19 May 2011

METRIC PROPERTY INVESTMENTS PLC

("Metric" or the "Group" or the "Company")

FULL YEAR RESULTS FOR THE PERIOD ENDED 31 MARCH 2011

METRIC DELIVERS AGAINST OBJECTIVES SET AT IPO AND DECLARES MAIDEN DIVIDEND

Metric, the UK specialist retail real estate investment trust (REIT) today announces its first full year results since its Initial Public Offering ('IPO'), for the period ended 31 March 2011.

HIGHLIGHTS:

Financial:

- Successfully completed a £190 million flotation on the Main Market of the London Stock Exchange on 24 March 2010 at 100p per share, becoming the first UK property company to enter the REIT regime at IPO.
- Net asset value per share of 101p[1]
- Profit after tax £8.5 million
- Earnings per share of 4.8p
- Adjusted earnings per share of 0.5p (excluding valuation surplus of £7.6m)
- Maiden dividend declared of 0.6p per share to be paid 6 July 2011
- Signed £34.7 million term facility with Eurohypo AG (post period end) which together with the five year £50 million RBS facility provides the Group with committed, undrawn debt facilities of £84.7m, giving future purchasing power of about £160 million (including anticipated future debt facilities)

Operational:

- As at 31 March 2011, net proceeds of IPO invested and committed in 13 properties for £188 million (including costs).
- Investment properties valued at £192.4 million at 31 March 2011. Valuation uplift of £16.6 million (9.5%) or £7.6 million, (4.1%) net of costs.
- Strong outperformance at the property level generating a total return of 16.5%[2] compared to IPD All Retail Quarterly Universe of 11.7%.
- Significant progress made on asset management initiatives to enhance income and valuation:
  - 20 separate occupier transactions across 385,000 sq ft of space
  - Rental income up 14.5%[3], underlying up 10.4% excluding the development of new space
  - Average lease length on new lettings of 15.6 years (14.5 years to first break)
- Portfolio demonstrates strong income security and resilience:
  - High level of occupancy at 97%
  - Long unexpired leases averaging 11.8 years (11.1 years to first break)
  - Low average passing rents of £12.70 psf providing significant reversionary potential
- Post period end, acquired Sheffield for £2.3 million and committed a further £3.3 million taking total investment and commitments to £194 million across 14 properties. Metric has pre-let a 20,000 sq ft refurbished unit to DFS on a 20 year lease.

1. Net asset value per share and adjusted net asset value per share calculated in accordance with European Public Real Estate Association (EPRA) guidelines.
2. The total net rental income and revaluation surplus expressed as a percentage of the capital invested, time weighted from the date of acquisition.
3. Total rental growth is the increase in contracted annual rental income of the portfolio from the date of acquisition to the valuation as at 31 March 2011.

Andrew Huntley, Chairman of Metric, commented:

“It is just over a year since the flotation of the Company in March 2010. In that time we have been active acquiring attractive assets, to build a portfolio that fits our key investment criteria of strong occupier appeal and offer the opportunity to grow rents and enhance value through active asset management.

“The investment market is extremely competitive, however the major deleveraging across the sector continues to provide opportunities and we are confident of our ability to source further attractive investments.

“We look forward to the year ahead with enthusiasm and confidence.”

Andrew Jones, Chief Executive of Metric, added:

“The period since our IPO has seen Metric deliver on the strategy set out for shareholders in early 2010. We have invested and committed the net proceeds, acquiring 14 retail schemes for £185 million (net of £9 million acquisition costs) and have created an out of town portfolio focused around Investments, Redevelopment and Partnering opportunities . As a nimble REIT we pursue an occupier centric model at the heart of which is an active asset management programme and we firmly believe our key relationships with leading retailers should ensure that we execute profitable asset management initiatives across the portfolio.

“We seek to provide retailers with the right locations and the space configurations that meet their strategic objectives. It is against this back drop that we will continue to adopt our bottom-up approach to stock selection acquiring investments, particularly out of town, where our retailers are content and trade profitably.”

For further information, please contact:

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Meeting and conference call for investors and analysts

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

Financial Dynamics
Holborn Gate
26 Southampton Buildings
London WC2A 1PB

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

Dial in number: +44 (0)20 7138 0818
Conference ID: **7241045**

Event title: Metric Property Investments – Full Year Results

About Metric Property Investments

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

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

Chairman's statement

I am very pleased to present the first annual report of Metric Property Investments plc.

It is just over a year since the flotation of the Company in March 2010. In that time we have been active building our portfolio, acquiring attractive assets that fit our key investment criteria of strong occupier appeal and offer the opportunity to grow rents and enhance value through active asset management.

On listing in March 2010, the Company raised £190 million and became the first UK property company to enter the REIT regime at IPO debut, establishing a tax efficient structure for shareholders from the outset.

Progress

In the period to 31 March 2011 we have invested and committed £188 million. Post year end we acquired Sheffield, taking our total investment and commitments to £194 million in 14 properties. We have also made good progress in delivering a number of value enhancing asset management initiatives that have already contributed to growing our rental income and increasing the capital value of our portfolio. It is pleasing that management's strong relationships with its retailers are already delivering numerous investment and occupational opportunities for the Group.

The Group has committed, undrawn debt facilities in place of £84.7 million, this together with further anticipated debt facilities gives future purchasing firepower of about £160 million.

The Group generated a profit in its first period of £8.5 million. Net asset value per share as at 31 March 2011 was 101p after absorbing share issue and property acquisition costs equivalent to 8.5p per share in aggregate. The dividend of 0.6p per share reflects that this is the Group's first year of operation and it is still in its investment phase.

We were delighted to receive external recognition for our achievements when we were awarded Property Newcomer of the Year in April 2011 by Property Week.

Outlook

The investment market is extremely competitive, however the major deleveraging of the sector continues to provide opportunities and we are confident of our ability to source further attractive investments. Our retailers are also finding trading conditions challenging, although our key relationships with leading retailers should ensure that we continue to execute profitable asset management initiatives across the portfolio.

We look forward to the year ahead with enthusiasm and confidence.

