31 May 2012

METRIC PROPERTY INVESTMENTS PLC
("Metric" or the "Group" or the "Company")
FULL YEAR RESULTS FOR THE PERIOD ENDED 31 MARCH 2012

METRIC BUILDS STRONG MOMENTUM ACROSS THE BUSINESS AND OUTPERFORMS IPD BY 570 BPS

Metric, the UK specialist retail real estate investment trust, today announces its full year results for the twelve months ended 31 March 2012.

HIGHLIGHTS:[1]

	Twelve months ended 31 March 2012	Period ended 31 March 2011	Change
EPRA[2] NAV per share (p)	107	101	+5.9%
NAV per share (p)	106	101	+5.0%
Revaluation surplus (£m)	8.1	7.6	+6.6%
EPRA[2] EPS (p)	3.5	0.5	+600%
Dividend per share (p)	3.3	0.6	+450%
EPRA Profit before tax (£m)	6.6	1.1	+500%
Profit after tax (£m)	13.2	8.5	+55%
Debt facilities (£m)	114.7	84.7	+35%

Financial:

- EPRA net asset value per share of 107p, up 5.9% (March 2011: 101p)
- EPRA profit before tax £6.6 million, up 500% (March 2011: £1.1 million)
- EPRA EPS of 3.5p (March 2011: 0.5p)
- Final dividend declared of 2.3p to be paid on 23 July 2012, bringing the full-year dividend to 3.3p (March 2011: 0.6p)
- £30 million increase to RBS revolving credit facility to £80 million and extension for a further year, bringing total debt facilities to £114.7 million
- Loan to value 13% with a weighted average cost of debt 3.9%[3]

Operational:

- Portfolio valued at £238 million across 21 retail assets, following eight new acquisitions
- Annualised rent roll £15.3 million, up 28.7%; like-for-like rental growth of 3.1%
- Total property returns of 10.7%, compared to the IPD All Retail Quarterly Universe of 5.0%, delivering outperformance of 5.7%
- Valuation surplus of £8.1 million, and capital uplift of 5.3% compared to IPD All Retail Quarterly Universe of -0.8% driven by significant asset management activities
- 19 new lettings secured across 209,000 sq ft securing £3.4 million of rental income
- Significant planning gains of almost 300,000 sq ft with a further 87,000 sq ft pending approval
- On site with developments in Bishop Auckland and Cannock - now 100% and 87% pre-let, respectively, including agreements in solicitors' hands
- Eight new properties acquired for £31.3 million and one property sold to MIPP for £9.7 million
- MIPP portfolio achieved 34% of target investment with AUM of £52 million (£34.8 million at March 2012)
- Investment portfolio continues to exhibit income longevity and security
  - Occupancy level improved to 97.5% (97.1% March 2011), with no temporary lettings
  - Long unexpired leases averaging 11.8 years (10.9 years to first break)
  - Average passing rents remain low at £14.50 psf, with significant reversionary potential
- Post period end, two further acquisitions achieved in Londonderry, (Metric's share £5.8 million) on behalf of MIPP joint venture and a development-led opportunity in St Austell

1. Unless otherwise stated, all figures include Metric's one-third share of its MIPP joint venture with USS.
2. Calculated in accordance with European Public Real Estate Association (EPRA) guidelines (after adjusting for £1.6m loss on mark-to-market on derivatives see note 7 and 22).
3. Weighted average cost of debt once fully drawn.

Andrew Huntley, Chairman of Metric, commented:
"In the Company's second year we have made good progress in building a portfolio that both satisfies our ambition to deliver a strong and defensive income stream, whilst providing additional opportunities for growth through both improving rents and delivering on activities which enhance capital values. Despite the difficult economic environment, and challenging market for our occupiers, we are confident in our ability to navigate these markets and continue to seek out and deliver value creating opportunities for shareholders."

Andrew Jones, Chief Executive of Metric, added:
"We have made significant progress over the last year, delivering appreciable gains in our asset valuation and rental income, as well as building strong foundations to deliver future income and capital growth.

