013: 3.9p), an increase of 7.7% over March 2013
- EPRA net asset value per share of 121.0p, an increase of 11.0% over March 2013
- Net debt (including joint ventures) £385.6 million (2013: £527.1 million)
- Loan to value ratio of 32% (2013: 43%); weighted average cost of debt 3.9% (2013: 4.0%)

Operational:

- 16.3% rise in annualised rent roll to £72.7 million (2013: £62.5 million) driven by 48 occupier transactions, portfolio repositioning and a 3.4% increase in like-for-like rental growth
  - Islip retail distribution development 100% pre-let with contracted rent roll of £5.3 million, increasing total rent roll a further 7.3% to £78.0 million
- Property total return of 17.0% (IPD: 13.4%) driven by 800bps outperformance across retail portfolio and 900bps across distribution portfolio
  - Revaluation surplus of £95.9 million contributing to a capital return of 11.2% compared to IPD All Property Quarterly Index of 7.5%
  - 33bps inward yield shift driven by strengthening real estate market; 27bps coming from value enhancing asset management initiatives
- £974 million of investment activity (at share) capitalising on 320bps of positive yield arbitrage between acquisitions and disposals:
  - Acquisitions totalling £405.6 million, average NIY of 7.6%, unexpired lease terms 14.3 years (13.4 years to first break)
  - Total disposal proceeds of £568.4 million, average NIY of 4.4%, unexpired lease terms 9.6 years (9.5 years to first break)

- Residential sales proceeds of £171.3 million across 341 units; 2.2% ahead of valuation
  - £20.4 million of sales agreed across 37 units post period end
  - Sold out at Clerkenwell Quarter, Stockwell and Highbury
- Robust investment portfolio metrics:
  - 48 occupier transactions, securing an additional £11.8 million of rental income over previous passing rentals, at average lease lengths of 16.2 years (15.4 years to first break)
  - Carter Lane 72% pre-let, securing rent roll of £4.8 million and in detailed negotiations on remaining space
  - 99.6% occupancy (2013: 94.5%) with 32.6% of rent roll benefiting from fixed uplifts (2013: 19.0%)
  - Long unexpired leases averaging 12.7 years (11.8 years to first break) (2013: 11.6 years unexpired (10.8 years to first break)

Patrick Vaughan, Chairman of LondonMetric, commented:
"This has been a year of delivery on all fronts for LondonMetric. The team has materially repositioned the portfolio with nearly £1 billion of investment activity which has added over £10 million to our annualised rent roll, increased the length of our leases and replenished our stock of development opportunities.

"I believe we are somewhere in the middle of the cycle for UK commercial property in which an improving economy, the availability of reasonably priced credit and strong competition for supply makes the investment market very competitive, but I am confident that we will maintain a high level of investment and build on the activity this year for future outperformance and further excellent returns for our shareholders."

Andrew Jones, Chief Executive of LondonMetric, commented:
"The last six months has seen a dramatic change in the UK property market particularly for assets outside the south-east. We have seen liquidity return to the vast majority of the UK market for the first time since 2007 and strong secondary assets outperforming prime real estate, a trend we expect to continue.

"As yields on prime real estate head towards record lows there is an increasing acceptance that yield compression is a button that can't be pushed forever. Conversely strong secondary assets continue to offer higher sustainable income returns and with an improving economic outlook and little new development, will also begin to deliver real income growth.

"Our focus on out-of-town retail and distribution has not only simplified the business but created a portfolio of good quality real estate with strong occupier appeal and desirable income characteristics, as well as laying the foundations for income growth."

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Meeting and conference call for investors and analysts

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

FTI Consulting
200 Aldersgate
Aldersgate Street
London EC1A 4HD

In addition, a simultaneous conference call will also be available and the presentation will be available to download from the Company's website www.londonmetric.com

To participate in the call, please dial:

Dial in number: +44 (0)20 7138 0808
Conference ID: 2698699

Event title: LondonMetric Property Full Year Results

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 primarily in out-of-town retail and distribution properties. It employs an occupier-led approach to property investments through opportunistic acquisitions, joint ventures, active asset management and short cycle developments. The asset focus is on properties with enduring occupier appeal providing opportunities to improve both rental values and the security and longevity of income; and limited risk redevelopments with the aim of enhancing shareholder returns.

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

Chairman's statement

The year to 31 March 2014 has been an extremely busy period for all at LondonMetric. We set ourselves a demanding series of objectives for the year and I believe the team has worked remarkably hard and effectively to achieve them.

To remind ourselves of the tasks, they were to complete the successful integration of the newly merged London & Stamford and Metric Property businesses, to move to new combined premises without loss of focus, to restructure the portfolio, including particularly a material reduction in our residential programme and a material increase in our distribution weighting, to focus strongly on adding value through asset management and to focus on obtaining higher income yields and longer weighted average lease lengths.

A very high level of portfolio activity has taken place, with £405.6 million of purchases and £568.4 million of sales in the period. Our average purchase yield was 7.6% and our sales yield was 4.4%. The weighted average lease length has risen from 11.6 years to 12.7 years.

Beyond all of that our most important objective was to achieve a run rate of contracted net rental income to cover our dividend and we have achieved this. It will flow through to increasing earnings in the coming year. We also have the resources available to ensure that from the present position, further improvement can be achieved. Recurring income remains a core aim, but it is also balanced with a need to make the right investment and divestment decisions so that overall total returns are sustained.

RESULTS
The results this year reflect the first full year for the enlarged LondonMetric Group.

The prior year comparatives reflect the activity of London & Stamford for the period from 1 April 2012 until the merger and then show the combined activity of the enlarged Group for the two months to 31 March 2013.

EPRA earnings for the year of £26.4 million is a 20% increase on 2013 and contributes to a retained profit of £125.3 million (2013: loss of £13.5 million).

The strength of the market and our own asset management activity has helped to generate a revaluation surplus of £95.9 million in the year (2013: £20.3 million) and, as advised to you last year, the results have been sustained by a significant reduction in exceptional items to only £14.1 million (2013: £53.4 million) as the impacts of the merger, the completion of the amortisation of the internalisation consideration and the write off of the Green Park intangible asset also created on internalisation, have been absorbed.

Net assets at 31 March 2014 were £755.9 million (2013: £676.7 million) an increase of £79.2 million (11.7%). This is equivalent to 120.8p per share (2013: 107.7p).

The Board has proposed a final dividend of 3.5p per share to be paid on 21 July 2014 which, when taken with the interim dividend of the same amount, paid on 20 December 2013 will give a total dividend in respect of the year of 7.0p (2013: 7.0p).

PORTFOLIO
As a result of the investment activity in the year 86% of the portfolio is now core out-of-town retail and distribution.

At a property level, a total return of 17.0% comprising an 11.2% capital return and a 5.3% income return, has outperformed IPD by 360 bps.

THE BOARD
There are a number of changes to the Board. It is my great pleasure to welcome Rosalyn Wilton to the Board as a Non-Executive Director. Her financial acumen will make a very valuable addition to the Audit Committee. Humphrey Price has announced his intention to retire from the Board which will take effect from 31 March 2015.

As was the intention at the time of the merger, I am pleased to welcome our two senior members of the Executive Committee, Valentine Beresford and Mark Stirling, to the Board who will join with immediate effect.

I can confirm that at the end of the half year, I propose to stand down as Executive Chairman and am delighted to continue to serve as Non-Executive Chairman and to be engaged with the Company for several days a week. I feel it is a good plan for the Company, given the very high quality of the Executive team.

OUTLOOK
The market in the second half of the year has been very strong and rational pricing has returned to most sectors across the UK. In some areas pricing has strengthened further than we could have anticipated, which in certain instances will encourage us to sell sooner than we had expected. I remain confident that we will be able to find opportunities to reinvest in both on and off market transactions and seek out more attractive assets in those areas where we have a competitive advantage. We will continue to manage the portfolio with vigour, with a constant eye to improving income and the quality of the portfolio.

Chief Executive's review

2013/14 has been an active year of repositioning our portfolio through nearly £1 billion of investment activity and 48 occupier transactions across 2.3 million sq ft. Our core assets now account for 86% of our portfolio, with 80% acquired over the last three years.

STRATEGIC PRIORITIES ON TRACK

Over one year on from the merger we have delivered on our strategic objectives to focus on our core sectors of out-of-town and retail distribution with a priority of growing income and investing in opportunities for creating value as part of a balanced contribution to our total returns.

Our strategic objectives remain on track and over the coming year we will focus on:

- Growing income, both in quality and quantum;
- Completing our divestment programme across our remaining office and residential assets;
- Investing in our core sectors by growing both our retail distribution and our out-of-town portfolios;
- Recycling capital in our portfolio where value has been optimised and reinvesting in opportunities with more attractive asset management and redevelopment opportunities;
- Delivering on our development programme.

SIGNIFICANT ACHIEVEMENTS

Our investment and asset management teams have delivered to reposition both the investment and development portfolios with some noteworthy achievements:

- Four portfolio acquisitions totalling £309.5 million (LondonMetric share: £169.2 million) benefiting from a concurrent disposal strategy on three of the portfolios;
- Material disposals of our Fleet Place and Leatherhead offices for £188.3 million, reflecting a blended exit yield of 5.4%;
- The disposal of our residential portfolio for £171.3 million – selling 341 units in total across our schemes at Clerkenwell Quarter, Battersea, Highbury, Stockwell and Moore House in the year, with a further 37 units for £20.4 million in solicitors hands;
- Considerable progress pre-letting Carter Lane, now 72% pre-let, securing £4.8 million of rent roll in the period;
- Intense level of occupier transactions delivering an increase in our rental income of £6.5 million per annum across the investment portfolio – including like-for-like rental growth of 3.4%;
- Securing our first retail distribution development in Islip, Northamptonshire – the development is in excess of 1 million sq ft, is 100% pre-let at £5.3 million per annum on a new 25-year lease with annual fixed rental uplifts.

STRONG JV PARTNERSHIPS

Earlier this year we created a new DFS joint venture to acquire a portfolio of 27 DFS assets for £175 million, reflecting a net initial yield of 9.3%. Our stake is 30.5%. The transaction completed on 25 March and we simultaneously announced the disposal of ten of these properties. We have now sold a further three assets, bringing total disposals to £64.2 million, reflecting an exit yield of 8.4%.

Our MIPP joint venture had an active year, with £66.5 million of acquisitions (LondonMetric share £22.2 million) at a blended yield of 6.8%, and average lease length of 15.5 years (15.3 years to first break).

This includes the portfolio of five Wickes units acquired in September. The joint venture reached its target investment in December and post-period end we agreed with USS to extend the joint venture to increase our stake to 50% from 33.3%.

DELIVERING ROBUST RESULTS

EPRA net assets per share has grown by 11% to 121.0p (2013: 109.4p), driven by a very strong valuation surplus of 15.3p, recurring profit of 4.2p, offset by dividends paid of 7.0p.

We have grown gross rental income as reported in the income statement, by 30% to £61.9 million (2013: £47.7 million) primarily by achieving a profitable spread between lower yields on disposals and higher reinvestment yields. The timing of acquisitions and disposals as well as transaction costs has resulted in EPRA earnings per share of 4.2p (2013: 3.9p).

Over the period there were £568.4 million of sales off average disposal yields of 4.4% and £405.6 million of purchases off average yields of 7.6%. These investment decisions as well as our asset management activity have increased our annualised rental income by £10.2 million to £72.7 million (2013: £62.5 million).

Looking forward, our development pipeline and further capital recycling, particularly of non-core residential and office sectors, will continue to feature in our performance, helping to improve our income growth further.

OUTPERFORMED IPD BY 360BPS

We delivered a property level total return of 17.0% comprised of a weighted income return of 5.3% and weighted capital return of 11.2%. This compares to IPD total return of 13.4% with an income return of 5.5% and a capital return of 7.5%. Both of our core retail and distribution portfolios outperformed their IPD benchmarks by 800bps and 900bps respectively.