Andrew Huntley
Chairman
19 May 2011

Chief Executive's review

The period since our IPO in March 2010 has seen Metric deliver on the strategy set out for shareholders in early 2010. We have invested and committed the net proceeds, acquiring 14 retail schemes for £194 million (£185 million net of £9 million acquisition costs). As a nimble REIT focused on retail investments throughout the UK we pursue an occupier-centric model at the heart of which is an active asset management programme. Despite the competitive investment landscape over this time period and the challenging occupier outlook for retailers we have created an out of town retail portfolio with high occupier contentment, strong retailer appeal, significant asset management potential and defensive income qualities. Our portfolio enjoys high occupancy, long unexpired lease terms and low average passing rents.

Our attractive acquisitions and accretive initiatives have delivered significant gains in the period, resulting in a property level total return of 16.5% and an underlying valuation surplus of £16.6 million (9.5%) or £7.6 million (4.1%) net of costs. It is important to note that over 80% of the underlying surplus resulted from management actions with the remaining 20% generated by market yield movements, which have continued to tighten over the period. We have outperformed the IPD All Retail Quarterly Universe by 4.8% on a total return basis, which is a significant achievement in our first year.

We have delivered total rental growth of 14.5%, an underlying increase of 10.4% excluding the development of new space, which is particularly pleasing in a challenging occupational market.

Driven by the valuation surplus, and after absorbing both IPO and acquisition costs, our adjusted NAV per share is 101p. Adjusted EPS is 0.5p and we are announcing our maiden dividend of 0.6p to be paid in July 2011.

Our strategy

We aim to generate attractive returns for shareholders through our value creation strategy directed by our bottom up approach to stock selection. This ensures that we focus on opportunities where we can grow income independent of broader market conditions, by closing the margin between the relatively low passing rents at acquisition and the sustainable levels of rents, over the medium term. We focus on:

ACQUISITIONS – Buying well by leveraging our strong retailer relationships to accurately assess future income performance.

ASSET MANAGEMENT – Increasing existing income, adding new income and improving the valuation yield. Each can be pursued independently or in combination.

DISPOSALS – We are unemotional about retaining our assets and will opportunistically and selectively sell assets where we believe sufficient value has been created and the market pricing is attractive.

Operational performance

To date we have invested and committed £185 million (net of acquisition costs) across 14 retail schemes covering 977,000 sq ft within the retail park and food superstore sub-sectors. The average lot size of purchases is £13 million, although this has reduced latterly as we have carried out more asset management intensive deals requiring less upfront investment at acquisition and more accretive capital expenditure throughout the asset management lifecycle. We have continued to focus on our key metrics of long and strong income, in both assembling and running our portfolio.

Our asset management activity has already begun to deliver some early successes. Over the period we have successfully concluded 20 new tenant transactions with 14 retailers on over 385,000 sq ft of space. The average lease length of new lettings is in excess of 15 years. Our occupancy level is over 97% and our long and secure income stream has over 11.8 years unexpired (11.1 years to first break) off a low average passing rent of £12.70 psf across the portfolio.

This programme of activity has delivered superior rental growth performance with underlying rental income up 10.4%, contributing to a valuation surplus of £16.6 million (9.5%) or £7.6 million (4.1%) net of costs, both of which have enabled us to outperform the IPD All Retail Quarterly Universe.

Financing & firepower

We have recently signed a new £34.7 million five year term facility with Eurohypo, secured on existing assets. The facility will be used to finance future acquisitions. This is in addition to the £50 million, five year revolving credit facility with RBS we announced at the time of our interim results. Neither facility has been drawn to date. The average margin across both facilities is 180 bps.

Our remaining firepower, including anticipated future debt facilities, is about £160 million which, together with capital released from recycling assets, we will look to deploy into opportunities using our knowledge and skills to deliver long-term shareholder value.

We have recently announced the acquisitions of Milburn Road, Inverness and St Mary's Road, Sheffield for an initial investment of £9.2 million with a further £4.8 million to be spent on value enhancing asset management initiatives where DFS will anchor both schemes. Inverness completed just prior to the year end and is included in the year end valuation, whereas Sheffield completed on 10 May 2011.

Investment & occupier outlook

We have already witnessed a strong bounce back in valuations across most sub-sectors of the commercial real estate market, which has almost entirely been driven by inward yield shift. We believe that for all but the best assets this movement has largely run its course. There is a strong possibility that, against a challenging occupational market, some sub-sectors will see a dislocation between the investment and occupier markets, as the weight of money has bid yields down to levels that are unsupported by occupier fundamentals.

At a macro level the investment market offers limited value in the absence of genuine rental growth and the ongoing threat of retailers vacating on expiry, weaker covenants, void costs and the defensive capital expenditure required to bring space back to a lettable state. We will therefore continue to use our retailer and investment relationships to uncover opportunities both on and off the market where we can secure real income growth from assets with long income and attractive asset management opportunities.

Retailer performance is mixed, with the consumer exposed to inflation and both direct and indirect tax increases. Retailer trading statements and direct feedback indicate that it is the lower end consumer that is suffering the most as these fiscal measures impact on disposable income. However there is some evidence indicating that consumer confidence is slowly on the rise, especially as new mortgage lending is likely to be constrained for the foreseeable future. It is clear though that 2011 will remain a difficult year for many retailers.

From a property perspective retailers are not only coping with these economic constraints, they are also facing major structural changes to shopping patterns driven by the internet and a shift to out of town. This is undoubtedly affecting retailers' space strategies. Many are looking to 'right size' their portfolios, the resultant surplus sites adding to the over-supply of space already in the market. This will be particularly relevant in situations where 20-25 year leases are due to expire and the retailers will have new optionality. Whilst there is good demand for large space configurations, both in and out of town, demand for smaller standard stores is considerably weaker. This will inevitably exacerbate the supply/demand imbalance in some areas and continue to exert downward rental pressure on those stores that no longer meet modern retailers' trading formats.

As a result, retail schemes that can deliver the right space for occupiers will continue to outperform and we will continue to benefit from the ongoing migration of high street occupiers to good out of town locations, especially given the lack of supply of new retail developments.

Our portfolio is well placed to take advantage of this dynamic and we continue to seek to provide retailers with the right locations and the space configurations that meet their strategic objectives. It is against this back drop that we will continue to adopt our bottom up approach to stock selection acquiring investments, particularly out of town, where our retailers are content and trade profitably.