"Our occupier centric model is proving resilient and we will continue to focus our activities on investing in assets where our retailers trade profitably and are content. Our relationships with leading retailers remain robust and we firmly believe that our ability to meet their requirements will position us strongly to deliver attractive returns."

For further information, please contact:

Metric Property Investments plc **+44 (0)20 7129 7000**
Andrew Jones (Chief Executive)
Sue Ford (Finance Director)
Juliana Weiss Dalton (Investor Relations)

FTI CONSULTING **+44 (0)20 7831 3113**
Stephanie Highett
Dido Laurimore
Olivia Goodall

Meeting and conference call for investors and analysts

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

FTI Consulting
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 7136 6283
Conference ID: 3902474

Event title: Metric Property Investments Full Year Results

About Metric Property Investments

Metric Property is a UK retail focused Real Estate Investment Trust (REIT) established in early 2010 to invest in retail assets located across the UK. It aims to deliver attractive returns for shareholders through a strategy of increasing income and improving capital values. The occupier sits at the heart of Metric's investment strategy, where retailer demand and occupier contentment are key to driving rents through our asset management programme of leasing, rent reviews, lease renewals, extensions and redevelopments.

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

Chairman's statement

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

In our second year, we have continued to build our portfolio with a clear emphasis on acquiring assets that deliver both income growth and opportunities to enhance capital values.

As a further evolution of our strategy, in November 2011, we formed Metric Income Plus Limited Partnership (MIPP), a new £150 million joint venture with Universities Superannuation Scheme (USS), created to invest in higher yielding, income focused retail warehouses to deliver attractive post leverage cash on cash returns. The sale of Inverness, a partnering development completed by Metric, to MIPP is the first example of the Group's recycling of capital.

Progress

In the year to 31 March 2012 we have invested and committed £55.4 million (net of acquisition costs) (2011: £188 million) in properties with the portfolio valued at that date at £238 million (2011: £192 million), including Metric's share of MIPP.

As we highlighted last year, there has been intense competition in the investment market and we have therefore consciously deployed our capital where we see greater value in short cycle redevelopment deals, where our relationships with retailers have undoubtedly enabled us to execute further on these opportunities. These opportunities offer the potential for strong capital growth and also establish the building blocks to create and maintain income growth over the coming years. We have already generated substantial uplifts in value through a number of planning gains and an encouraging level of pre-lets to leading retailers across a range of our schemes.

We follow a risk based approach to development, with selection based on a favourable planning outlook coupled with strong occupational demand; acquisition is typically conditional on gaining planning; and a commitment to building only once substantial pre-lets are secured. This provides Metric with an opportunity to deliver attractive capital and income returns whilst not exposing the Group to significant development or capital expenditure risks.

As at 31 March 2012 the Group had committed, undrawn debt facilities in place of £80 million and a loan to value ratio of 13% including Metric's share of MIPP.

The Group generated a profit of £13.2 million in the year ended 31 March 2012 (2011: £8.5 million). Adjusted net asset value per share as at that date was 107p (2011: 101p). The dividend of 3.3p per share is enhanced by the receipt in the year of one-off surrender premiums amounting to £1.3 million, and whilst it represents strong progression from 0.6p per share last year, continues to reflect that the Group is still in its investment phase.

Outlook

The market for our occupiers continues to be challenging. Retailers are facing downward pressure on sales and margins whilst needing to realign their business models to the shopping patterns of today's consumer. Many will need to accelerate plans to right size their real estate portfolios, while others will be able to capitalise on the opportunities presented through the withdrawal of capacity and growth in multi-channel retailing. This in turn presents challenges and opportunities for landlords to work with their customers to provide the right space at the right rents. Against this background, Metric is well placed to continue to navigate these challenging markets, and seek out and deliver value creating opportunities for its shareholders. The robust nature of our portfolio, with high occupancy and demand, long leases and an increasing spread of tenants, coupled with a strong balance sheet, access to capital and unparalleled relationships with leading retailers, are key factors behind this strong position relative to the market.

We have in place an excellent team and I would like to thank them for their contribution to delivering a strong performance for the year.