ACHIEVING DIVIDEND COVER

Our annualised recurring profits now cover our dividend obligations of £44 million. We have been able to successfully deliver on this strategic objective set out last year by realising a 320bps arbitrage between the yields on purchases and sales increasing income by £3.7 million per annum and delivering additional income of £11.8 million per annum from asset management activity across the investment and development activity.

OCCUPIER CONTENTMENT

We operate a customer-focused business and aim to be the partner of choice across the retail and distribution sectors.

We build first-class relationships and leverage this knowledge to ensure that our properties have enduring occupier appeal. These deep relationships have allowed us not only to improve the operational performance of our existing portfolio but have also allowed us to intelligently acquire new investment and development opportunities that will benefit us over the next few years.

We undertook a total of 39 new lettings and re-gears during the period, granting on average new leases of 16.2 years (15.4 years to first break).

Our focus on lengthening and strengthening our income streams by actively engaging with our occupiers allowed us to increase the weighted average unexpired lease terms to 12.7 years (11.8 years to first break) across the investment portfolio, compared to last year’s 11.6 years (10.8 years to first break). The passage of time makes that comparison even more favourable.

Only 4.3% of our rental income is due to expire over the next five years and we have materially improved the proportion of expiries in excess of 15 years.

The intense asset management activity increased portfolio occupancy to 99.6%, with only five units vacant across 30,500 sq ft (2013: 94.5%).

OUR CORE SECTORS ARE WELL PLACED FOR GROWTH

As the economy continues to strengthen, both the investment and occupational markets are benefiting. Investor appetite is extending liquidity to the majority of the UK as equity inflows continue, both from UK institutions and overseas investors; primarily driven by pension funds and private equity. There is increasing appetite for long-let income which is forcing investors to look outside the south-east and is bringing liquidity to the majority of sectors and UK regions. This is evidenced across our own portfolio where we continue to receive unsolicited approaches. This has enabled us to realise value on some mature assets and capitalise on the back of this strong institutional demand.

PRIME VS SECONDARY SPREAD CONTRACTING

Over the last 12 months the spread between prime and the best secondary assets has begun to contract. The yield gap between the two is still 200bps compared to 130bps at the peak. Over the last year secondary yields have moved in by 100bps, whereas prime yields have only contracted by 25bps (CBRE). As a result secondary is firmly outperforming prime both at a capital as well as at an income level.

GOOD SECONDARY OUTPERFORMING

According to CBRE, the secondary retail warehouse sector has delivered a total return of 22.3%, with an income return of 8.0% and capital growth of 14.3% over the last year. Prime Open A1 assets have produced a total return of 10.25%; with an income return of 5.25% and a capital return of 5.0%. We expect this dynamic to continue as the spread between the two tightens further over the coming year.

LOGISTICS TRENDS DRIVING GROWTH

- Strong yield compression is supported by an expectation of real rental growth in the sector.
- Continued strong floor space demand with 65% of logistics occupiers expecting their floor space to increase over the next three years and 63% of logistics occupiers indicated e-commerce and multi-channel retail is a top three trend (JLL and CoreNet Global Occupier Survey).
- Take-up by retailers forecast at 50 million sq ft over the next five years, up 21% over the last five years (Savills).

YIELDS SIT ABOVE 2007 PEAK

Current yields across our core sectors continue to sit well above their 2007 peak, and in line with their 15-year mean, based on CBRE historic yields. This compares with other sectors, particularly prime shopping centres and City and West End offices where current yields are only 25bps away from their peak, and well below their 15-year mean.

VOIDS ON THE DECLINE

As the economy has continued to strengthen, the vacancy rate across retail warehousing is down to 15.9 million sq ft – a 22% fall from its peak of 20.4 million sq ft in 2009. Void rates are now 8.8% compared to a peak void rate of 11.8% in Q2 2009, and an average rate of 9.8% over the last seven years (Trevor Wood).

FIRST SIGNS OF RENTAL GROWTH
Across our own portfolio we are witnessing a strengthening occupier environment. Our voids are very low, we have seen a tightening of tenant incentives and there is limited new supply. We are already seeing the first signs of rental growth and these ingredients give us the confidence that it will continue to accelerate.

This is supported by future rental growth forecasts by Real Estate Forecasting Ltd which estimate retail warehousing is expected to move from rental declines in 2013 to outperform all property by 2017/18. Historically the distribution sector has under-performed the wider market, however it is expected to be the key beneficiary with the rise of online shopping and the growth in multi-channel retailing.

RETURN TO EQUIVALENT YIELD PRICING
Increasing confidence of real rental growth will also prompt a valuation shift away from initial to equivalent yield pricing, as we have witnessed in the West End retail and office markets.

Our focus on low average rents, £16.50 psf across our retail warehouse portfolio and £5.10 psf across distribution – where there is a sufficient gap between the passing and sustainable rents, will allow us to be an early beneficiary from this valuation move.

Investment

We have materially transformed the portfolio over the last year. Acquisitions have targeted our preferred sectors of out-of-town retail parks and retail distribution centres, which benefit from our deep occupier relationships. Disposals have been made from our non-core office and residential portfolios and selective sales across our out-of-town retail portfolio where value has been optimised or we have received appealing unsolicited approaches.

BENEFITING FROM YIELD ARBITRAGE BETWEEN PURCHASES AND SALES OF 320BPS
The sales of our low yielding offices and residential assets has allowed us to reinvest at significantly higher yields, generating a positive yield arbitrage of more than 320bps. Furthermore, the active recycling of our portfolio has also allowed us to materially improve the security of our income. The remaining lease lengths on our acquired assets are on average 4.7 years (3.9 years to first break) longer than on those we have disposed of.

Alongside our focus on retail parks and distribution centres, our reinvestment has primarily been targeting assets that provide strong income, asset management initiatives or short-cycle development opportunities, within those two sub-sectors. We continue to view real estate through these three lenses with occupier contentment a key ingredient in all of our acquisitions. We hold the firm view that the overall prosperity of the occupier is an essential requirement in our efforts to grow our income and in turn create capital growth.

Over the period, we completed acquisitions across 19 transactions for £405.6 million (at share), generating a net initial yield of 7.6% and a contracted rental income of £30.4 million per annum. The average unexpired lease lengths stood at 14.3 years (13.4 years to first break), which included simultaneous re-gears on acquisition across several properties.

OUT-OF-TOWN RETAIL AND LEISURE ACQUISITIONS FOR £192.4 MILLION, NIY 8.0%

We completed nine out-of-town retail and leisure investment transactions covering 49 properties. Our share of the purchase price was £192.4 million at an average yield of 8.0% and a total rent of £15.6 million per annum. The average unexpired lease term stands at 17.8 years.

Sub-sector breakdown of acquisitions

Sub-sector	No. of transactions	No. of assets	Cost at share (£m)	NIY (%)	WAULT [1] (years)
Retail	8	39	111.7	8.4	13.5
Leisure	1	10	80.7	7.2	24.9
Distribution	9	9	197.2	7.2	8.8
Total commercial	**18**	**58**	**389.6**	**7.6**	**13.4**
Development	1	1	16.0	-	-
Total including development	**19**	**59**	**405.6**	**7.6**	**13.4**

1. Weighted average unexpired lease term to first break

We acquired four separate portfolios during the year off attractive "wholesale" pricing totalling £169.2 million (at share) with an attractive unexpired lease length of 18.5 years and an average yield of 8.1%.

Four portfolio acquisitions

Portfolio	Date of completion	No. of assets	Cost at share (£m)	NIY (%)	WAULT[3] (years)
Milton Keynes & Cardiff	7-Aug-13	2	25.8	8.0	6.7
Wickes (MIPP JV[1])	27-Sep-13	5	9.3	7.2	19.4
Odeon	18-Nov-13	10	80.7	7.2	24.9
DFS (DFS JV[2])	25-Mar-13	27	53.4	9.3	16.0
Total		**44**	**169.2**	**8.1**	**18.5**

1. MIPP JV, total purchase price £28.0 million
2. DFS JV, total purchase price £175.0 million
3. Weighted average unexpired lease term to first break

We have already begun to monetise several of the non-core assets contained within these portfolios at prices materially ahead of their allocated acquisition prices. To date we have sold two Odeon cinemas from the portfolio of ten that we acquired and 13 DFS units from the 27 that we acquired in the joint venture. We have also sold the Wickes in Oxford following a lease re-gear which allowed us to extend their occupation from nine years to 25 years.

LONDONMETRIC OWNERSHIP IN MIPP JOINT VENTURE TO INCREASE TO 50%

We acquired a further nine properties in five separate transactions during the year for £22.2 million (at share) on behalf of our MIPP joint venture with the Universities Superannuation Scheme ("USS"). We currently own 33.3% of this joint venture but have recently agreed terms to extend it by a further two years and increase our ownership to 50% through further equity investment of c. £28.5 million. This will allow us to increase the investment portfolio to £220 million.

MIPP has a current portfolio value of £160.6 million and a running yield of 6.3% across 18 properties. The unexpired lease term is 14.9 years with 25% of the rental income benefiting from fixed indexation tied to RPI-linked uplifts. The portfolio is 100% let off an average passing rent of £14.50 per sq ft. Looking ahead, the investment strategy will remain the same with a strong focus on well-let real estate occupied by the best retailers, where there is the opportunity to grow income through indexation, open market rent reviews or asset management initiatives.

COMPLETED ON NINE DISTRIBUTION ACQUISITIONS FOR £197.2 MILLION, NIY 7.2%

Over the year there has been a strong focus on growing our distribution portfolio, particularly those currently occupied by our retailer partners.

Retailers are putting an increased focus on their distribution infrastructure as they respond to evolving multi-channel supply chain requirements. As a result, we are keen to build up the UK's leading portfolio of retail distribution centres and extend our working relationship with our key partners to help them achieve their objectives.

We completed the acquisition of nine distribution centres totalling £197.2 million at an average yield of 7.2%, adding £14.8 million to the annual rent roll. The average unexpired lease term is 10.6 years (8.8 years to first break).

We acquired the WH Smith Distribution Centre (‘DC’) in Birmingham for £10.1 million, where we simultaneously re-geared their lease from 11 to 21 years off a NIY of 7.9% followed by the purchase of the Argos DC in Bedford for £51.7 million off a NIY 7.0%.

Similarly, we acquired the Travis Perkins DC in Brackmills for £9.0 million, showing a net initial yield of 8.8%. Shortly after acquisition we surrendered their existing lease, which only had four months to expiry, and granted them a new ten-year lease. We also obtained our first exposure to the catalogue and internet fashion retailer Boden by acquiring their DC unit in Leicester for £5.2 million, NIY 8.3%.

During the period we announced three further retailer DC acquisitions totalling 1,220,000 sq ft for £67.3 million at a blended yield of 7.2%. These include the 626,000 sq ft Marks & Spencer DC in Sheffield, Superdrug’s northern DC in Doncaster and Oak Furniture Land's only UK DC in Swindon. These purchases completed post-period end. We have also acquired a second Royal Mail DC in Rotherham, announced separately this morning, for a purchase price of £10.3 million, reflecting a NIY of 6.0% with fixed rental uplifts equating to 1.75% per annum. It is a very modern, well located unit with a 14 years unexpired lease term.

All these acquisitions increase the size of our retail DC portfolio and complement our 783,000 sq ft Primark DC in Thrapston which we acquired last year. We are now well placed to be the UK’s largest owner of retailer distribution assets within the listed sector.