Andrew Jones
Chief Executive
19 May 2011

Property portfolio

Our first purchase was concluded in July 2010 which kick-started an acquisition programme that to date totals £185 million (net of acquisition costs of £9 million), including committed capex, across 14 retail assets. As envisaged at the time of flotation, we have now fully invested our net IPO proceeds and will finance future acquisitions from existing or anticipated debt facilities, and recycled capital.

Despite a competitive investment market, our disciplined bottom up, occupier led acquisition strategy combined with strong sourcing capabilities, has resulted in all but one of our acquisitions being secured off market. This has been helped by the fact that often our lot sizes (average £13 million) have fallen below the radar of many of our competitors (other REITs and property funds). The majority were also acquired from private property companies or high net worth individuals who were concerned about impending bank refinancing. We are confident that the ongoing deleveraging of the real estate market will ensure this continues to be an attractive source of new opportunities for us.

Many of the assets we have acquired from vendors with refinancing pressures have also been starved of capital expenditure, allowing us to quickly implement value enhancing asset management initiatives and identify a medium to long-term strategy for further value creation.

Portfolio composition

Our acquisition strategy falls into three retail categories:

INVESTMENTS – the core of our portfolio – comprising multi-let schemes offering a full programme of asset management opportunities including lease re-gears, unit subdivision, extensions and tenant mix improvements.

PARTNERING – working closely with specific retailers to help them unlock opportunities to reconfigure or gain representation on schemes. Examples include Currys, Asda, Carpetright and DFS.

REDEVELOPMENTS – longer-term schemes with favourable planning consents, attractive demand/supply dynamics and diverse occupier appeal.

Outlook

We have seen a continued pick up in the pace of transactions over the last six months as debt defaults and refinancing pressures continue to motivate vendors to secure sales. In addition, a further market loosening is occurring as interest rate swaps expire and breakage costs reduce. We anticipate these trends continuing through the remainder of 2011 delivering the primary source of supply to the market.

Our core acquisition strategy will continue to revolve around our Investments portfolio. There is currently strong competition for openly marketed schemes as significant institutional equity remains available. We will therefore remain disciplined in our approach and continue to leverage our retailer relationships in assessing all new opportunities and only invest where we see real opportunity for value creation.

We will also continue to seek more Partnering opportunities as we aim to become the retailers' partner of choice in securing their desired store locations and expect to build upon our recent success in Mansfield, Hove, Inverness and Sheffield.

Our Redevelopments such as our proposal for Kirkstall, Leeds are exciting medium-term opportunities to develop larger multi-let schemes that meet the demands of today's retailers. In an environment where there is little supply of new space these projects provide attractive returns on our capital and will continue to be a focus for us going forward.

Asset management

Our portfolio exhibits strong defensive qualities, with long unexpired leases averaging 11.8 years; a high level of occupancy at 97% and low average passing rent (£12.70 psf). This gives us sufficient room to move rents up to their sustainable levels. We have been successful in achieving our desired portfolio metrics owing to our strategy of choosing investments in locations with strong retailer demand, where retailers trade well and we can adapt the space into the right configuration to meet the retailers' strategic objectives.

Long, strong income and a real focus on tenant mix are central in achieving and maintaining a high level of occupancy. Over the short period of ownerships we have already secured new retailers onto our schemes such as Boots, Lidl, New Look, Peacocks and achieved average lease length on new lettings of 15.6 years (14.5 years to first break). Our aim is to continue to attract more retailers to further diversify income and establish new levels of sustainable rents allowing us to capture ERV growth over time.

The diversity of income within the portfolio is spread across the key sub-sectors with 18% of income now derived from food operators. We expect greater granularity and diversity of income as we continue to grow the portfolio and undertake further asset management initiatives.

Fig 1 – Sector exposure

	Weighting by income (%)
Home furnishings	21
Food	18
DIY	18
General merchandise	17
Electrical	17
Other	9

Asset management programme

Significant progress has been made across the portfolio. In our period of ownership, we are pleased to have undertaken 20 separate tenant transactions across 385,000 sq ft of space with 14 retailers at 11 locations. This has resulted in a combination of new lettings, rent reviews, re-gears, extensions, surrenders and the creation of new space to let, all supporting valuation and rental growth.

New letting transactions

MANSFIELD – new 15 year lease to Dixons Retail for a flagship format Currys PC World Megastore, resulted in uplift in average passing rent psf of 28% from £13.30 psf to £17.00 psf.

LAUNCESTON – accepted surrender from the Co-op receiving a £250,000 premium. New lettings to Peacocks, New Look, and Pets at Home, improving average passing rent on the scheme by 18% from £11.20 psf to £13.20 psf.

COVENTRY – new 10 year lease to Carpetright at £17.50 psf. The park is now 100% let, average passing rent psf increased from £12.00 psf to £12.50 psf.

CONGLETON – accepted a surrender from Carpetright. New letting to Boots at £18.00 psf, a 38% increase, significantly improving our tenant mix following recent opening of M&S on the site, average passing rent increased from £14.75 psf to £15.20 psf. Undertaken a temporary letting to Sports Direct on the remaining 4,000 sq ft unit.

INVERNESS – concluded a sale-and-leaseback with DFS for a new 20 year lease, pre-let a new 10,000 sq ft unit on the adjoining site to Carpetright on a new 15 year lease.

KIRKSTALL, LEEDS – pre-lets agreed with BHS and Outfit for c.27% of redeveloped site.

Rent reviews
In a challenging market we have had some notable successes in delivering income growth at rent review. At Newry, Bedford and Hove we have achieved new rents 15% in excess of previous passing rents. These uplifts are sizeable given that many retail rent reviews across the sector are being concluded with a nil increase. This process has been greatly assisted by strong occupier trading and the low average passing rents at these locations.

Planning
Over the period we have delivered new planning consents on more than 150,000 sq ft, including:

LAUNCESTON – for the subdivision of the former Co-op unit to permit new lettings for Peacocks, New Look, and Pets at Home

Also at Launceston – a relaxation of user restrictions on the recently acquired adjoining site occupied by Topps Tiles and Carpetright to permit Open A1 lettings.

CONGLETON – for the development of a new 8,000 sq ft unit.

BEDFORD – for a new 2,500 sq ft retail pod and refurbishment to upgrade the elevations.

MANSFIELD – for refurbishment and upgrade of the external facade.