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

Chief Executive's review

Like-for-like rental growth of 3.1%

We made significant progress over the last year and have delivered appreciable gains in both our asset valuations and our rental income, as well as establishing a strong platform to deliver future income and capital growth. Our annualised rents rose to £15.3 million, representing total rental growth of 28.7% driven by new acquisitions and the construction of new space. Like-for-like rental growth on properties held at March 2011 was 3.1%.

Our focus on income growth enabled us to deliver an adjusted EPS of 3.5p per share, up seven-fold from 0.5p per share at March 2011. We have announced a final dividend of 2.3p per share to be paid in July 2012, bringing total dividends for the year to 3.3p, an increase of 5.5 times last year's maiden dividend of 0.6p.

Capital Return of 5.3% – delivering property level total return of 10.7%

As at 31 March 2012 the capital value of the portfolio was £238 million across 21 retail schemes. Despite the property market witnessing negative capital returns, we delivered a material capital return of 5.3%, outperforming the IPD All Retail Quarterly Index, which fell in capital value by -0.8%. The portfolio delivered an income return of 5.4% and a total return at the property level of 10.7%, outperforming the IPD All Retail index total return by 5.7%.

The valuation surplus (net of acquisition costs) for the year was £8.1 million, up from the £7.6 million surplus delivered last year. This strong positive performance was achieved as a combination of new lettings, planning gains, development of new space and asset management yield shift, more than offset the adverse market yield movement of 20 bps across our like-for-like investment portfolio.

NAV up 6% to 107p

After acquisition costs of £2.1 million in the period, the adjusted NAV per share has grown by 6% to 107p, (2011: 101p), driven by a strong valuation surplus of 4.3p, retained earnings of 3.5p and offset by dividends paid of (1.6p). In building the portfolio to date, we have absorbed some sizable one-off costs – however if we were to exclude IPO and cumulative acquisition costs, the Group's adjusted NAV per share as at 31 March 2012 would be 116p, a 16% increase over our 100p per share issue price.

Portfolio valued at £238 million across 21 properties

During the year, our focus was on investing in short cycle redevelopment opportunities offering strong capital growth potential and attractive yields on cost – and higher yielding, long let and secure income investments for our MIPP joint venture with USS.

We have continued to build our portfolio, acquiring eight new properties in the year for £31.3 million (net of acquisition costs), off an average yield on cost of 6.6% which rises to 7.4% upon completion of lettings in solicitors' hands.

Over the period we acquired a multi-let retail park investment, at King's Lynn, for £15.1 million. In addition, we acquired our first high street opportunity – in Berkhamsted – to develop 21,000 sq ft of new accommodation, anchored by a new 18,000 sq ft M&S Simply Food unit.

We also successfully built out our DFS and Carpetright development in Inverness which we subsequently sold to MIPP for £9.7 million, producing a profit on cost of just under £1.0 million.

Today we have announced the conditional acquisition of 90 acres on the outskirts of St Austell where we propose to develop a new 158,000 sq ft retail park anchored by a 68,000 sq ft Sainsbury's supermarket.

MIPP joint venture AUM £52 million

In the second half of the year we set up a £150 million joint venture with USS to focus on higher income yielding investment opportunities within the out-of-town retail sector. Metric has committed to contribute £25 million which will represent one-third of the equity to be invested.

At the year end the joint venture owned four properties with an asset value of £35 million. This morning, we have announced the acquisition of an additional property in Londonderry let for a further 18 years to B&Q for £17.4 million (net of acquisition costs).

This brings assets under management in MIPP to £52 million across five properties, off a running yield of 6.9%. 40% of the portfolio benefits from RPI-linked income.

MIPP provides access to secure income on long leases and we believe that the attractive yields coupled with low debt costs and additional 0.4% management fees will be accretive to our income returns going forward. Management fees represent a new income stream for Metric and should generate additional revenue of approximately £600,000 per annum once MIPP is fully invested.

Material increase in occupational transactions

Against a backdrop of a very difficult occupier market, we successfully contracted 19 new lettings across 209,000 sq ft of space during the year. This secured £3.4 million per annum of new rental income, which represents a mix of new income flowing today and future income from pre-lettings as our short cycle redevelopments complete. Additionally, there were a further seven lettings in detailed negotiations at the year-end, which, once completed, will reduce voids to less than 2%.