Post-period end retail distribution completions

Location	Retailer	Date of completion	Purchase price (£m)	NIY (%)	WAULT[1] (years)
Sheffield	M&S	30-Apr-14	32.2	7.6	7.3
Rotherham	Royal Mail	13-May-14	10.3	6.0	13.9
Swindon	Oak Furniture Land	29-May-14	22.1	6.5	8.6
Doncaster	Superdrug	24-Jun-14	13.0	7.6	6.9
Total			**77.6**	**7.0**	**8.3**

1. Weighted average unexpired lease term to first break

ONE MILLION SQ FT DISTRIBUTION DEVELOPMENT

As part of our objective to actively increase our investment within the distribution sector, we have also been focusing on development opportunities with our key retail partners. During the year we acquired a 70-acre site in Islip, Northamptonshire, for £16.0 million, from a private property company. Post-period end we have now received planning consent to develop a new 1.06 million sq ft retail distribution centre which we have pre-let to one of the UK's top 25 retailers. Preliminary site works are already underway and we expect to commence construction in summer 2014 with practical completion targeted for summer 2015. The total development cost is estimated at £77 million, generating a yield on cost of 6.9%.

COMMERCIAL DISPOSALS ACROSS TEN TRANSACTIONS FOR £397.1 MILLION, NIY 5.5%

We sold 28 properties in ten separate transactions over the period for gross proceeds of £397.1 million (at share) at an average exit yield of 5.5%. The average lease lengths on disposals were 11.1 years (11.0 to first break). These sales generated equity for reinvestment of £141 million after repayment of cross collateralised debt on Carter Lane and Marlow.

Over the period we completed on two non-core office disposals at Fleet Place in the City and Unilever's headquarters in Leatherhead for £112.5 million (NIY 5.1%) and £75.8 million (NIY 5.9%) and 3.5% ahead of previous valuation, respectively. Both sales went to foreign investors where demand for prime office continues unabated.

We are currently marketing the sale of Forest House and Elm Park Court in Crawley. Our remaining office investment, Marlow International, will be retained until we have concluded our various asset management initiatives.

We have recently completed the major refurbishment of our only remaining City of London office building in Carter Lane. This is already 72% pre-let and we are in negotiations on the remaining space. Carter Lane remains debt-free and upon disposal would generate significant funds for reinvestment.

Across the out-of-town retail portfolio, we have sold opportunistically as demand from institutional investors continues to grow outside the south-east and into the regions. Retail sales include a small portfolio sale of our Sheffield and Mansfield retail parks £19.2 million (NIY 6.8%), our Midland Road high street units in Bedford £6.5 million (NIY 6.2%), Congleton Retail Park £16.4 million (NIY 5.8%) and the Wickes unit in Oxford £12.4 million (share £4.1 million) (NIY 5.3%), which we sold a month after we acquired it following a lease re-gear. In January 2014 we sold the Odeon cinema in Dudley £7.7 million (NIY 6.0%) which we had acquired as part of a portfolio of ten Odeon cinemas purchased for £80.7 million (NIY 7.2%) in November 2013.

Simultaneous with the closing of our joint venture's purchase of 27 DFS assets for £175 million (share £53.4 million) (NIY 9.3%), we announced the sale of ten DFS assets for £47.1 million (share £14.4 million) (NIY 8.6%). LondonMetric has a 30.5% stake in the joint venture. Post-period end we have exchanged on the sale of three further assets for £17.1 million (share £5.2m).

The remaining portfolio now comprises 14 assets with an unexpired lease term on the portfolio of 16.0 years, an investment value of £140.1 million (LondonMetric share £42.7 million) and a running yield of 7.8%, generating a rent roll of £11.6 million (LondonMetric share £3.5 million). The joint venture has also agreed a £71.8 million five year facility across the remaining 14 assets reflecting an LTV of 51%.

Sub-sector breakdown of commercial disposals

Sub-sector	No. of transactions	No. of assets	Proceeds (£m)	NIY (%)	WAULT[1] (years)
Office	2	2	188.3	5.4	11.0
Retail	5	13	59.4	6.8	12.5
Leisure	1	1	7.7	6.0	24.4
Distribution	1	11	138.4	5.0	9.2
Development	1	1	3.3	-	-
Total	**10**	**28**	**397.1**	**5.5**	**11.0**

1. Weighted average unexpired lease term to first break

We sold our recently completed M&S redevelopment of the former Post Office in Berkhamsted shortly after practical completion to Lothbury with one 3,000 sq ft restaurant unit remaining vacant. The sale price was £12.3 million, reflecting a disposal yield of 3.9% rising to 4.6% upon full occupancy.

We have also recently sold an Odeon cinema in Huddersfield for £15.2 million, reflecting NIY of 6.1%, as investor demand for long well-let income continues to strengthen. The remaining Odeon portfolio comprises eight assets with an investment value of £68.6 million, generating a rent roll of £4.4 million. The unexpired lease term is 24.4 years with no breaks and benefits from annual RPI index-linked increases between 1% and 5%.

Post period-end disposals

Sub-sector	Location	Retailer	No. of assets	Proceeds (£m)	NIY (%)	WAULT[1] (years)
Retail	Berkhamsted	M&S	1	12.3	3.9	19.0
Retail	Various	DFS	3	5.2	7.8	16.0
Retail	Various	DFS	2	1.1	8.5	16.0
Leisure	Huddersfield	Odeon	1	15.2	6.1	24.4
Total			**7**	**33.8**	**5.6**	**20.8**

1. Weighted average unexpired lease term to first break

RESIDENTIAL SALES OF £171.3 MILLION ACROSS 341 UNITS

Residential sales were very strong over the year, with 341 units sold generating £171.3 million of gross sales receipts and releasing £121.8 million of equity for reinvestment into our preferred sectors. Post-period end we transacted on a further 37 units for £20.4 million, releasing £12.0 million of equity. Sales in the period were 2.2% ahead of valuation. To date the sales programme has generated £191.7 million of gross sales across 378 units.

We now only have three remaining units in our wholly-owned residential portfolio and have successfully sold out all of our residential units at Clerkenwell Quarter, Highbury and Stockwell. This has been a tremendous achievement.

Our last remaining residential asset at Moore House is held in a joint venture with Green Park and PSP, where our 40% share had a book value at 31 March 2014 of £74.0 million. We have £48.0 million of equity.

We have recently commenced a targeted sales campaign on a number of units and to date have agreed the sales on 10% of the units at prices in line with our March 2014 valuations. We expect to be a "patient seller" of this property over the next 18-24 months as the area improves with the delivery of the adjoining Chelsea Barracks.

As at 31 March 2014

	Sales (units)		Gross sales (£m)			Total equity released
Location	Completed	Agreed	Completed	Agreed	Total	(£m)
Clerkenwell Quarter	107	-	61.2	-	61.2	59.4
Highbury	109	25	53.0	14.5	67.5	38.0
Battersea	43	5	23.9	2.7	26.6	15.8
Stockwell	72	2	28.9	0.9	29.8	16.6
Moore House (40%)	10	5	4.3	2.3	6.6	4.0
Total	341	37	171.3	20.4	191.7	133.8

Asset management and development

PROPERTY PORTFOLIO

Despite our activity, our core portfolio still contains significant asset management and development opportunities, with 80% of our total portfolio having been acquired over the last three years and 94% since March 2010.

The commercial investment portfolio now comprises 86 assets valued at £952 million, generating a total annualised rental income of £65.0 million. Our portfolio is well-let with occupancy at 99.6% and an average lease length of 12.7 years (11.8 years to first break), which is one of the longest in the sector.

VALUATION UPLIFT OF £95.9 MILLION OR 8.5%

The portfolio generated a valuation uplift in the period of £95.9 million or 8.5%; £35.6 million in H1 and £60.3 million in H2. This has contributed to the portfolio valuation as at 31 March 2014, including developments and residential, of £1,219.8 million.

This uplift was a combination of both intense asset management activity and a strong improvement in the investment market.

The portfolio benefited from an inward yield shift of 60bps, with 33bps from market yield movements and 27bps from our asset management initiatives.

Forty-eight occupier transactions generated uplift in rental income of £11.8 million per annum on average lease lengths of 16.2 years (15.4 years to first break). Our core sectors of retail and distribution made the greatest contributions.

Valuation contributors

	Valuation uplift (%)
New lettings and rent reviews	18
New space	9
Asset management yield shift	18
Market yield shift	55
Total	**100**

Valuation contributors by sector

	Valuation uplift (£m)
Distribution	24.9
Retail	35.9
Developments	26.8
Office	5.3
Residential	3.0
Total valuation uplift	**95.9**

360BPS OUTPERFORMANCE AGAINST IPD

Our weighted total property return was 17.0%, which compares to the IPD All Property Quarterly Index at 13.4%, with outperformance driven by distribution and retail. Our active management approach ensured that we continued to outperform IPD Retail at both the income and capital level, with a total outperformance of 800bps. Our distribution portfolio also outperformed IPD by 900 bps at the total return level generated by a 26% capital return. Overall, we outperformed on capital return with an 11.2% return compared with IPD at 7.5%, a 370bps outperformance.

Performance against IPD[1] (%)

	Income return		Capital return		Total return		Outperformance
	LMP	IPD	LMP	IPD	LMP	IPD	(bps)
Retail	6.5	5.7	10.9	4.2	18.1	10.1	+800
Distribution[2]	6.5	6.7	18.2	9.4	25.8	16.7	+900
Office	4.6	4.8	15.8	12.9	21.0	18.3	+270
Residential	1.8	5.6	3.4	5.1	5.3	10.9	-560
Total	**5.3**	**5.5**	**11.2**	**7.5**	**17.0**	**13.4**	**+360**

1. IPD All Property Quarterly Index
2. Represents IPD All Industrials Index

ONLY 4.3% OF INCOME DUE TO EXPIRE OVER THE NEXT FIVE YEARS

The portfolio weighted average unexpired lease term is 12.7 years (11.8 years to first break). This is an improvement of more than one year on March 2013 and credits the significant level of investment activity, acquiring long leases and selling shorter ones combined with new lettings, re-gears and renewals, all extending our average unexpired lease term. Only 4.3% of our income is due to expire in the next five years and our weighting towards 15+ year income has materially improved relative to our position last year.

Lease expiry profile - % of annualised rental income[3]

	31 March 2014	31 March 2013
0-5 years	**4.3**	3.8
5-10 years	**36.5**	31.3
10-15 years	**29.7**	51.6
15 years +	**29.5**	13.3
Total	**100.0**	100.0

3. Commercial investment portfolio annualised rental income

FIXED UPLIFTS COMPRISE 33% OF ANNUALISED RENTAL INCOME[3]

Fixed uplifts provide security of income growth and are increasingly sought-after by institutions, generating a positive premium yield.

Including our development pre-let at Islip, 38% of our portfolio's income was subject to fixed rental uplifts (or 47.2% of the distribution sub sector) with the split between sectors set out below.

Fixed uplifts

	% of contracted rental income	% of sub-sector rental income
Distribution	11.8	34.5
Retail	8.0	14.1
Leisure	8.3	100.0
Office	4.5	48.5
Total portfolio	**32.6**	

TENANT DIVERSITY AND COVENANT STRENGTH
One of our strategic priorities has been to rebalance the portfolio towards out-of-town and retail distribution and the table below shows the significant progress we have made recycling capital out of offices and residential into these sectors.

Sector exposure (%)

	31 March 2013	31 March 2014	Today[1]
Out-of-town			
Retail	29	37	38
Leisure	-	7	6
Distribution			
Retail distribution	10	22	23
Non-retail	10	6	6
Office	20	6	6
Residential	21	8	8
Development	10	14	13
Total	**100**	**100**	**100**

1. At 2 June 2014, including post-period end acquisitions and disposals

MANAGING TENANT EXPOSURE THROUGH SALES
We continue to focus on balancing our tenant exposure, which has evolved over the year with intense activity in the investment market.

The wholesale acquisition of the Odeon and DFS portfolios materially extended our exposure to these two covenants. We have been conscious of this exposure and since acquisition have actively looked to manage this as part of a wider reinvestment strategy.