Strong valuation gains driven by asset management initiatives

Our ownership period since acquisition across our investment portfolio averages just over five months. The portfolio generated an underlying valuation uplift of 9.5% (£16.6 million) or 4.1% (£7.6 million) net of acquisition costs. Of the underlying valuation surplus, 80% comes from management actions tied directly to the value enhancing initiatives discussed above, with only 20% from market yield shift.

The contractual running yield on the portfolio is just over 6% with 14% of the portfolio subject to fixed uplifts.

Fig 2 – Valuation contributors

	Contribution to valuation uplift (%)
Letting	40
Rent reviews	7
New space	6
Asset management yield shift	27
Market yield shift	20

Performance against the IPD All Retail Quarterly Universe

Our performance relative to IPD has been commendable with a total return of 16.5% compared to 11.7% for the IPD All Retail Quarterly Universe. Of this, one-third or 6% is derived from income and the remaining two-thirds or 10.5% from capital appreciation. This compares with IPD at 6% income return and 5.4% capital return.

Rental income growth

On new lettings where the space was previously occupied, we have been able to add an average of over £5.50 psf and on lease re-gears we have been able to add over £3.50 psf, on average. On completed rent reviews the 15% uplift on space reviewed translates to an average of just over £2 psf.

Our average passing rent across the portfolio is £12.70 psf. This has allowed us to make considerable progress in our ultimate long-term aim of achieving what we believe is the sustainable rental levels on each park.

Given the challenging retail market, the significant gains we have been able to achieve on new lettings, lease re-gears and rent reviews highlight how well our customer-centric model works. Our total new lettings have translated to an overall rental growth of 14.5%, an underlying increase of 10.4% excluding the development of new space.

Fig 3 – Components of income growth

	(%)
Total rental growth	**14.5**
Contributors to growth:	
New letting and re-gears	62
Rent reviews	10
New space	28

Financial review

The successful IPO in March 2010, raised gross proceeds of £190 million. Share issue costs amounted to £7.4 million resulting in net proceeds of £182.6 million. As at 31 March 2011, the Group has spent or committed to spend £188 million on investment property acquisitions and the timing of these investments has impacted the results for the period under review. The Group also elected to become a REIT at the same time as listing.

Income statement and earnings per share

The Group made a profit after tax of £8.5 million in the period to 31 March 2011 which equates to earnings per share of 4.8p. The profit arose mainly from a gain on the revaluation of the investment properties of £7.6 million. Excluding the revaluation surplus the Group made a small adjusted profit after tax of £877,000 or adjusted earnings per share of 0.5p.

Net rental income in the period to 31 March 2011 was £4.6 million, with 75% of the income being generated by our first four acquisitions, Newry, Launceston, Loughborough and Coventry, all of which had been completed in the first half of the financial year. The acquisitions in the second half of the year contributed the remaining 25% with most of this income being generated by the acquisition of Milford Haven, Wick and Bedford.

Administration expenses of £4.4 million principally comprise staff costs and office accommodation costs. The administration expenses also include exceptional costs of £240,000 being professional fees incurred in the Group obtaining REIT status.

Net proceeds from the IPO awaiting investment in property were placed on deposit with a number of different counterparties. Interest received totalled £1.1 million, with interest on deposit accounts being earned at a weighted average rate of 0.9% in the period to 31 March 2011.

The total REIT conversion charge for the period is £208,000 which arose primarily on the acquisition of Wick Retail Park via a corporate vehicle, resulting in a charge of £206,000. The conversion to REIT status at the same time as listing resulted in a small charge of £2,000.

Dividend and dividend policy

The Board of Directors has recommended the payment of a final dividend of 0.6p per share which will be paid on 6 July 2011, subject to shareholder approval, to shareholders on the register on 10 June 2011. The dividend will be paid entirely as a Property Income Distribution (PID) to ensure the Group meets its requirements under the REIT rules.

Balance sheet and net asset value

As at 31 March 2011 the Group's portfolio was valued at £192.4 million, expenditure on property acquisitions was £182.6 million and a further £1.8 million has been spent on tenant incentives and capital expenditure. Capital commitments at the period end amounted to £3.7 million. After acquisition costs and capital expenditure the portfolio generated a revaluation surplus of £7.6 million.

Including the post balance sheet acquisition at Sheffield, total expenditure on acquisitions was £185 million, with capital expenditure and commitments increasing to £9 million.

The net asset value per share at the period end was 101p and the table below sets out the reasons for the movement in the net asset value since the IPO:

	£000	pence per share
Gross IPO proceeds	190,000	100p
Share issue costs	(7,428)	(4)p
Revaluation surplus	7,618	4p
Adjusted profit after tax	877	1p
Net asset value 31 March 2011	191,067	101p

Financing

As at 31 March 2011 the Group had cash on deposit of £28.0 million and all the acquisitions to date have been financed from the net IPO proceeds. However, the Group is committed to spend a further £30.2 million of which £26.5 million has been provided for on the balance sheet. These commitments reflect primarily the acquisition of Congleton, Inverness and the adjoining site at Launceston which, although, not completed at the period end, were contractually committed. Post the period end a further £5.7 million was committed for the acquisition and redevelopment of Sheffield.

The balance of the costs reflects expenditure required to complete a number of tenant initiatives, principally at Newry, Launceston, Nottingham, Bedford, Inverness and Congleton retail parks.

The Group has two committed loan facilities totalling £84.7 million (against which specific properties have been secured), as follows:

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

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

Drawings under the facility will not be permitted if the loan to value ratio exceeds 50%. There is a requirement to hedge a minimum of 60% of the amount drawn under the facility.

On 27 April 2011 the Group signed a five year £34.7 million term facility with Eurohypo AG. The principal financial covenants of the facility are set out below:

- interest cover ratio – projected net rental income to be not less than 2.0 times projected net interest payable, calculated on a 12 month forward looking basis; and
- loan to value ratio – total drawings not to exceed 70% of the total value of the properties secured

The facility is available for drawdown for nine months following signature and there is a requirement to hedge a minimum of 80% of the amounts drawn under the facility. Post the period end the Group pre-hedged the total required amount by taking out the following derivatives:

1. 3.0% cap with a notional value of £17.5 million (50% of total facility) effective from 15 April 2011 and terminating on maturity of the facility.
2. 3.19% fixed rate forward starting swap, plus a credit spread of 0.15%, to give an all-in rate of 3.34% with a notional value of £10.5 million (30% of total facility), effective from 16 January 2012 and terminating on maturity of the facility.