Over the period three of our occupiers entered administration affecting six units across the portfolio. Five of these have already been re-let at rentals 5% above previous passing on leases of over 11 years, with the one remaining unit representing only 0.6% of the Group's rental income. This is evidence of the underlying demand for units on our schemes, and the affordability of our rents which continue to be two of our key investment criteria.

Our occupancy over the period has increased to 97.5% with an average unexpired lease term of 11.8 years (10.9 years to first break), there are no temporary lettings and average passing rents are £14.50 psf across the investment portfolio, which is about £1 psf higher (7%) than at the time of acquisition.

The MIPP portfolio is fully occupied with an unexpired lease term of 17.7 years (to expiry and first break) and an average passing rent of £15 psf.

Redevelopment momentum increasing

During the 12 months to 31 March 2012 we achieved significant planning gains with almost 300,000 sq ft of new retail space approved over 11 schemes, with a further 87,000 sq ft of planning applications pending approval.

We continue to invest in our redevelopment and asset management programme with capital expenditure and commitments of £24.1 million in the year, which is anticipated to deliver an income return of 9.3%. We have recently completed our redevelopments in Bedford, Sheffield and Inverness which have delivered a yield on cost of 8.75%.

We are also now on site in Cannock delivering a new 24,700 sq ft unit for DFS and Sleepright and, in Newry, constructing a new unit for Costa Coffee.

We commenced development of our new 49,000 sq ft retail park in Bishop Auckland, which is now 71% pre-let with the remaining 29% of income in solicitors' hands. We also entered into an option agreement to acquire an additional 2.8 acre site adjoining Bishop Auckland and have recently submitted a planning application for a Phase 2 development comprising an additional 27,000 sq ft of retail space.

Low LTV of 13% and undrawn facilities of £80 million

As at 31 March 2012, the Group's LTV ratio was 13% with committed undrawn facilities amounting to £80 million. On a pro forma basis, we expect our LTV to rise to 25% following the completion of our committed developments and our equity investment in MIPP. Our all-in cost of debt today, assuming the facilities were fully drawn, would be 3.9% based on current LIBOR and swap rates. This is 260 bps below the average yield on cost of our investment property portfolio.

The Group's firepower within both Metric and MIPP including anticipated future debt facilities and committed/earmarked capital expenditure totals approximately £85 million and £113 million, respectively.

Investment market opening up

Economic uncertainty is continuing to affect both the investment and occupier markets causing downward pressure on rents. We believe that income security and longevity, as well as occupier contentment, are key valuation metrics and these continue to drive our approach to new retail opportunities. At current pricing levels and in the absence of tangible rental growth in the investment market we have chosen to focus our capital on higher yielding income opportunities and new short cycle redevelopments.

However we are starting to see the investment market opening up and more attractively priced opportunities becoming available as evidenced by our recently announced transactions, as the rate of deleveraging by the banks to the real estate sector has gained pace, forcing more assets into the market from motivated vendors and receiverships.

The increase in supply from large vendors will undoubtedly continue to have a negative impact on the pricing, especially where the income is uncertain, vacancies exist and defensive capital is needed to maintain current income/occupancy levels. We also expect further opportunities to emerge from retail institutions that are exposed to investor redemptions, and from fixed life funds that are approaching life expiries.

Challenging occupier market

Retailer conditions remain challenging in the face of pressures on disposable incomes and structural shifts in consumer shopping patterns. Over the period many retailers have entered administration, affecting over 3,000 shops across the country. As a result retail vacancy rates have continued to rise and sit at 14.6% nationally at the end of March (source: LDC). In addition, impending lease expiries offer occupiers the opportunity to vacate poorly performing units. According to Jones Lang LaSalle 50% of shopping centre and high street leases will expire by the end of 2015. This is resulting in increasing vacancies and a demand/supply imbalance which will continue to place downward pressure on rents for the foreseeable future.