Since January we have now sold two of the Odeon cinemas and 13 DFS stores, crystallising material receipts over their wholesale purchase prices as well as reducing our income exposure to them. The DFS income exposure has reduced from 9.7% at acquisition to 6.7% today. Similarly, our Odeon exposure has reduced from 9.1% at acquisition to 6.1% post-period end.

Tenant exposure (weighted by March 2014 annualised rental income)

Trading name	Rent per annum £m	% of total rent
Top 10 retailers		
1. Odeon Cinema Ltd	5.4	7.4
2. DFS	5.4	7.4
3. Argos	4.0	5.5
4. Primark	3.9	5.4
5. B&Q	3.7	5.2
6. M&S	3.6	5.0
7. Allergan	3.0	4.1
8. Royal Mail	2.4	3.3
9. SEB	2.4	3.3
10.MFS Global	2.4	3.2
Total top ten customers	36.2	49.8
Other	36.5	50.2
Total rental income	**72.7**	**100.0**

The proportion of rental income generated by retail occupiers has increased from 57% last year to 78% today. However, our tenant sector exposure remains well diversified across many occupiers, numerous locations and a number of sub-sectors. We would expect our exposure to the strongest retailers to increase as we invest further within the retail distribution portfolio.

OCCUPIER TRANSACTIONS

£11.8 MILLION RENTAL INCOME UPLIFT ACROSS 48 OCCUPIER TRANSACTIONS

During the period we executed on 48 occupier transactions, generating £25.8 million of rental income, a net uplift of £11.8 million over the March 2013 passing rent roll of £62.5 million. This was £1.4 million or 5.7% ahead of management expectations and at average lease lengths of 16.2 years (15.4 years to first break). In addition, the positive contribution from rent roll gained on acquisitions less disposals has added a further £3.7 million, increasing the contracted rent roll by £15.5 million from £62.5 million to £78.0 million.

Growing rental income

	Contributors/ total increase	Rental income
Annualised rental income 31 March 2013		62.5
New lettings on existing space	5.9	5.9
Rent reviews/re-gears	0.6	0.6
Uplift over previous passing rent	6.5	69.0
Net new investment (acquisitions less disposals)	3.7	3.7
Annualised rental income 31 March 2014	10.2	72.7
Islip development	5.3	5.3
Contracted rental income 31 March 2014	**15.5**	**78.0**

Occupier transactions

	No. of transactions	Net uplift in income (£m)	WAULT (years)	
			To expiry	To 1st break
New lettings	30	11.2	19.1	17.8
Re-gears	9	0.4	12.3	12.3
Rent reviews	9	0.2	-	-
Total	**48**	**11.8**	**16.2**	**15.4**

New lettings have contributed an increase in contracted rental income of £11.2 million. These transactions have been let on average lease terms of 19.1 years (17.8 years to first break). This includes lettings to MFS and SEB at Carter Lane (rent roll £4.8m) and the 100% pre-let development at our 1.06 million sq ft distribution development at Islip (£5.3 million), which combined account for £10.1 million. These have been let with average lease lengths of 21.5 years (20.3 years to first break). The remaining 26 lettings generated an uplift in rental income of £1.1 million across 14 retail parks covering 330,000 sq ft.

New letting summary

	No. of transactions	Net uplift in income (£m)	WAULT (years)	
			To expiry	To 1st break
Retail	26	1.1	14.2	12.4
Islip development	1	5.3	25.0	25.0
Carter Lane	3	4.8	17.5	15.0
Total	**30**	**11.2**	**19.1**	**17.8**

RE-GEAR PORTFOLIO EXTENDED BY 4.3 YEARS

Re-gears were undertaken across 750,000 sq ft, achieving average lease terms of 12.3 years and securing £10.5 million of rental income and producing an annual uplift of £450,000. This includes the re-gears of the Wickes portfolio, the simultaneous acquisition and re-gear of the WH Smith DC in Birmingham and the re-gear of the Travis Perkins DC lease at Brackmills.

Re-gear summary

Scheme name	Asset management initiatives
Unilever House, Leatherhead	- Re-geared existing lease from 9 years to 10 years to expiry - Increased rent by 7.5% to £26.55 psf
Allergan, Marlow	- Re-geared existing lease from 6.8 years to 12.3 years to expiry
WH Smith DC, Birmingham	- Re-geared existing lease from 11 years to 21 years to expiry - Increased rent from £4.00 psf to £4.75 psf +18.8%
Travis Perkins DC, Brackmills	- Re-geared existing lease from 0.3 years to 10 years to expiry
Carpetright, Milton Keynes	- Re-geared existing lease from 6.1 years to 11.1 years to expiry
Carpetright, Christchurch	- Re-geared existing lease from 7.9 years to 12.9 years to expiry
Wickes, Barnsley (MIPP)	- Re-geared existing lease from 6 years to 17 years to expiry
Wickes, Chatham (MIPP)	- Re-geared existing lease from 5 years to 20 years to expiry
Wickes, Oxford (MIPP)	- Re-geared existing lease from 10 years to 25 years to expiry

RENT REVIEWS SHOWING 12.6% UPLIFT OVER PREVIOUS PASSING

Nine rent reviews were completed in the period at rents of 12.6% over the previous passing rent.

LIKE-FOR-LIKE INCOME GROWTH 3.4%

Our management activity delivered EPRA like-for-like income growth of 3.4%, driven by rent reviews and lettings in our retail portfolio.

Like-for-like rental growth – properties owned throughout 2013/14

	No. of properties	Opening rent roll (£m)	Like-for-like rental growth (%)
Retail	46	22.8	4.8
Distribution	15	7.2	2.2
Office	2	6.0	-0.6
Total	**63**	**36.0**	**3.4**

DEVELOPMENT

Over the period we successfully achieved practical completion of phase 2 of our 27,000 sq ft extension at Bishop Auckland.

Following lettings to Home Bargains (11,100 sq ft), Vision Express (1,000 sq ft), Card Factory (1,400 sq ft) and TK Maxx (10,000 sq ft), the scheme is now over 92% let, with one unit of 6,200 sq ft remaining across the entire park.

Post-period end we have successfully completed the 22,500 sq ft redevelopment as Berkhamsted. The scheme is anchored by an 18,000 sq ft M&S Simply Food with a 1,500 sq ft unit let to Costa and a 3,000 sq ft unit still available.

We have now successfully sold the development for £12.3 million, reflecting an initial yield of 3.9% rising to 4.6% upon letting of the last remaining unit. This has delivered an overall profit of £4.5 million and a profit on cost of 58%.

We have also recently just completed the refurbishment of our City of London office building at 1 Carter Lane (127,600 sq ft). We are already 72% pre-let, with 33,600 sq ft to let over the ground and first floors. We are in detailed negotiations on the remaining space.

These three developments have delivered a blended profit on cost of 21% over the last two years.

In April we announced the acquisition and pre-letting of our first retail distribution development. We have since secured the detailed planning consent and the site works are already underway. Completion of the site acquisition will take place in summer 2014. We have now signed a fixed price construction contract and expect to deliver the new building in the summer of 2015.

The development is already 100% pre-let on a new 25-year lease at an annual rent of £5.3 million subject to fixed annual uplifts of 1.5%. Total cost, including site purchase, is anticipated at £77 million, reflecting a yield on cost of 6.9%.

We announced the acquisition of the Oak Furniture Land DC in March, which completed at the end of May. Planning is in place for a 150,000 sq ft extension to Oak Furniture Land's existing 302,000 sq ft DC. We are in detailed discussions with them and remain hopeful of reaching an agreement to start construction later this year.

We have continued to make progress on our 120,000 sq ft shopping park development at Kirkstall, Leeds. We have agreed vacant possession with BHS for later this summer with construction to commence shortly thereafter.

At St Austell, our detailed planning application for a 171,000 sq ft Open A1 retail park was refused and we are in the process of submitting a new application for a smaller scheme. Our acquisition of the site is conditional on us achieving a satisfactory planning consent and pre-lets.

Development summary:

Scheme	Sector	Area (sq ft)	Pre-let (%)	Rent roll (£m)	Yield on cost (%)	Valuation yield (%)
Completed						
Carter Lane	Office	127,600	72	6.3	5.8	4.8
Berkhamsted	Retail	22,500	84	0.6	7.7	4.6
BA Phase 2	Retail	27,000	77	0.4	9.1	5.7
Total completed		**177,100**	**74**	**7.3**	**6.1**	**4.9**
Committed						
Islip	Distribution	1,062,000	100	5.3	6.9	5.6
Leeds	Retail	120,000	38	2.7	7.8	6.3
Total committed		**1,182,000**	**79**	**8.0**	**7.2**	**5.8**
Conditional						
St Austell	Retail	103,000				
Derby	Retail	22,000				
Swindon	Distribution	150,000				

PLANNING GAINS

We received 10 planning consents across 214,900 sq ft, including for small pod units. Post period end planning permission was received for a 1.06 million sq ft pre-let development at Islip. We have also submitted 11 applications over 84,000 sq ft where we expect determination over the next six months.

Planning gains achieved

Scheme name	Planning success
Alban Retail Park, Bedford	- 1,000 sq ft A3 consent for pod unit
Tindale Crescent, Bishop Auckland	- 4,100 sq ft A3 consent for three pod units
Channons Hill, Bristol	- 23,900 sq ft D2 leisure consent for Xercise 4 Less - 6,000 sq ft Open A1 consent for Poundland
Airport Retail Park, Coventry	- 15,000 sq ft A1 consent for Smyths Toys
Pierpoint Retail Park, Kings Lynn	- 5,000 sq ft Open A1 consent for new unit
Damolly Retail Park, Newry	- 9,800 sq ft Open A1 consent for relaxation of use
Christchurch Retail Park, Christchurch	- 10,100 sq ft Open A1 consent on former Comet unit
Mount batten Retail Park, Southampton	- 10,800 sq ft D2 leisure consent for Gym Group
Carter Lane, London	- 129,200 sq ft B1 office consent for refurbishment

Financial review

Since the merger of the two former businesses of London & Stamford and Metric in January 2013, the key strategic focus has been to reposition the portfolio, increase dividend cover and enhance EPRA earnings per share.

The Group has had a very successful post-merger year with EPRA earnings per share increasing by 8% to 4.2p and EPRA NAV per share by 11% to 121.0p. EPRA measures are used as alternatives to IFRS equivalent measures as they highlight the underlying recurring performance of the property rental business.

The dividend has been maintained at 7.0p per share and the charge in the year is 60% covered by EPRA earnings compared to 52% a year ago. On a contracted basis at 31 March 2014 the dividend is now fully covered.

There has been a significant number of transactions in the year which have repositioned the portfolio into our core out-of-town and retail distribution property sectors.

INCOME STATEMENT

A full reconciliation between EPRA earnings and IFRS reported profit is provided in note 9 to the accounts. A summary of the key items is as follows:

	Group £m	JV £m	2014 £m	2013 £m
EPRA earnings	**23.3**	**3.1**	**26.4**	**22.0**
Adjustments:				
Surplus on revaluation	87.5	8.4	95.9	20.3
Movement in fair value of derivatives	8.4	2.8	11.2	(2.8)
Profit on disposal[1]	12.2	2.3	14.5	1.1
Cost of closing out derivatives	(6.2)	(2.1)	(8.3)	–
Current tax and other	(0.2)	(0.1)	(0.3)	(0.7)
Profit before tax and exceptional items	**125.0**	**14.4**	**139.4**	**39.9**
Exceptional items and tax[2]	(14.1)	–	(14.1)	(53.4)
Reported profit/(loss) after tax	**110.9**	**14.4**	**125.3**	**(13.5)**

1. Comprises profit on sale of investment property of £14.0 million and trading property of £0.5 million in 2014
2. Comprises share-based payments, amortisation of intangible assets relating to the internalisation of management in 2010 and taxation. The previous year included the impairment of an investment

The Group's profit before tax and exceptional items on a proportionately consolidated basis was £139.4 million compared with £39.9 million last year, an increase of 249%. This excludes the accounting impact of the internalisation of management in 2010 of £12.6 million (2013: £14.4 million) which has now been fully charged to the income statement.