Including anticipated future debt facilities, the Group has firepower totalling about £160 million calculated as follows:

	£m
Cash at bank and on deposit	28.0
Less capital commitments (including Sheffield)	(35.9)
Committed bank facilities	84.7
Total committed firepower	76.8
Anticipated future debt facilities	83.2
Total anticipated firepower	**160.0**

Sue Ford
Finance Director
19 May 2011

Key risks and uncertainties

Strategic risks

Risk	Mitigation
Investment acquisitions underperform financial objectives	Specialist retail operator undertaking detailed financial and operational appraisal process for all acquisitions, including due diligence reviews, prior to committing to an investment
Failure to identify business opportunities and innovate	Research into the economy and the investment and occupational market is evaluated as part of the Group's strategy process, covering key areas such as investment, leasing and asset management
Property markets are cyclical. Performance depends on general economic conditions and in particular the retail sector	Extensive experience of the Directors provides a privileged insight into the strengths, weaknesses and opportunities within potential investments Pro-active asset management including right-sizing, extensions, refurbishments, tenant mix, lease extensions and improving planning consents
Development projects fail to deliver expected returns due to increased costs, delays or changes in property market values	Contractor performance closely monitored within project management process. Regular monitoring against budget and forecasting of project costs

Financial risks

Risk	Mitigation
Inability to raise finance to implement strategy	Five year £50 million revolving credit facility with The Royal Bank of Scotland plc signed and post period end £34.7 million facility signed with Eurohypo AG, and relationships with several banks have been established
Adverse interest rate movements	The Company has established a hedging strategy and hedging effectiveness is regularly monitored
Failure to comply with loan covenants	Loan covenants are actively monitored and considered, including stress testing and headroom analysis, as part of the budgeting and forecasting process
Failure to comply with REIT conditions	The Group actively monitors its compliance with REIT conditions as part of its budgeting and forecasting process, the results of which are reported to the Board of Directors. The effect of all acquisitions on REIT conditions is monitored and considered
Counterparty credit risk resulting in loss of cash deposit	Deposits have been placed across a range of counterparties who have a credit rating of at least AA- or are government backed. Documented treasury process approved by the Board

Asset management risks

Risk	Mitigation
Tenant failure	Tenant covenant strength and concentration assessed for all acquisitions
Failure to let vacant units	Specialist retail market contacts and knowledge and detailed appraisal of each investment

Operational risks	
Risk	Mitigation
Loss of key staff	Remuneration structure reviewed and benchmarked and a substantial part of remuneration share based with period of time before vesting Executive Directors have made a substantial equity investment with lock-in provisions
Failure to comply with health and safety requirements	Property health and safety has been outsourced to specialist retail property managing agents who carry out regular risk assessments
Environmental liabilities	Environmental surveys carried out as part of the due diligence for all acquisitions

Responsibility statement

We confirm to the best of our knowledge:

The financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

The management report, which is incorporated in to the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the board of directors on 18 May 2011 and is signed on its behalf by:

Andrew Jones	**Sue Ford**
Chief Executive	**Finance Director and Company Secretary**

Group income statement

Period ended 31 March 2011

	Note	1 March 2010 to 31 March 2011 £000
Gross rental income	3	**4,705**
Property operating expenses	3	(124)
Net rental income		**4,581**
Administrative expenses	4	(4,390)
Gain arising on valuation of investment properties		7,618
Operating profit		**7,809**
Interest receivable and other finance income		1,070
Interest payable and other finance charges		(176)
Profit before tax		**8,703**
Tax – REIT conversion charge	5	(208)
Profit after tax		**8,495**
Earnings per share – basic and diluted	6	4.8p
Adjusted earnings per share – basic and diluted	6	0.5p

All amounts relate to continuing activities.

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

Group and Company balance sheets

As at 31 March 2011

	Note	**Group as at 31 March 2011 £000**	Company as at 31 March 2011 £000
Non-current assets			
Investment properties	8	192,387	107
Investment in subsidiaries	9	–	158,021
Plant and equipment		127	127
		192,514	**158,255**
Current assets			
Trade and other receivables	10	2,003	107
Cash and short-term deposits	11	28,036	27,731
		30,039	**27,838**
Total assets		**222,553**	**186,093**
Current liabilities			
Trade and other payables	12	(31,486)	(2,430)
Total liabilities		**(31,486)**	**(2,430)**
Net assets		**191,067**	**183,663**
Equity			
Share capital	15	1,900	1,900
Share premium	16	–	–
Other reserve	16	180,672	180,672
Retained earnings		8,495	1,091
Total equity		**191,067**	**183,663**
Net assets per share	17	**101p**	

Group and Company statement of changes in equity

Period ended 31 March 2011

Group	Share capital £000	Share premium £000	Other reserve £000	Retained earnings £000	Total £000
At incorporation	–	–	–	–	–
Issue of ordinary shares	1,900	188,100	–	–	190,000
Share issue costs	–	(7,428)	–	–	(7,428)
Transfer in respect of capital reduction	–	(180,672)	180,672	–	–
Profit for the period	–	–	–	8,495	8,495
Total equity at 31 March 2011	**1,900**	**–**	**180,672**	**8,495**	**191,067**

Company	Share capital £000	Share premium £000	Other reserve £000	Retained earnings £000	Total £000
At incorporation	–	–	–	–	–
Issue of ordinary shares	1,900	188,100	–	–	190,000
Share issue costs	–	(7,428)	–	–	(7,428)
Transfer in respect of capital reduction	–	(180,672)	180,672	–	–
Profit for the period	–	–	–	1,091	1,091
Total equity at 31 March 2011	**1,900**	**–**	**180,672**	**1,091**	**183,663**