The impact of these changes across the retail property market will not be uniform making the case for prime versus secondary too simplistic. Our bottom-up approach to stock selection, predicated by a deep understanding of our occupiers' demand and contentment, is key to navigating ongoing market changes. The real estate that is more 'desirable' to retailers will be able to sustain a demand/supply equilibrium and continue to offer opportunities to grow income. However, the vast majority of retail space will see rental values fall with the biggest reductions on property that occupiers consider obsolete.

Understanding these occupier trends is critical to succeeding in the real estate sector today. The dynamic nature of the retail market is such that increased occupier mobility will undoubtedly create opportunities for those able to build/deliver modern retail space that is fit for purpose in today's market. The depth of occupier demand that we have seen at our new development in Bishop Auckland is testament to these changes.

Investment

Eight acquisitions focused on higher yielding investments and short cycle redevelopment opportunities

During the period we made eight new retail acquisitions totalling £31.3 million (net of acquisition costs) off an average yield on cost of 6.6% which will rise to 7.4% on completion of lettings currently in solicitors' hands and 7.8% once fully let.

Our investment activity in the year was biased towards short cycle redevelopment opportunities and long let, higher income investments for our joint venture with USS. All but one asset were acquired off-market from a variety of motivated and distressed vendors where the strength of our retailer relationships has given us a competitive advantage in both sourcing and pricing these opportunities. Our acquisitions provide a combination of attractive long and secure income as well as material capital growth potential from redevelopment, reconfiguration and refurbishments.

We continue to see attractive opportunities to develop larger multi-let schemes that meet the demands of today's retailers. In the second half of the year, we added Bishop Auckland to our redevelopment portfolio having successfully discharged the conditions surrounding its acquisition. We are currently on site developing a new 49,000 sq ft retail park with delivery scheduled for October 2012. We have entered into an option agreement to acquire an additional 2.8 acres adjoining the retail park and have simultaneously submitted a planning application for the development of an additional 27,000 sq ft of retail space.

We have continued successfully to identify new retailer partnering opportunities delivering very attractive yields on cost and strong capital growth potential over a relatively short cycle. We acquired three assets during the year – in Cannock, Sheffield and our first partnering deal with Marks & Spencer, in Berkhamsted, in aggregate delivering almost 75,000 sq ft of new retail space. All three schemes are anchored by our retail partners on new 15 and 20 year leases, with pre-lets representing 80% of the area.

At Cannock, we completed our acquisition in February 2012 having secured planning consent and are on site developing a new 24,700 sq ft scheme, anchored by a 17,000 sq ft DFS store.

At Sheffield, we acquired a vacant unit from Warner Estates in May 2011 for a proposed 28,600 sq ft reconfiguration, anchored by a 20,000 sq ft DFS store. The remaining space is now under offer.

At Berkhamsted, we exchanged to acquire a former post office site to develop 21,000 sq ft of new accommodation, anchored by an 18,000 sq ft M&S Simply Food store. We anticipate it will open for trade in spring 2014.

In September we acquired a retail park investment in King's Lynn, anchored by Next and Homebase for £15.1 million off a yield on cost of 6.4%. We are proposing to reconfigure the existing space and improve the tenant mix as existing leases start to expire in 2014.

We also acquired three properties in the year for our MIPP joint venture. In November, MIPP acquired Flemming Way Retail Park in Swindon for £10.2 million. The asset was initially acquired by Metric in September 2011. It also acquired the Carpetright unit in Orpington for £6.25 million and recently acquired Longwell Green Retail Park in Bristol for a total investment of £7.8 million. Additionally, having completed our retailer partnering development in Inverness we undertook our first disposal, selling the property to MIPP for £9.7 million.

This morning we have announced a further MIPP acquisition in Londonderry for £17.4 million off a yield of 7.5%. The property is let for a further 18 years to B&Q Plc. We are confident of deploying the remaining £100 million of firepower in MIPP over the next 12–18 months and continue to target attractive cash-on-cash returns.

Conditionally exchanged on 90 acre site in St Austell, Cornwall for development

Post period end we have conditionally exchanged contracts to acquire 90 acres for £5.5 million to the south west of St Austell, where we are working up proposals to develop a new 158,000 sq ft Open A1 retail park. We have already exchanged contracts with Sainsbury's on a freehold land sale for a new 68,000 sq ft supermarket. The additional space will be promoted for mixed use commercial and residential development.