Additional costs of £0.2 million associated with the merger with Metric (2013: £11.9 million) and tax of £1.3 million (2013: £3.9 million) were other exceptional items in the year. Last year the Group impaired the carrying value of its investment in the Meadowhall Shopping Centre held with Green Park Investments by £23.2 million.

Favourable valuation yield movements, careful investment and value enhancing initiatives have all contributed to the £95.9 million valuation gains reported in the year, being the major contributor to the increased profit before tax and exceptional items noted above.

EPRA EARNINGS

The proportionally consolidated EPRA income statement for the current and previous year is as follows:

	Group £m	**JV £m**	**2014 £m**	Group £m	JV £m	2013 £m
Gross rental income	54.1	7.8	**61.9**	32.7	15.0	47.7
Property costs	(2.8)	(0.6)	**(3.4)**	(3.5)	(0.6)	(4.1)
Other income	–	–	**–**	1.9	–	1.9
Net income	51.3	7.2	**58.5**	31.1	14.4	45.5
Management fees	0.8	(0.8)	**–**	8.5	(1.4)	7.1
Administrative costs	(13.5)	(0.4)	**(13.9)**	(11.0)	(0.7)	(11.7)
Net finance costs	(15.4)	(2.9)	**(18.3)**	(11.7)	(7.9)	(19.6)
Current tax credit	0.1	–	**0.1**	–	0.7	0.7
EPRA earnings	**23.3**	**3.1**	**26.4**	16.9	5.1	22.0

A detailed analysis of EPRA earnings for the Group's share of its individual joint ventures is shown in note 11 to the accounts. The movements in the proportionally consolidated income statement from the previous year can be summarised as follows:

EPRA EARNINGS MOVEMENT

	£m
Year ended 31 March 2013	**22.0**
Net rental income	13.0
Management fees	(7.1)
Administrative Costs	(2.2)
Net finance costs	1.3
Tax	(0.6)
Year ended 31 March 2014	**26.4**

Gross rental income increased by £14.2 million or 30% to £61.9 million. Like-for-like gross rental income reported on a statutory basis increased by £19.3 million due to a full year's contribution from the Saturn portfolio, the Primark distribution unit in Thrapston and the Metric portfolio of assets, all acquired late in the previous year, offset by the loss of rent at Carter Lane during its redevelopment phase. Income foregone from disposals in the year of £13.5 million was offset in part by income of £8.4 million generated by acquisitions made throughout the year.

Management fees have fallen following the sale of joint venture investments last year and in the early part of this year, and also as a result of an adjustment of £0.8 million to performance fees accrued in the previous year. Performance fees earned in the previous year amounted to £3.5 million.

Group only administrative expenses have increased by £2.5 million when compared with the previous year reflecting the higher overhead cost of the combined post merger Group for the whole year. The combined administrative expense of the pre merged companies was £15.6 million, excluding share of joint ventures. At the time of the merger, we anticipated cost synergies in excess of £2.5 million. Cost synergies achieved of £2.1 million are lower than expected as a result of increased bonus payments following a very successful post merger year.

EPRA earnings from joint ventures of £3.1 million has fallen by £2.0 million as a result of the sale of ten distribution assets early in the year and the sale of Meadowhall in the previous year. A full year's contribution from MIPP, the joint venture acquired on merger with Metric, offset in part this loss.

Net finance costs, excluding the costs associated with repaying debt and terminating derivative arrangements following sales in the year, was £18.3 million, a reduction of £1.3 million over the previous year.

Our interest rate exposure is hedged by a combination of fixed interest rate swaps and caps. We take independent advice from JC Rathbone Associates before entering into derivative arrangements. The favourable derivative movement of £11.2 million on a proportionally consolidated basis comprises the release of provisions on termination of derivative products following sales in the year and movements in future swap rates.

BALANCE SHEET

	2014 £m	**2013 £m**
Reported IFRS net assets	**755.9**	**676.7**
Adjustments:		
Fair value of derivatives	1.3	12.6
Deferred tax	–	(2.3)
Other adjustments	(0.2)	0.3
EPRA net assets	**757.0**	**687.3**
EPRA NAV per share	**121.0p**	**109.4p**

The group has seen EPRA net assets increase by £69.7 million to £757.0 million or 121.0p per share. The increase comprises EPRA earnings for the year of 4.2p per share, the property revaluation surplus of 15.3p per share and a net profit on disposals after finance break charges of 1.0p per share, offset by dividends paid of 7.0p per share and other exceptional items of 1.9p per share.

EPRA NET ASSETS MOVEMENT

	£m	**pence per share**
31 March 2013	687.3	109.4
EPRA earnings	26.4	4.2
Revaluation	95.9	15.3
Dividend	(44.0)	(7.0)
Profit on disposal	14.5	2.3
Finance break costs	(8.4)	(1.3)
Exceptional items	(12.5)	(1.9)
Shares held in trust	(2.2)	-
31 March 2014	**757.0**	**121.0**

PORTFOLIO VALUATION

The Group's portfolio was valued at £1,219.8 million at 31 March 2014 including its share of joint ventures, an increase of £3.0 million over the previous year. Underpinning this net increase is a significant amount of transactional activity summarised as follows:

	Group £m	JV £m	2014 £m
Opening valuation	990.6	226.2	1,216.8
Acquisitions	335.3	79.5	414.8
Capital expenditure	27.3	0.2	27.5
Disposals	(418.1)	(125.2)	(543.3)
Revaluation	87.5	8.4	95.9
Lease incentives	8.0	0.1	8.1
Total	**1,030.6**	**189.2**	**1,219.8**

The Group spent £414.8 million (including acquisition costs) on property acquisitions and £27.5 million on capital expenditure, which principally related to the redevelopment of property at Carter Lane, London. The Group disposed of 28 commercial and 341 residential assets generating proceeds of £568.4 million, principally offices at Fleet Place, London, and Leatherhead and London residential flats. The acquisitions and disposals reshape the portfolio into the out-of-town and retail distribution sectors in accordance with our strategy.

Our core portfolio of retail, distribution and development now accounts for 86% of the portfolio valuation as opposed to 59% last year. Properties under development have increased following the acquisition of a 70 acre site at Northamptonshire which has been pre-let on a new 25 year lease. The development is expected to commence late summer, with practical completion targeted for summer 2015. The total cost of the development, including the site purchase is anticipated to be c. £77 million.

FINANCING

Our on balance sheet debt at 31 March 2014 was £415.5 million compared with £464.5 million last year. On a look-through basis, taking account of our joint venture debt, gross debt at 31 March 2014 was £473.0 million compared with £573.0 million this time last year.

	Group	JV	2014 Total	Group	JV	2013 Total
Gross debt	£415.5m	£57.5m	£473.0m	£464.5m	£108.5m	£573.0m
Cash	£78.4m	£9.0m	£87.4m	£37.6m	£8.3m	£45.9m
Net loan to value	33%	26%	32%	43%	44%	43%
Average cost of debt[1]	3.9%	4.2%	3.9%	4.0%	4.2%	4.0%
Hedging	86%	75%	85%	80%	76%	79%
Maturity	3.8 years	3.0 years	3.7 years	3.0 years	3.1 years	3.0 years
Undrawn facilities	£96.0m	–	£96.0m	£37.0m	£16.7m	£53.7m

1. Includes amortisation of finance arrangement fees

GROSS DEBT MOVEMENT

	£m
Year ended 31 March 2013	**573.0**
Acquisitions	148.7
Refinancing	14.5
Disposals	(263.2)
Year ended 31 March 2014	**473.0**

Debt of £263.2 million was repaid following sales that completed in the year. The £96.0 million investment facility used to finance both City office assets at Fleet Place and Carter Lane was repaid following the sale of Fleet Place and the commencement of development at Carter Lane.

During the year two new five-year facilities were completed with Helaba and RBS totalling £283.1 million and have been used to finance the acquisition of nine properties in the year and refinance seven assets acquired in the previous year as well as the former Metric retail portfolio.

A further new £43.5 million four-year facility was agreed with Lloyds to finance the acquisition in November 2013 of the Odeon Cinema portfolio and £40.5 million was drawn under our revolving facility with Lloyds to refinance property at Marlow.

The new facilities have increased debt maturity to 3.7 years from 3.0 years in March 2013.

Loan to Value at the year-end, including our share of joint ventures and net of cash resources was 32% compared with 43% last year. Following the completion of debt facilities agreed post year-end, the Group's LTV increases to 35%.

The Group has undrawn facilities of £96 million available at 31 March 2014. Its weighted average cost of borrowing, including the amortisation of arrangement fees, was 3.9% (2013: 4.0%). The weighted average interest rate alone was 3.5% (2013: 3.6%). Hedging in place equates to 85% of current gross debt including its share of joint ventures. The Group has complied comfortably throughout the year with all of its loan covenants.

Post period end we have drawn the remainder of the Lloyds revolving credit facility and extended our £80 million RBS revolving credit facility by a further 2.5 years, now expiring in June 2019.

The Group's gross debt as at 31 March 2014 can be summarised as follows:

Lender	**Sector**	**Debt drawn £m**	**Maturity (years)**
Group			
Helaba	Distribution	143.1	4.3
Metlife	Residential	17.6	2.3
Lloyds	Office	40.5	2.2
RBS	Retail	140.0	4.4
Wells Fargo	Retail	34.7	2.1
Lloyds	Leisure	39.6	3.6
JV (at share)			
Metlife	Distribution	7.4	1.9
RBS	Residential	25.1	2.4
Pfandbrief	Retail	25.0	3.8
Total		**473.0**	**3.7**

LIQUIDITY AND CASH

The Group had cash resources, including its share of joint ventures, of £87.4 million (2013: £45.8 million). Cash deposits are placed with a diverse mix of institutions taking into account credit rating, rates of return and funding requirements across the Group.

Group income statement

For the year ended 31 March

	Note	**2014 £000**	2013 £000
Gross rental income	3	**54,061**	32,752
Property operating expenses		**(2,789)**	(3,511)
Net rental income		**51,272**	29,241
Property advisory fee income		**799**	8,466
Net proceeds from sales of trading properties	3	**499**	–
Other operating income		**–**	1,913
Net income		**52,570**	39,620
Administrative costs		**(13,484)**	(10,956)
Share-based payments	4	**(3,790)**	(10,484)
Write down of goodwill on acquisition of subsidiaries		**–**	(6,251)
Amortisation of intangible asset		**(8,794)**	(3,954)
Acquisition costs		**(189)**	(5,661)
Total administrative costs		**(26,257)**	(37,306)
Profit on revaluation of investment properties	10	**87,519**	8,394
Profit on sale of investment properties and subsidiaries		**11,682**	1,076
Impairment of investment in associate		**–**	(23,178)
Share of profits of associates and joint ventures	11	**14,424**	15,969
Operating profit	4	**139,938**	4,575
Finance income	6	**162**	730
Finance costs	6	**(21,794)**	(12,553)
Change in fair value of derivative financial instruments	6	**8,383**	(1,704)
Profit/(loss) before tax		**126,689**	(8,952)
Taxation	7	**(1,352)**	(4,441)
Profit/(loss) after tax		**125,337**	(13,393)

Profit/(loss) for the year and total comprehensive income attributable to:			
Equity shareholders		**125,337**	(13,456)
Non controlling interest		**–**	63
		125,337	(13,393)
Earnings/(loss) per share			
Basic and diluted	9	**20.0p**	(2.4)p
EPRA	9	**4.2p**	3.9p

All amounts relate to continuing activities.