Group and Company cash flow statement

Period ended 31 March 2011

	Group 1 March 2010 to 31 March 2011 £000	Company 1 March 2010 to 31 March 2011 £000
Cash flows from operating activities		
Operating profit/(loss)	7,809	(932)
Adjustments for non-cash items:		
(Gain) / deficit arising on valuation of investment properties	(7,618)	2
Lease incentives and unsettled rent reviews recognised	(331)	–
Depreciation	32	32
Cash flows from operations before changes in working capital	**(108)**	**(898)**
Increase in trade and other receivables	(1,364)	(103)
Increase in trade and other payables	4,192	2,428
Net cash flows from operations	**2,720**	**1,427**
Interest received	1,034	1,026
Interest paid	(57)	–
Net cash flows from operating activities	**3,697**	**2,453**
Cash flows from investing activities		
Purchase of investment properties	(157,975)	(109)
Investment in/loans advanced to subsidiary undertakings	–	(157,026)
Purchase of plant and equipment	(159)	(159)
Net cash flows from investing activities	**(158,134)**	**(157,294)**
Cash flows from financing activities		
Net proceeds from issue of shares	182,572	182,572
Loan arrangement fees	(99)	–
Net cash flows from financing activities	**182,473**	**182,572**
Net increase in cash and short-term deposits	**28,036**	**27,731**
Cash and short-term deposits at incorporation	–	–
Cash and short-term deposits at end of the period	**28,036**	**27,731**

Notes to the financial statements

1. Principal accounting policies

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

Basis of preparation

The financial information contained in this announcement has been prepared on the basis of the accounting policies set out in the statutory accounts for the year ended 31 March 2011. Whilst the financial information included in this announcement has been presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, which therefore comply with Article 4 of EU IAS Regulation, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Company's statutory accounts for the year ended 31 March 2011, but is derived from those accounts. Those accounts give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole. The auditor report on the 2011 accounts was unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under s498(2) or (3) Companies Act 2006 or preceding legislation and will be delivered to the Registrar of Companies in due course.

The financial statements have been prepared on the historical cost basis, except for the revaluation of properties. In the process of applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions that may affect the financial statements. The Directors believe that the judgements made in the preparation of the financial statements are reasonable. The key estimates and assumptions relate to property valuations applied by the Group's property valuer. However actual outcomes may differ from those anticipated.

Going concern

The Directors are satisfied that the Group has the resources to continue in operational existence for the foreseeable future. For this reason, the financial statements are prepared on a going concern basis.

The Group's business activities, together with the factors affecting its performance, position and future development are set out in the Business Review. The finances of the Group, its liquidity position and borrowing facilities are set out in the Financial Review and in notes 11 and 13 of the accounts.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review the Directors have considered the Group's cash balances, debt maturity profile of its undrawn facilities, and the long-term nature of tenant leases. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Accounting policies

The principal accounting policies adopted by the Group and applied to these financial statements are set out below.

Basis of consolidation

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

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

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

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

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

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

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

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

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

Acquisitions and disposals of properties are recognised where the significant risks and rewards of ownership of the property have been transferred to the purchaser.

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

All other leases are classified as operating leases.

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

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

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

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

Financial instruments:

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

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

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

iv Borrowings: The Group’s borrowings in the form of its bank loans are recognised initially at fair value, after taking account of attributable transaction costs. Subsequently, borrowings are held at amortised cost, with any attributable costs charged to the income statement using the effective interest rate method.

v Derivatives: The Group enters into derivative transactions such as interest rate swaps in order to manage the risks arising from its activities. Derivatives are initially recorded at fair value and are re-measured to fair value as calculated by the counterparties based on market prices at subsequent balance sheet dates. The Group does not apply hedge accounting to its derivative financial instruments and hence any change in the fair value of such derivatives is recognised immediately in the income statement as a finance cost.

Interest receivable and other finance income represents interest on cash balances held.

Depreciation

No depreciation is provided in respect of freehold investment properties and leasehold investment properties. Depreciation is provided on plant and equipment, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the balance sheet date of each asset evenly over its expected useful life, as follows:

Computers – over three years
Fixtures and fittings – over five years

Income tax

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

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

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

Pension benefits
Contributions to defined contribution schemes are expensed as they fall due.

Share based payments
The cost of granting share based payments to employees and Directors is recognised within administration expenses in the income statement. The Group uses the Stochastic model to value the grants, which is dependent upon factors including the share price, expected volatility and vesting period, and the resulting fair value is amortised through the income statement over the vesting period. The charge is reversed if it is likely that any non-market based criteria will not be met.

Exceptional items
Non-recurring expenses and gains recognised outside the normal course of business are classified as exceptional and are identified separately in the financial statements.

Impairment of assets
The Group assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where the carrying value of an asset exceeds its recoverable amount the asset is considered impaired and written down accordingly.

Investments in subsidiary undertakings
Interests in subsidiary undertakings are carried in the Company's balance sheet at cost less any provision for impairment.

Standards and interpretations in issue not yet adopted
At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 1/IAS 27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate;
- IFRS 9 Financial Instruments;
- IAS 24 Related Party Disclosures;
- IAS 27 (revised 2008), Consolidated and Separate Financial Statements; and
- Improvements to IFRS – 2010

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application, other than on presentation and disclosure.

2. Segmental information

During the period, the Group operated in and was managed as one business segment, being retail property investment, with all properties located in the United Kingdom. Of the total contracted rental income as at 31 March 2011, DSG Retail Limited accounted for 17.7%.

3. Gross and net rental income

	1 March 2010 to 31 March 2011 £000
Rent receivable	4,284
Spreading of tenant incentives and guaranteed rent increases	171
Surrender premiums	250
Gross rental income	4,705
Service charge income	279
Gross rental and related income	4,984
Service charge expenses	(279)
Property operating expenses	(124)
Net rental and related income	**4,581**

There are no property operating expenses in respect of investment properties that did not generate rental income during the year. Total revenue is the same as gross rental and related income.

4. Administrative expenses

	1 March 2010 to 31 March 2011 £000
Employee costs	3,087
Other administrative expenses	1,031
Exceptional professional fees relating to the Group’s conversion to REIT status	240
Depreciation of plant and equipment	32
	4,390

Employee costs, including those of Directors, comprise the following:

	1 March 2010 to 31 March 2011 £000
Salaries	2,524
Social security costs	330
Pension costs	233
	3,087

Directors’ emoluments and pension benefits included in the above table totalled £2,162,000.

The average monthly number of employees, including directors, during the period was 10.