The purchase is subject to obtaining an implementable planning consent and a percentage of pre-lets on the retail park. We anticipate submitting a planning application towards the end of 2012 with a view to securing consent by end of 2013.

Receivership opportunities rising
In 2012 we witnessed a steady supply of product both from vendors motivated by refinancing pressures and receiverships. We expect this trend to continue, particularly as the pace at which banks trade out of their non-performing loans increases. Looking ahead we believe this will provide a greater source of opportunistic investments for both Metric and MIPP, as evidenced by our recent purchases, which have all been from receiverships.

Limited competition for redevelopment opportunities
Over the year we have successfully contracted on four redevelopment opportunities as we leveraged our strong retailer relationships and capitalised on the lack of development finance available in the market. We believe that we can continue to source similar opportunities as the availability of third party debt becomes even more challenging for smaller operators.

Asset management

25 occupier transactions with 17 retailers
During the period, we undertook 25 occupier transactions with 17 retailers across 13 of our properties, delivering an annualised net rental uplift of £2.5 million.

We concluded 19 new lettings across 209,000 sq ft, on average lease terms of 15 years (14 years to first break) with 20% of the rental income subject to fixed uplifts (Metric's share 13%). Our occupancy rate across our investment portfolio improved further to 97.5%.

Occupier transactions on the existing investment portfolio have contracted at rents 13% higher than previous passing.

Rental growth on the existing investment portfolio has been delivered by growing passing rents through rent reviews and lease re-gears, as well as by creating new sources of rental income through additional on-site development.

Average rents on the investment portfolio are now £14.50 psf, which is about £1 psf or 7% higher than at the time of acquisition, based on an average hold period of 15 months.

We have continued to invest in our existing portfolio with accretive capital expenditure including commitments of £3.7 million in the year, which we anticipate will deliver a return on capital of 17.1%.

During the period Focus DIY, Peacocks and Pets Ahead went into administration, vacating six units in our portfolio. At the year-end, five of these units were re-let at rents 5% higher than previously passing. We are in advanced discussions with several potential occupiers for the remaining former Peacocks unit at Launceston.

Our ability to execute new lettings on long leases in a challenging occupational market across our investment and redevelopment portfolios highlights our strong retailer relationships, the appeal of our assets and the attractiveness of our low rents.

Letting Summary

Scheme name	Asset management initiatives
Alban Retail Park, Bedford	• New lettings to Paul Simon (15 years), B&M Home (10 years) and Jollyes Pets (10 years) • Average passing rent increased by 22% from £11.00 psf to £13.40 psf and WAULT improved to 13 years • Scheme is now fully let and refurbishment works complete
Berkhamsted High Street, Berkhamsted	• New lease granted to M&S Simply Food for 20 years, representing 84% of forecast income
Tindale Crescent, Bishop Auckland	• New lettings to M&S, Next, Boots, Costa and Brantano on lease terms between 10 to 15 years • Pre-lets represent 71% of forecast income • The remainder of the space is under offer to Carphone Warehouse, JD Sports and Pets at Home
Channons Hill Retail Park, Bristol	• New letting to B&M Home for new 10 year lease on former Focus unit. Opens for trade November 2012 • Refurbishment works due to commence shortly
Longford Island, Cannock	• New lettings to DFS (new 20 year lease) and Sleepright (new 15 year lease, 10 years to first break) • Pre-lets represent 87% occupied with one unit of 3,400 sq ft available • Development underway. Completion due November 2012
Congleton Retail Park, Congleton	• New letting to Family Bargains on new 10 year lease on Focus unit • New letting to Brantano for new 10 year lease on previously vacant 4,000 sq ft unit let • Scheme is now fully let with WAULT of 10 years (8.4 years to first break)
Old Shoreham Road, Hove	• New letting to Hobbycraft on 15 year lease (11 years to first break) • New unit to be developed adjacent to PC World, upon receipt of revised planning consent
Longwell Green, Bristol	• New letting to DFS on 20 year lease • New letting to Carpetright on 15 year lease
St Mary's Road, Sheffield	• Refurbishment works completed • DFS opened in April 2012 and trading above expectations • Remaining unit of 8,600 sq ft is under offer
Damolly Retail Park, Newry	• New letting to Costa Coffee on 20 year lease (10 years to first break) • Planning consent received for new 2,500 sq ft pod unit

Development

Building out our short cycle redevelopment pipeline

We are continuing to build an attractive pipeline of short cycle redevelopments in locations where there is strong retailer demand and a favourable planning outlook.