Group balance sheet

As at 31 March

	Note	**2014 £000**	2013 £000
Non current assets			
Investment properties	10	**1,030,553**	986,793
Investment in equity accounted associates and joint ventures	11	**108,990**	120,919
Intangible assets	12	**844**	9,638
Other tangible assets		**451**	311
Deferred tax assets	7	**829**	2,311
		1,141,667	1,119,972
Current assets			
Trading properties		**–**	3,837
Trade and other receivables	13	**44,050**	11,731
Cash and cash equivalents	14	**78,357**	37,572
		122,407	53,140
Total assets		**1,264,074**	1,173,112
Current liabilities			
Trade and other payables	15	**96,839**	26,232
		96,839	26,232
Non current liabilities			
Borrowings	16	**409,938**	460,328
Derivative financial instruments	16	**1,443**	9,883
		411,381	470,211
Total liabilities		**508,220**	496,443
Net assets		**755,854**	676,669
Equity			
Called up share capital	18	**62,804**	62,804
Capital redemption reserve		**9,636**	9,636
Other reserve		**225,420**	227,920
Retained earnings		**457,994**	376,309
Equity shareholders' funds		**755,854**	676,669
Net asset value per share	9	**120.8p**	107.7p
EPRA net asset value per share	9	**121.0p**	109.4p

The financial statements were approved and authorised for issue by the Board of Directors on 3 June 2014 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	Subtotal £000	Non-controlling Interest £000	Total £000
At 1 April 2013		**62,804**	**9,636**	**227,920**	**376,309**	**676,669**	**–**	**676,669**
Profit for the year and total comprehensive income		**–**	**–**	**–**	**125,337**	**125,337**	**–**	**125,337**
Purchase of shares held in trust		**–**	**–**	**(2,500)**	**–**	**(2,500)**	**–**	**(2,500)**
Share-based awards		**–**	**–**	**–**	**311**	**311**	**–**	**311**
Dividends paid	8	**–**	**–**	**–**	**(43,963)**	**(43,963)**	**–**	**(43,963)**
At 31 March 2014		**62,804**	**9,636**	**225,420**	**457,994**	**755,854**	**–**	**755,854**

	Note	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Subtotal £000	Non-controlling Interest £000	Total £000
At 1 April 2012 (as previously reported)		54,280	300	47,069	531,905	633,554	5,783	639,337
Restatement	10	–	–	–	(2,650)	(2,650)	–	(2,650)
At 1 April 2012 (after restatement)		54,280	300	47,069	529,255	630,904	5,783	636,687
Loss for the year and total comprehensive income		–	–	–	(13,456)	(13,456)	63	(13,393)
Share issue on merger with Metric		17,860	–	184,851	–	202,711	–	202,711
Clawback and cancellation of own shares		(479)	479	(5,015)	(479)	(5,494)	–	(5,494)
Purchase and cancellation of own shares following Tender Offer		(8,857)	8,857	–	(100,650)	(100,650)	–	(100,650)
Share based awards		–	–	1,015	(365)	650	–	650
Distribution paid to non controlling interest		–	–	–	–	–	(5,846)	(5,846)
Dividend paid	8	–	–	–	(37,996)	(37,996)	–	(37,996)
At 31 March 2013		62,804	9,636	227,920	376,309	676,669	–	676,669

Group cash flow statement

For the year ended 31 March

	2014 £000	2013 £000
Cash flows from operating activities		
Profit/(loss) before tax	**126,689**	(8,952)
Adjustments for non cash items:		
Profit on revaluation of investment properties	**(87,519)**	(8,394)
Profit on sale of investment properties and subsidiaries	**(11,682)**	(1,076)
Share of post-tax profit of associates and joint ventures	**(14,424)**	(15,969)
Share-based payment	**3,790**	10,484
Impairment of investment	**–**	23,178
Write down of intangible asset	**8,794**	3,954
Write down of positive goodwill on acquisition of subsidiary	**–**	6,251
Net finance costs	**13,249**	13,527
Cash flows from operations before changes in working capital	**38,897**	23,003
Change in trade and other receivables	**777**	(2,774)
Movement in lease incentives	**(7,881)**	(604)
Change in trade and other payables	**(2,610)**	1,304
Disposal of trading properties	**3,837**	–
Cash flows from operations	**33,020**	20,929
Interest received	**162**	743
Interest paid	**(12,722)**	(9,775)
Tax (received)/paid	**(114)**	454
Financial arrangement fees and break costs	**(10,436)**	(2,682)
Cash flows from operating activities	**9,910**	9,669
Investing activities		
Purchase of investment properties and subsidiaries	**(263,871)**	(315,614)
Purchase of other tangible assets	**(257)**	–
Capital expenditure on investment properties	**(26,157)**	(712)
Sale of investment properties and subsidiaries	**422,171**	73,044
Investments in associates and joint ventures	**(52,597)**	(44,297)
Distributions from associates and joint ventures	**46,829**	101,449
Cash flow from investing activities	**126,118**	186,130
Financing activities		
Dividends paid	**(43,963)**	(37,996)
(Purchase)/sale of shares held in trust	**(2,190)**	650
Purchase of own shares	**–**	(100,650)
New borrowings	**292,870**	215,095
Repayment of loan facilities	**(341,960)**	–
Cash flows from financing activities	**(95,243)**	77,099
Net increase/(decrease) in cash and cash equivalents	**40,785**	(99,362)
Opening cash and cash equivalents	**37,572**	136,934
Closing cash and cash equivalents	**78,357**	37,572

Notes forming part of the Group financial statements

For the year ended 31 March

1. Accounting policies

The financial information set out herein does not constitute the Company's statutory accounts for the years ended 31 March 2014 or 2013, but is derived from those accounts. Statutory accounts for the years ended 31 March 2014 and 31 March 2013 have been reported on by the independent auditors. The independent auditors' reports on the annual reports and financial statements for 2014 and 2013 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 2013 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 March 2014 will be delivered to the Registrar following the Company's Annual General Meeting.

The financial information set out in this preliminary results release has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The accounting policies adopted in these preliminary results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the statutory accounts for the year ended 31 March 2013.

a) General information
In 2013 the Company (previously named London & Stamford Property Plc) merged with Metric Property Investments plc ("Metric") by way of a Scheme of Arrangement under Part 26 of the Companies Act 2006.

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

c) Basis of preparation
The functional and presentational currency of the Company and all subsidiaries ("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) Estimates and judgements
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant items subject to such assumptions and estimates include the fair value of investment properties, amortisation of intangible assets and the fair value of derivative financial instruments. The most critical accounting policies in determining the financial condition and results of the Group are those requiring the greatest degree of subjective or complex judgements. These relate to property valuation, intangible assets, investment in associates and joint ventures, derivative financial instruments and taxation and these are discussed in the policies below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

ii) Adoption of new and revised standards

Standards and interpretations effective in the current period

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

Name	Description
IFRS 13	Fair value measurement
IFRS 7	Amendments to IFRS 7 disclosures
IAS 1	Amendments to IAS 1 presentation
Various	Annual improvements to IFRSs (2009–2011 cycle)

Standards and interpretations in issue not yet adopted

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

Name	Description	Effective date
IAS 36	Amendments to IAS 36	1 January 2014
IAS 39	Financial instruments	1 January 2014
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of interests in other entities	1 January 2014
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Investments in Associates and Joint Ventures	1 January 2014
IAS 32	Amendments to IAS 32	1 January 2014
IFRS 9	Financial instruments	31 December 2017

With the exception of IFRS 9, statements and interpretations, when applied, are not expected to have a material impact on the financial statements, other than on presentation and disclosure. IFRS 9 will impact the measurement and classification of the Group’s financial assets and financial liabilities. The Group has not yet completed its evaluation of the effect of adoption.

d) Basis of consolidation

i) Subsidiaries

The consolidated financial statements include the accounts of the Company and its subsidiaries using the purchase method. Subsidiaries are those entities controlled by the Group. Control is assumed when the Group has the power to govern the financial and operating policies of an entity to gain benefits from its activities. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair value at the acquisition date. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

ii) Joint ventures and associates

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

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

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

iii) Intangible assets

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

iv) Goodwill

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

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

e) Property portfolio

i) Investment properties

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

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

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

Investment property is recognised as an asset when:

- it is probably 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; and
- the cost of the investment property can be measured reliably.

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

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

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

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

v) Net rental income
Revenue comprises rental income.

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

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

Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earlier of the first break option or the lease termination date.

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

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

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

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

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

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

ii) Other financial assets
These comprise deposits held with banks where the original maturity was more than three months.

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

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

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

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

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

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

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

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

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

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

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

The following differences are not provided for:

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

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

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

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

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

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

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

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

2. Segmental information

Property value	**2014**			2013			
As at 31 March	**100% owned £000**	**Share of JV £000**	**Total £000**	100% owned £000	Trading property £000	Share of JV £000	Total £000
Retail	**437,745**	**102,045**	**539,790**	347,540	–	30,567	378,107
Distribution	**322,800**	**13,200**	**336,000**	125,075	–	118,763	243,838
Offices	**75,900**	**–**	**75,900**	242,438	–	–	242,438
Residential	**22,223**	**73,960**	**96,183**	178,165	3,837	76,800	258,802
Development	**171,885**	**–**	**171,885**	82,624	–	–	82,624
Other	**–**	**–**	**–**	10,951	–	–	10,951
	1,030,553	**189,205**	**1,219,758**	986,793	3,837	226,130	1,216,760

Gross rental income	2014			2013		
For the year to 31 March	**100% owned £000**	**Share of JV £000**	**Total £000**	100% owned £000	Share of JV £000	Total £000
Retail	**27,921**	**2,880**	**30,801**	3,476	6,119	9,595
Distribution	**10,659**	**2,923**	**13,582**	3,668	8,279	11,947
Offices	**12,679**	**–**	**12,679**	20,310	–	20,310
Residential	**2,618**	**1,970**	**4,588**	5,180	547	5,727
Development	**184**	**–**	**184**	–	–	–
Other	**–**	**–**	**–**	118	–	118
	54,061	**7,773**	**61,834**	32,752	14,945	47,697

Net rental income	2014			2013		
For the year to 31 March	**100% owned £000**	**Share of JV £000**	**Total £000**	100% owned £000	Share of JV £000	Total £000
Retail	**27,044**	**2,876**	**29,920**	3,450	5,987	9,437
Distribution	**10,180**	**2,929**	**13,109**	2,922	8,257	11,179
Offices	**12,499**	**–**	**12,499**	19,681	–	19,681
Residential	**1,383**	**1,368**	**2,751**	3,373	152	3,525
Development	**166**	**–**	**166**	–	–	–
Other	**–**	**–**	**–**	(185)	–	(185)
	51,272	**7,173**	**58,445**	29,241	14,396	43,637

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 on going basis. The Group operates 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	**2014 £000**	2013 £000
Gross rental income	**54,061**	32,752
Property operating expenses	**(2,789)**	(3,511)
	51,272	29,241
Proceeds from sales of trading properties	**4,426**	-
Cost of sales of trading properties	**(3,927)**	-
	499	-

For the year ended 31 March 2013, 19%, 19% and 10% of the Group's gross rental income was receivable from three tenants included within the offices sector of the portfolio. For the year ended 31 March 2014 no single tenant contributed more than 10% of the Group's gross rental income.

4. Profit from operations

For the year to 31 March	**2014 £000**	2013 £000
This has been arrived at after charging:		
Share-based payments	**3,790**	14,759
Effect of cancellation of Consideration Shares	**–**	(4,275)
	3,790	10,484
Operating lease expense	**663**	674
Auditor's remuneration:		
Audit of the Group and Company financial statements, pursuant to legislation	**60**	189
Fees payable to the Company's auditor for other services to the Group:		
– Statutory audit of subsidiary accounts, pursuant to legislation	**118**	32
– Corporate advisory services	**–**	326
– Other advisory services	**45**	30

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

On 25 January 2013 the Company acquired and then cancelled 4,777,268 of the Consideration Shares pursuant to the terms of the Existing Management Incentive Termination Agreement. This has resulted in the reversal of share-based payments charged in previous periods of £4.3 million. The remaining 1,467,258 Consideration Shares were awarded to members.