Auditor’s remuneration

	1 March 2010 to 31 March 2011 £000
Audit Services:	
Parent Company	75
Subsidiary undertakings	15
Amounts for regulatory filings	121
Audit and audit related services	211
Other services:	
REIT conversion advice	240
Taxation	116
Other advice	30
	597

Amounts for regulatory filings include £106,000 in respect of the Company’s admission to the Official List and to trading on the Main Market of the London Stock Exchange plc which has been deducted from the share premium account.

5. Tax

	1 March 2010 to 31 March 2011 £000
REIT conversion charge	208
Total tax charge	**208**

Factors affecting tax charge for the period:

	1 March 2010 to 31 March 2011 £000
Profit before tax	8,703
Profit before tax at the standard rate of income tax in the UK of 28%	2,437
Effects of:	
REIT tax exemption	(2,437)
REIT conversion charge	208
Total tax charge	**208**

The Group converted to a REIT on 24 March 2010 and as such is largely exempt from corporation tax on its rental profits and chargeable gains relating to its property rental business.

6. Earnings per share

Earnings per share and adjusted earnings per share have been calculated, using the weighted average number of shares in issue during the period of 178,706,000, as follows:

	Profit/(loss) after tax £000	Earnings/(loss) per share pence
Basic and diluted	8,495	4.8p
Gain on revaluation of investment properties	(7,618)	(4.3)p
Adjusted	877	0.5p

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

7. Dividends

The Board of Directors has proposed a final dividend of 0.6p per share which will result in a distribution of £1,140,000. The dividend will be paid on 6 July 2011 to shareholders on the register at the close of business on 10 June 2011. The proposed final dividend needs to be approved by the shareholders of the Company at the Annual General Meeting and consequently is not recognised as a liability as at 31 March 2011.

The dividend will be paid entirely as a PID (Property Income Distribution). PID dividends are paid, as required by REIT legislation, after deduction of withholding tax at the basic rate of income tax (currently 20%). However, certain classes of shareholder may be able to claim exemption from deduction of withholding tax.

8. Investment properties

	Group Investment properties £000	Company Investment properties £000
At incorporation	–	–
Acquisition of properties	182,604	109
Redevelopment and refurbishment expenditure	1,834	–
Total additions	184,438	109
Revaluation surplus/(deficit)	7,618	(2)
	192,056	107
Tenant incentives and accrued rental income	331	–
At 31 March 2011	**192,387**	**107**

The Company's freehold and leasehold investment properties were valued as at 31 March 2011 by the external valuer, CB Richard Ellis, in accordance with the requirements of the RICS Valuation Standards, sixth edition, on the basis of market value assuming that the property would be sold subject to any existing leases. The valuations were prepared by a RICS Registered Valuer, whose opinion of market value was primarily derived using comparable recent market transactions on arm's length terms.

Long leasehold properties, which are treated as finance leases and included in investment properties above, amounted to £33.9m.

At 31 March 2011 no properties had been secured under the bank loan facilities with The Royal Bank of Scotland plc.

The factors affecting the valuation of investment properties are included in the Business Review.

Capital commitments
Capital commitments have been entered into amounting to £3,734,000 which have not been provided in the financial statements.

9. Investment in subsidiaries

	Shares in subsidiary undertakings £000	Loans to subsidiary undertakings £000	Total £000
At incorporation	–	–	–
Additions	153,900	–	153,900
Movement on loans	–	4,121	4,121
At 31 March 2011	**153,900**	**4,121**	**158,021**

Interests in subsidiary undertakings are carried in the Company's balance sheet at cost less any provision for impairment. The loans to subsidiary undertakings are repayable on demand, however the Company has no intention of requesting repayment within one year and consequently the loans have been classified as Non-current Assets. The Company is the ultimate holding company of the Group and has the following principal subsidiary undertakings:

	Country of incorporation	Proportion of voting rights held (by way of share capital held)	Nature of business
Metric Property Newry Limited	England	100%	Property investment
Metric Property Launceston Limited	England	100%	Property investment
Metric Property Loughborough Limited	England	100%	Property investment
Metric Property Coventry Limited	England	100%	Property investment
Metric Property Mansfield Limited	England	100%	Property investment
Metric Property Congleton Limited	England	100%	Property investment
Wick Retail Limited	Scotland	100%	Property investment
Metric Property Bedford Limited	England	100%	Property investment
Metric Property Milford Haven Limited	England	100%	Property investment
Metric Property Bristol Limited	England	100%	Property investment
Metric Property Hove Limited	England	100%	Property investment
Metric Property Kirkstall Limited	England	100%	Property investment
Metric Property Inverness Limited	Scotland	100%	Property investment
Metric Property Launceston 3 Limited	England	100%	Property investment
Metric Property Finance Holdings Limited	England	100%	Intermediate holding company
Metric Property Finance 1 Limited	England	100%	Intermediate holding company
Metric Property Finance 2 Limited	England	100%	Intermediate holding company

All of the undertakings listed above operate in their country of incorporation. All shares held are ordinary shares.

10. Trade and other receivables

	Group 31 March 2011 £000	Company 31 March 2011 £000
Amounts due from tenants	548	1
Other taxes	663	1
Other debtors	13	–
Prepayments and accrued income	779	105
At 31 March 2011	**2,003**	**107**

The Directors consider that the carrying amount of trade and other receivables approximates their fair values. The Group's credit risk is primarily attributable to amounts due from tenants, which consist of rent and service charge monies. A provision for doubtful debts is provided for based on estimated irrecoverable amounts determined by past experience and knowledge of the individual tenant's circumstances. The amount charged to the income statement in respect of doubtful debts was £nil. Trade and other receivables are initially measured at invoiced value and have settlement dates within one year.

At 31 March 2011 there were no amounts which were impaired. There is no provision for impairment of trade receivables as at 31 March 2011 as the risk of impairment of the amounts is not considered to be significant.

As at 31 March 2011, trade and other receivables outside their payment terms yet not impaired for are as follows:

			Outside credit terms but not impaired		
	Total £000	Within credit terms £000	0-1 month £000	1-3 months £000	More than 3 months £000
At 31 March 2011	**548**	**215**	**319**	**4**	**10**

11. Cash and short-term deposits

	Group 31 March 2011 £000	Company 31 March 2011 £000
Cash at bank	478	173
Short-term deposits	27,558	27,558
At 31 March 2011	**28,036**	**27,731**

The credit risk on cash and short-term deposits is limited because the counterparties are banks and money market funds with credit ratings of at least AA-, and strict counterparty limits ensure the Group's exposure to bank failure is minimised and consequently there is an insignificant risk of changes in value.