During the year we have incurred capital expenditure including commitments of £20.4 million, which we anticipate will deliver an income return on additional capital of 14%, and yields on cost of 8.4%.

We have successfully gained planning permission and completed our redevelopments at Sheffield (28,600 sq ft) and Inverness (10,000 sq ft). These are now income producing, 84% let (100% let including units under offer) and sit within our investment portfolios. Our current redevelopment programme includes five schemes totalling nearly 260,000 sq ft at Bishop Auckland, Cannock, Bristol, Leeds and at Berkhamsted, our first in-town high street development.

We have now obtained planning consents totalling 180,000 sq ft for our redevelopments at Bishop Auckland phase 1 (49,000 sq ft), Cannock (24,700 sq ft) and Leeds (105,000 sq ft); of which 86% is Open A1 non-food consent.

We have already commenced development at Cannock, where we are 87% pre-let, and at Bishop Auckland, where we are 100% pre-let, including agreements in solicitors' hands, with leases agreed with Next, Boots, Costa, Brantano and M&S Simply Food. Both schemes are scheduled for completion by the end of the year.

At Leeds we are now 37% pre-let, including agreements in solicitors' hands, with terms agreed with M&S, JD Sports and Costa Coffee. We anticipate commencing on site later in the financial year once we have secured sufficient additional pre-lets.

Planning applications have been submitted for the reconfiguration at Bristol, the redevelopment of the former Post Office at Berkhamsted and an additional 27,000 sq ft Phase 2 development at Bishop Auckland.

Development summary:

Scheme name	Description	Progress
Tindale Crescent, Bishop Auckland	49,000 sq ft Open A1 new retail park development	• Planning consent received • 71% pre-let, 29% in solicitors' hands
Phase 2, Bishop Auckland	27,000 sq ft Open A1 new retail park development	• Planning application submitted
Longford Island, Cannock	24,700 sq ft 3-unit redevelopment	• Planning consent received • 87% pre-let to Sleepright and DFS
Channons Hill Retail Park, Bristol	30,000 sq ft redevelopment	• Planning application to split Focus unit submitted • New letting to B&M Home
Kirkstall Bridge, Leeds	105,000 sq ft Open A1 shopping park development	• Planning consent received • 20% pre-let to BHS and Outfit, 17% in solicitor's hands
Marks & Spencer, Berkhamsted	21,000 sq ft food store development	• Planning application submitted • 84% pre-let to M&S Simply Food

Driving planning gains on existing investments

We have delivered substantial planning wins over the period on our existing investment portfolio receiving six planning consents for over 80,000 sq ft, on land that we already own.

At Bedford we obtained consent to subdivide the former 40,000 sq ft Focus into three smaller units and have granted new leases to Paul Simon, B&M and Jollyes. The scheme is now fully let.

At Hove, we received planning consent to develop 10,000 sq ft and have resubmitted the application to accommodate the pre-letting to Hobbycraft. Our letting to Hobbycraft at £29.50 psf further supports our sustainable rental level on the scheme.

At Newry, we received planning consent to construct a 2,500 sq ft pod adjacent to the main park. We have already pre-let this unit to Costa and have submitted a further planning consent for an additional 1,000 sq ft, which is under offer to Carphone Warehouse.

At Congleton, we have taken back the old garden centre not rentalised under the former Focus lease and have received planning consent for a 6,500 sq ft unit. We will seek to secure a pre-let prior to commencing construction.