Raymond Mould was deemed a good leaver on his resignation from the Company and retained 9,916,367 of the total Consideration Shares. The remaining 19,652,743 Consideration Shares were subject to bad leaver provisions and the reduced share-based payment prepayment of £3.8 million was charged to the profit and loss account in the current year.

5. Employee costs

For the year to 31 March	**2014 £000**	2013 £000
Employee costs, including those of Directors, comprise the following:		
Wages and salaries	**8,188**	5,719
Social security costs	**1,143**	780
Other pension costs	**526**	395
	9,857	6,894
Share-based payment	**311**	(365)
	10,168	6,529

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 property 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 £311,000.

The Company awarded 2,247,366 shares during the year, 1,007,780 of which were awarded to Executive Directors. The cost of acquiring the shares of £2,500,000 has been charged to reserves.

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

	2014 Number	2013 Number
Head office and property management	**35**	27

6. Finance income and costs

For the year to 31 March	**2014 £000**	2013 £000
Finance income		
Interest on short-term deposits	**162**	730
	162	730
Finance costs		
Interest payable on bank loans	**12,715**	11,261
Loan break costs and amortisation of loan issue costs	**9,079**	1,292
	21,794	12,553
Fair value (gain)/loss on derivative financial instruments	**(8,383)**	1,704
	13,411	14,257

Interest capitalised in the year amounted to £2.2 million (2013: nil).

7. Taxation

For the year to 31 March	**2014 £000**	2013 £000
The tax charge comprises:		
Current tax		
UK tax (credit)/charge on profit	**(130)**	32
Deferred tax		
Change in deferred tax	**1,482**	4,409
	1,352	4,441

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

	2014 £000	2013 £000
Profit/(loss) before tax	**126,689**	(8,952)
Tax at the standard rate of corporation tax in the UK of 23% (2013: 24%)	**29,138**	(2,148)
Effects of:		
Expenses not deductible for tax purposes	**2,938**	10,790
Tax effect of income not subject to tax	**(28,758)**	(4,809)
Share of post-tax profit of associates and joint ventures	**(3,318)**	(3,833)
Temporary differences	**1,482**	1,978
Utilisation of tax losses	**–**	2,431
Prior year tax adjustments	**(130)**	32
UK tax charge on profit/(loss)	**1,352**	4,441

Deferred tax asset

	Intangible assets £000
Opening balance	2,311
Charged during the year	(1,482)
At 31 March 2014	**829**

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

8. Dividends

For the year to 31 March	2014 £000	2013 £000
Ordinary dividends paid		
2012 Final dividend: 3.5p per share	**–**	18,998
2013 Interim dividend: 3.5p per share	**–**	18,998
2013 Final dividend: 3.5p per share	**21,982**	–
2014 Interim dividend: 3.5p per share	**21,982**	–
	43,964	37,996
Proposed for approval by shareholders at Annual General Meeting		
Dividend: 3.5p per share	**21,982**	21,982

The proposed final dividend was approved by the Board on 28 May 2014 and is subject to approval at the Annual General Meeting on 17 July 2014. It has not been included as a liability nor deducted from retained earnings as at 31 March 2014. The proposed final dividend of 3.5p per share, of which 1.5p per share is a Property Income Distribution, is payable on 21 July 2014 to ordinary shareholders on the register at the close of business on 13 June 2014 and will be recognised as an appropriation of retained earnings in 2015.

9. Earnings and net assets per share

Earnings per share of 20.0p (2013: loss per share of 2.4p) is calculated on a weighted average of 626,896,563 (2013: 561,508,387) ordinary shares of 10p each and is based on profits attributable to ordinary shareholders of £125.3 million (2013: loss of £13.5 million). There are no potentially dilutive or anti-dilutive share options in the year.

Net assets per share is based on equity shareholders' funds at 31 March 2014 of £755.9 million (2013: £676.7 million) and 625,796,539 ordinary shares in issue excluding those held by the Employee Benefit Trust at that date (2013: 628,043,905).

Adjusted profit and adjusted net assets per share are calculated in accordance with the Best Practice Recommendations of the European Public Real Estate Association (EPRA) as follows:

For the year to 31 March	Group £000	Share of JV £000	**2014 £000**	2013 £000
Basic and adjusted earnings				
Basic earnings attributable to ordinary shareholders	110,913	14,424	**125,337**	(13,456)
Revaluation of investment property	(87,519)	(8,360)	**(95,879)**	(20,320)
Fair value of derivatives	(8,383)	(2,838)	**(11,221)**	2,803
Goodwill on acquisitions	–	–	**–**	6,251
Amortisation of intangible assets	8,794	–	**8,794**	3,954
Share-based payments[1]	3,790	–	**3,790**	10,484
Acquisition costs	189	–	**189**	5,661
Deferred tax	1,482	–	**1,482**	4,409
Cost on closing out derivatives	6,228	2,121	**8,349**	–
Profit on disposal[2]	(12,181)	(2,291)	**(14,472)**	(1,076)
Impairment of investments held for sale	–	–	**–**	23,178
Minority interest in respect of the above	–	–	**–**	63
EPRA earnings	23,313	3,056	**26,369**	21,951

1. The amortisation of amounts classified as share-based payments has been reflected as an EPRA earnings adjustment as it is akin to an intangible asset and arose alongside the intangible asset as a result of the internalisation of the London & Stamford management business in 2010
2. Profit on disposal of investment and trading property and subsidiaries

As at 31 March	**2014 Number of shares**	2013 Number of shares
Number of shares		
Opening ordinary share capital	**628,043,905**	542,795,171
Shares held in employee trust	**(1,147,342)**	(863,424)
Issue of 178,599,912 ordinary shares (28 January 2013)	**–**	30,337,519
Clawback and cancellation of 4,777,268 shares (28 January 2013)	**–**	(811,481)
Purchase and cancellation of tender offer shares (18 February 2013)	**–**	(9,949,398)
Weighted average number of ordinary shares	**626,896,563**	561,508,387
Basic and diluted earnings/(loss) per share	**20.0p**	(2.4)p
EPRA earnings per share	**4.2p**	3.9p

As at 31 March	2014 £000	2013 £000
Net assets per share		
Equity shareholders' funds	**755,854**	676,669
Fair value of derivatives	**1,443**	9,883
Cost of cap and swaption	**(212)**	(336)
Revaluation of trading properties	**–**	633
Fair value of associate and joint ventures' derivatives	**(115)**	2,723
Deferred tax	**–**	(2,311)
EPRA net assets	**756,970**	687,261
Basic net assets per share	**120.8p**	107.7p
EPRA net assets per share	**121.0p**	109.4p

10. Investment properties

a) Investment property

	2014			2013		
As at 31 March	**Freehold £000**	**Long leasehold £000**	**Total £000**	Freehold £000	Long leasehold £000	Total £000
Opening balance	**710,864**	**193,305**	**904,169**	474,435	185,587	660,022
Acquisitions	**256,795**	**61,518**	**318,313**	487,979	81,319	569,298
Other capital expenditure	**6,900**	**763**	**7,663**	857	(168)	689
Disposals	**(280,775)**	**(130,136)**	**(410,911)**	(242,151)	(6,198)	(248,349)
Transfer to development properties	**(25,935)**	**(600)**	**(26,535)**	–	(77,000)	(77,000)
Revaluation movement	**49,502**	**8,586**	**58,088**	(1,606)	9,760	8,154
Movement in tenant incentives and rent free uplifts	**7,789**	**92**	**7,881**	(8,650)	5	(8,645)
	725,140	**133,528**	**858,668**	710,864	193,305	904,169

b) Investment property under development

As at 31 March	2014 Freehold £000	2014 Long leasehold £000	2014 Total £000	2013 Freehold £000	2013 Long leasehold £000	2013 Total £000
Opening balance	**5,624**	**77,000**	**82,624**	–	–	–
Acquisitions	**17,015**	**–**	**17,015**	5,360	–	5,360
Other capital expenditure	**4,809**	**14,862**	**19,671**	24	–	24
Disposals	**(3,391)**	**–**	**(3,391)**	–	–	–
Transfer from investment properties	**25,935**	**600**	**26,535**	–	77,000	77,000
Revaluation movement	**15,093**	**14,338**	**29,431**	240	–	240
	65,085	**106,800**	**171,885**	5,624	77,000	82,624
Total investment properties	**790,225**	**240,328**	**1,030,553**	716,488	270,305	986,793

At 31 March 2014, the Group's freehold and leasehold investment properties were externally valued by the Royal Institution of Chartered Surveyors (RICS) Registered Valuers of CBRE Limited ("CBRE") and Savills Advisory Services Limited ("Savills"), both Chartered Surveyors, at £1,030.6 million. The valuation of property held for sale at 31 March 2014 was £22.2 million (2013: £58.8 million).

The valuations were undertaken in accordance with the RICS Valuation – Professional Standards 2012 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. 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.

In the 2012 financial statements investment property in the course of construction at Clerkenwell Quarter, Islington was valued by the Directors at £10.4 million. At the request of the Financial Reporting Council the Company agreed to restate the valuation for this property in its comparative figures for 2013.

c) Valuation technique and quantitative information

Asset type	Fair value 2014 £000	Valuation technique	ERV (£ per sq ft) Weighted average	ERV (£ per sq ft) Range	Net initial yield % Weighted average	Net initial yield % Range	Reversionary yield % Weighted average	Reversionary yield % Range
Retail	437,745	Yield capitalisation	15.21	9.96-26.73	6.3	4.7-8.1	5.9	4.7-8.1
Distribution	322,800	Yield capitalisation	5.00	3.42-8.81	6.1	5.2-7.3	6.0	5.0-7.2
Office	75,900	Yield capitalisation	19.78	17.84-20.35	6.9	6.7-7.4	6.8	6.6-6.8
Residential	22,223	Comparison	n/a	n/a	n/a	n/a	n/a	n/a
Development	171,885	Residual	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
	1,030,553							

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 2014. The fair value at 31 March 2014 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 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; and
- assumptions applied by the valuers such as ERVs and yields which are based on market observation and their professional judgement.

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

Included within the investment property valuation is £9.2 million (2013: £1.3 million) in respect of lease incentives and rent free periods.

The historical cost of all of the Group's investment properties at 31 March 2014 was £946.7 million (2013: £934.0 million).

Capital commitments have been entered into amounting to £56.0 million (2013: £5.6 million) which have not been provided for in the financial statements.

11. Investment in associate and joint venture

As at 31 March	**2014** **£000**	2013 £000
Opening balance	**120,919**	161,575
Additions at cost	**40,632**	68,002
Share of profit in the year	**14,424**	15,969
Disposals	**(43,968)**	(119,165)
Profit distributions received	**(2,861)**	(5,462)
	129,146	120,919

In July 2013 LSP Green Park Distribution Holdings Limited, in which the Group has a 50% interest, disposed of 10 out of its 11 assets by way of a corporate disposal of three companies.

The Group's one third interest in Metric Income Plus Limited Partnership (MIPP) acquired nine properties for £23.4 million (including purchase costs) in the year.

In December 2013 the Group established a new joint venture with LVS II Lux X S.a.r.l called LMP Retail Warehouse JV Property Unit Trust, in which it has a 30.5% interest. The joint venture acquired 27 DFS assets from the administrator of Delphi Properties Limited for £175 million (Group share £53.4 million). Simultaneously with the closing of the transaction the joint venture sold eight of the assets for total proceeds of £43.4 million (Group share £13.2 million).

All Group interests are equity accounted for in these financial statements.