12. Trade and other payables

	Group 31 March 2011 £000	Company 31 March 2011 £000
Rents invoiced in advance	1,546	1
REIT conversion charge payable	208	2
Other taxes	817	817
Accrued capital expenditure in respect of property acquisitions	26,463	–
Other trade payables and accruals	2,452	1,610
At 31 March 2011	**31,486**	**2,430**

Trade payables are interest free and have settlement dates within one year. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

13. Financial risk management and borrowings

Through the Group's operations it is exposed to a variety of risks. The principal risks that are potentially material to the Group and the policies for managing these risks are summarised below.

Liquidity risk

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due. The Group maintains a rolling three year forecast of anticipated recurring and non-recurring cash flows. The Group's available cash, undrawn committed credit facilities are monitored against the projected cash flows to ensure there is sufficient liquidity with reference to committed expenditure.

Non-derivative financial assets, being trade and other receivables £2,003,000, cash and short-term deposits £28,036,000 and are all due for receipt or maturity within one year. Non-derivative financial liabilities, being trade and other payables £31,486,000, are all due for payment within one year.

Credit risk

Credit risk reflects the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The concentration of credit risk is limited by the diverse tenant base. Accordingly the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. Details of the Group's receivables are summarised in note 10 of the financial statements.

The Group's cash deposits are placed with a diversified range of banks and money market funds, with high credit ratings of at least AA-, and strict counterparty limits ensure the Group's exposure to bank failure is minimised.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and as such aims to maintain an appropriate mix of equity and debt financing. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Group's Statement of Changes in Equity. Debt comprises drawings against the committed bank loan facilities.

Market and interest rate risk

The Group is exposed to market risk through interest rate fluctuations. It is the Group's policy that a significant portion of external bank borrowings are at either fixed or capped rates of interest. The Group will use interest rate derivatives including swaps and caps to manage its interest rate exposure and hedge future interest rate risk for the term of the respective bank loan. This policy does not entirely eliminate the risk although the Directors believe it provides an appropriate balance of exposure.

Borrowings

At 31 March 2011, the Group had a five year, £50m revolving credit facility and interest is payable at rates ranging from 1.7% to 2.25% above LIBOR. The amount undrawn under the facility as at 31 March 2011 is £50m and as a result the Directors consider the Group to have adequate liquidity to fund the ongoing operations of the business. The bank loan will be secured by fixed charges over certain investment properties of the Group and is repayable within two to five years of the balance sheet date. In addition, under the revolving credit facility, the lending bank may require repayment of the outstanding amount, with not less than 10 days notice, following any change of control.

14. Operating lease arrangements

The Group as a lessor

The Group leases out all of its investment properties under operating leases with a weighted average lease length of 11.8 years (11.1 years to first break). Details of gross rental earned during the period are set out in note 3. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	31 March 2011 £000
Less than one year	11,762
Between two and five years	43,879
Greater than five years	75,773
At 31 March 2011	**131,414**

The Group as a lessee

At 31 March 2011 the future minimum lease payments payable under non-cancellable operating leases of land and buildings totalled £256,000, of which £150,000 is payable in less than one year and £106,000 is payable in the second to fifth years.

15. Share capital

	31 March 2011 Number	31 March 2011 Amount paid £000
Issued and fully paid		
Ordinary shares of 1p each	**190,000,000**	**1,900**

On incorporation, 1 March 2010, 50,000 ordinary shares of 1p each were issued for cash at a subscription price of £1 per share. On 3 March 2010 63,000 ordinary shares of 1p each were issued for cash at a subscription price of £1 per share. On 24 March 2010 174,887,000 ordinary shares of 1p each were issued pursuant to the Placing and Offer for Subscription of ordinary shares for cash at a price of £1 per share. On 31 March 2010, a further 15,000,000 ordinary shares of 1p each were issued for cash at a price of £1 per share under the Over-allotment Option referred to in the Prospectus published by the Company on 8 March 2010. The Company does not hold any ordinary shares in the capital of the Company in treasury.

16. Share premium and other reserve

	Share premium £000	Other reserve £000
At incorporation	–	–
Premium on issue of shares	188,100	–
Share issue costs	(7,428)	–
Transfer in respect of capital reduction	(180,672)	180,672
At 31 March 2011	**–**	**180,672**

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

17. Net asset value

The net asset value per share has been calculated based on 190,000,000 shares in issue at 31 March 2011 and based on net assets attributable to shareholders of £191,067,000. There is no difference between net asset value per share and adjusted net asset value per share calculated in accordance with European Public Real Estate Association (EPRA) guidelines.

18. Post balance sheet events

On 15 April 2011 certain investment properties with a carrying value of £55.1 million were secured by fixed charges against the £50 million revolving credit facility with The Royal Bank of Scotland plc.

On 27 April 2011 the Group signed a five year £34.7 million term facility with Eurohypo AG and interest is payable at rates ranging from 1.80% to 2.0% above LIBOR. The loan has been secured by fixed charges over certain investment properties of the Group with a carrying value of £71.8 million. There is a requirement to draw the loan within nine months of signature and to hedge a minimum of 80% of the amounts drawn under the facility, and the Group has pre-hedged the total required amount by taking out the following hedges:

- 3.0% cap with a notional value of £17.5 million (50% of total facility) effective from 15 April 2011 and terminating on maturity of the facility; and

- 3.19% fixed rate forward starting swap, plus credit spread cost of 15bps, to give an all-in rate of 3.34% with a notional value of £10.5 million (30% of total facility) effective from 16 January 2012 and terminating on maturity of the facility.

The principal financial covenants of the facility are:

- Interest cover ratio – projected net rental income not to be less than 2.0 times projected net interest payable, calculated on a 12 month forward looking basis; and

- loan to value ratio – not to exceed 70% of the total value of the properties secured.

On 10 May 2011 the Group exchanged contracts and completed the acquisition of an out of town retail unit in Sheffield for £2.3 million excluding acquisition costs.

19. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management

As per IAS 24 key personnel are considered to be the Executive Directors as they are the persons having authority and responsibility for planning, directing and controlling the activities of the Group.

No contracts existed during the period in relation to the Company’s or Group’s business in which any Director had an interest.