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

	LMP Retail Warehouse JV Holdings £000	LSP Green Park Distribution Holdings £000	LSP London Residential Investments £000	Metric Income Plus £000	2014 £000	LSP Green Park Property Trust £000	LSP Green Park Distribution Holdings £000	LSP London Residential Investments £000	Metric Income Plus £000	2013 £000
Summarised income statement										
Net rental income	84	2,929	1,368	2,792	**7,173**	5,628	8,257	152	359	**14,396**
Administration expense	(64)	(99)	(268)	(25)	**(456)**	(396)	(182)	(141)	(4)	**(723)**
Management fees	(54)	(307)	(232)	(163)	**(756)**	(513)	(713)	(138)	(21)	**(1,385)**
Revaluation gain/(loss)	3,639	475	1,173	3,073	**8,360**	–	(2,075)	13,948	53	**11,926**
Net interest payable	–	(3,130)	(1,082)	(814)	**(5,026)**	(3,938)	(3,179)	(634)	(106)	**(7,857)**
Movements in derivatives	–	2,429	243	166	**2,838**	(544)	(329)	(151)	(75)	**(1,099)**
Profit on disposal	1,675	326	3	287	**2,291**	–	–	–	–	–
Tax	–	–	–	–	**–**	226	485	–	–	**711**
Profit after tax	5,280	2,623	1,205	5,316	**14,424**	463	2,264	13,036	206	**15,969**
EPRA adjustments										
Revaluation gain/(loss)	(3,639)	(475)	(1,173)	(3,073)	**(8,360)**	–	2,075	(13,948)	(53)	**(11,926)**
Movements in derivatives	–	(2,429)	(243)	(166)	**(2,838)**	544	329	151	75	**1,099**
Profit on disposal	(1,675)	(326)	(3)	(287)	**(2,291)**	–	–	–	–	–
Cost of closing out derivatives	–	2,121	–	–	**2,121**	–	–	–	–	–
EPRA earnings	(34)	1,514	(214)	1,790	**3,056**	1,007	4,686	(761)	228	**5,142**
Summarised balance sheet										
Investment properties	48,495	13,200	73,960	53,550	**189,205**	–	118,763	76,800	30,567	**226,130**
Other current assets	4,697	10	879	51	**5,637**	–	358	310	–	**668**
Cash	3,949	620	3,389	1,104	**9,062**	–	4,209	1,970	2,085	**8,264**
Current liabilities	(36,297)	(347)	(529)	(1,008)	**(38,181)**	–	(3,251)	(487)	(544)	**(4,282)**
Bank debt	–	(7,445)	(25,106)	(25,000)	**(57,551)**	–	(74,040)	(26,000)	(8,433)	**(108,473)**
Unamortised finance costs	–	69	282	352	**703**	–	621	399	315	**1,335**
Derivative financial instruments	–	(63)	91	87	**115**	–	(2,493)	(151)	(79)	**(2,723)**
Net assets	20,844	6,044	52,966	29,136	**108,990**	–	44,167	52,841	23,911	**120,919**

At 31 March 2014, 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.

12. Intangible assets

As at 31 March	**2014 £000**	2013 £000
Cost		
Opening balance	54,428	53,260
Additions	–	1,168
	54,428	54,428
Amortisation		
Opening balance	44,790	40,836
Amortisation during the year	8,794	3,954
	53,584	44,790
Net carrying amount	844	9,638

An intangible asset of £53.3 million was created on the acquisition by the Company of the LSP Green Park Property Trust Property Advisory Agreement on 1 October 2010 and was being amortised on a straight-line basis over the contract period to May 2015. However this asset was fully impaired in the year to 31 March 2014 following the sale of assets and reduction in fees receivable.

As part of the merger with Metric the Group created a further intangible asset of £1.2 million, representing the fair valuation of the Management Agreement with Metric Income Plus Limited Partnership. This is being amortised on a straight-line basis over the remaining period of the contract to November 2016.

13. Trade and other receivables

As at 31 March	**2014 £000**	2013 £000
Trade receivables	**2,386**	1,942
Performance fees receivable	**2,712**	3,457
Amounts receivable from property sales	**4,420**	–
Share-based payment prepayment	**–**	3,789
Taxation	**227**	–
Prepayments and accrued income	**1,556**	1,057
Other receivables	**32,749**	1,486
	44,050	11,731

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 2014 there were trade receivables of £405,000 which were overdue and considered at risk. A full provision has been made against these trade receivables.

Included within other debtors is a short term loan to the LMP Retail Warehouse joint venture of £32.1 million which is repayable on demand.

14. Cash and cash equivalents

Cash and cash equivalents include £30.7 million (2013: £9.6 million) retained in rent and restricted accounts which are not readily available to the Group for day-to-day commercial purposes.

15. Trade and other payables

As at 31 March	**2014 £000**	2013 £000
Trade payables	**1,139**	2,096
Amounts payable on property acquisitions and disposals	**77,740**	4,499
Rent received in advance	**8,577**	8,051
Accrued interest	**2,732**	2,739
Other payables	**996**	1,263
Other accruals	**5,655**	7,584
	96,839	26,232

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

16. Borrowings and financial instruments

a) Non current financial liabilities

As at 31 March	**2014 £000**	2013 £000
Secured bank loans	**415,474**	464,564
Unamortised finance costs	**(5,536)**	(4,236)
	409,938	460,328

The bank loans are secured by fixed charges over certain of the Group's investment properties with a carrying value of £778 million and are repayable within five years of the balance sheet date.

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 £78.4 million (2013: £37.6 million) and available and undrawn bank loan facilities at 31 March 2014 of £96.0 million (2013: £37.0 million).

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

	Less than one year £000	**One to two years £000**	**Two to five years £000**	**Total £000**
At 31 March 2014				
Bank loans	**12,531**	**12,566**	**437,550**	**462,647**
Derivative financial instruments	**2,997**	**3,005**	**6,528**	**12,530**
	15,528	**15,571**	**444,078**	**475,177**

	Less than one year £000	One to two years £000	Two to five years £000	Total £000
At 31 March 2013				
Bank loans	41,622	41,243	420,708	503,573
Derivative financial instruments	4,507	3,750	2,792	11,049
	46,129	44,993	423,500	514,622

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 2014 the Group (excluding share of joint ventures) had £358 million (2013: £370 million) of hedges in place, and its debt of £415.5 million was 86% (2013: 80%) 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 loss before tax by £2.4 million and £1.2 million respectively. Including its share of joint ventures the Group had £401 million (2013: £454 million) of hedges in place and its debt of £473.0 million (2013: £573.0 million) was 85% (2013: 79%) fixed.

The average interest rate payable by the Group (excluding share of joint ventures) on all bank borrowings at 31 March 2014 excluding undrawn facility commitment fees and the amortisation of finance arrangement fees was 3.51% (2013: 3.59%). Including its share of joint ventures the average interest rate at 31 March 2014 excluding undrawn facility commitment fees and the amortisation of finance arrangement fees was 3.54% (2013: 3.62%). The average borrowing rate including the amortisation of finance costs was 3.89% (2013: 3.97%) for the Group and 3.93% (2013: 4.00%) for the Group and its share of joint ventures.

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

	Loan receivables	
As at 31 March	**2014 £000**	2013 £000
Current assets		
Cash and cash equivalents	**78,357**	37,572
Trade receivables (note 13)	**2,386**	1,942
Performance fees receivable (note 13)	**2,712**	3,457
Taxation receivable (note 13)	**227**	–
Other receivables (note 13)	**628**	1,486
	84,310	44,457

	Measured at amortised cost		Measured at fair value	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Non current liabilities				
Borrowings (note 16a)	**409,938**	460,328	**–**	–
Current liabilities				
Trade payables (note 15)	**1,139**	2,096	**–**	–
Accrued interest (note 15)	**2,732**	2,739	**–**	–
Other accruals (note 15)	**5,655**	7,584	**–**	–
Other payables (note 15)	**996**	1,263	**–**	–
Derivative financial instruments (see 16c(iii))	**–**	–	**1,443**	9,883
	420,460	474,010	**1,443**	9,883

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 2014.

iii) Derivative financial instruments

Details of the fair value of the Group's derivative financial instruments that were in place at 31 March 2014 are provided below:

Interest rate caps

Expiry	**Average rate**		**Notional amount**		**Fair value**	
	2014	2013	**2014**	2013	**2014**	2013
	%	%	**£000**	£000	**£000**	£000
Less than one year	4.0	0.0	26,500	–	–	–
One to two years	4.0	4.0	4,000	26,500	–	–
Two to five years	2.2	2.6	167,313	45,000	2,660	117
	2.4	3.1	197,813	71,500	2,660	117

Interest rate swaps

Expiry	**Average rate**		**Notional amount**		**Fair value**	
	2014	2013	**2014**	2013	**2014**	2013
	%	%	**£000**	£000	**£000**	£000
Less than one year	0.0	0.0	–	–	–	–
One to two years	0.0	3.3	–	93,368	–	(4,352)
Two to five years	2.2	2.3	221,504	325,543	(4,103)	(5,648)
	2.2	2.5	221,504	418,911	(4,103)	(10,000)
Total fair value					(1,443)	(9,883)

All derivative financial instruments are non current interest rate derivatives, and are carried at fair value following a valuation as at 31 March 2014 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 cashflows, 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.

17. Commitments under operating leases

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

	2014 £000	2013 £000
Less than one year	**57,114**	49,728
Between one and five years	**246,218**	186,337
Between six and ten years	**247,872**	182,679
Between 11 and 15 years	**139,369**	76,158
Between 16 and 20 years	**75,802**	22,716
Over 20 years	**50,438**	–
	816,813	517,618

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

As at 31 March	**2014 £000**	2013 £000
Less than one year	**810**	213
Between one and five years	**2,770**	3,240
After five years	**–**	339
	3,580	3,792

18. Share capital

As at 31 March	**2014 Number**	**2014 £000**	2013 Number	2013 £000
Authorised				
Ordinary shares of 10p each	**Unlimited**	**Unlimited**	Unlimited	Unlimited

As at 31 March	**2014 Number**	**2014 £000**	2013 Number	2013 £000
Issued, called up and fully paid				
Ordinary shares of 10p each	**628,043,905**	**62,804**	628,043,905	62,804

19. 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 LSI 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.

20. Related party transactions and balances

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

	Group interest	**Year to 31 March 2014 £000**	Year to 31 March 2013 £000
LSP Green Park Property Trust	31.4%	**(745)**	6,731
LPS Green Park Distribution Holdings	50.0%	**614**	1,426
LSP London Residential Investments	40.0%	**483**	344
Metric Income Plus Partnership	33.3%	**489**	62
LMP Retail Warehouse	30.5%	**177**	–
Group non recoverable VAT		**(219)**	(97)
		799	8,466

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

21. Events after the balance sheet date

On 25 April 2014 the Group's LMP Retail Warehouse joint venture completed a further two DFS sales for £3.7 million (£1.1 million at share).

On 30 April 2014 the Group completed the acquisition of the Marks & Spencer Distribution Centre in Sheffield for £32.2 million (excluding acquisition costs). This acquisition was accrued in the financial statements at 31 March 2014.

On 13 May 2014 the Group completed the acquisition of Magna 34, Business Park, Rotherham for £10.3 million (excluding acquisition costs).

On 29 May 2014 the Group completed the acquisition of the Oak Furniture Land Distribution Centre in South Marston Park, Swindon for £22.1 million (excluding acquisition costs) funded by debt from Lloyds of £14.5 million and equity. This acquisition was accrued in the financial statements at 31 March 2014.

On 30 May 2014 the Group completed the sale of its development at Berkhamsted for £12.3 million.

On 2 June 2014 the Group extended its MIPP joint venture with partner USS for a further two years and agreed to increase its ownership to 50% through further investment of £28.5 million.

On 2 June 2014 the Group extended its £80 million revolving credit facility with RBS by a further 2.5 years.