Planning Summary

Scheme name	Planning success
Alban Retail Park, Bedford	• Sub-division of 40,000 sq ft former Focus unit into 3 smaller units
Congleton Retail Park, South Manchester	• New 6,500 sq ft extension on former Focus garden centre
Old Shoreham Road, Hove	• New 9,000 sq ft Hobbycraft development adjacent to PC World
Pierpoint Retail Park, King’s Lynn	• Relaxation of restrictions for Open A1 consent on 7,500 sq ft Comet unit
Havens Head Retail Park, Milford Haven	• Widening of planning consent to enable general merchandise retailing over 15,000 sq ft
Damolly Retail Park, Newry	• New 2,500 sq ft pod on the car park

Property portfolio

Valuation uplift of £8.1 million

The valuation of our properties as at 31 March 2012 was £238 million, reflecting a valuation uplift of 3.5% (£8.1 million) or 4.4% (£10.2 million) underlying (excluding acquisition costs) over the 12 month period. The average period of ownership for the portfolio was 15 months and our weighted capital return for the period was 5.3% net of acquisition costs. This compares to the IPD All Retail Quarterly Universe capital return of -0.8% over the same period.

Two thirds of the valuation surplus was generated by the development portfolio. The investment portfolio performance was driven by good asset management progress with strong occupational lettings, improved lease lengths and the building out of new space, which offset the 20 bps of outward market yield movement.

The strong performance from developments was primarily driven by planning gains and material pre-letting progress at Leeds, Bishop Auckland, Sheffield and Berkhamsted.

Valuation contributors

	% contribution to valuation uplift
New lettings	57
New space	49
Asset management yield shift	17
Market yield shift	(23)
Total	100

Robust portfolio metrics

Our investment portfolio is 97.5% occupied and generates secure and dependable cashflows on long-term leases delivering a contracted yield on cost of 6.5% and with no temporary lettings. The longevity of our income adds further security with average unexpired lease terms of 11.8 years (10.9 years to first break). Our lease expiry profile is well staggered with only 6% of our income due to expire in the next five years. This compares favourably with the broader market where 18% of out-of-town leases and 58% of shopping centre and high street leases are due to expire over the same time frame.

Lease expiry profile on investment portfolio

0-5 years	6%
5-10 years	30%
10-15 years	36%
15 years +	28%
Total	100%

Includes pre-lets on committed developments

The average passing rents on the investment portfolio is £14.50 psf, which on a like-for-like basis is about £1 psf higher than at acquisition, with further reversionary potential as we look to move towards sustainable rental levels over time.

Currently 49% of our existing portfolio (597,000 sq ft) benefits from Open A1 planning consent with average rents of only £12.25 psf. Of this space, 25% or 136,000 sq ft, is currently occupied by bulky retailers and we will continue to capture higher rents by introducing higher paying Open A1 retailers.

Furthermore, 15% of the portfolio’s income is subject to fixed rental uplifts.

Tenant diversity and covenant strength

The diversity of income within the portfolio is spread across the key retail subsectors with 18% of income derived from food operators, one of the few retail subsectors demonstrating organic rental growth. This represents our largest sector exposure.

Sector Exposure

	(% of contracted rental income)
Food	18%
GM	18%
Electrical	15%
DIY	14%
Home Furnishings	12%
Furniture	12%
Discount	6%
Other	5%
Total	100%

Our top ten customers account for 61% of the total contracted rent. The granularity and diversity of income has improved as we have grown the portfolio and we expect this to continue as we undertake further asset management initiatives and acquire more assets. Our largest tenant exposure is to Currys/PC World at 13.0%.

Tenant exposure (weighted by income)

Trading name	Rent p.a. £m	% of total rent
Currys/PC World	2.1	13.0
B&Q	1.5	9.3
DFS	1.3	7.7
Morrisons	1.0	6.2
M&S	0.9	5.3
Carpetright	0.8	5.0
Dunelm	0.7	4.1
Homebase	0.6	3.8
Tesco	0.5	3.1
Next	0.5	3.1
Total top ten customers	9.9	60.6
Other	6.6	39.4
Total income	**16.5**(1)	**100.0**

1. Including £1.2 million of rental income from post year end acquisitions, deals in solicitors' hands and outstanding rent reviews.

Financial review

The results for the year ended 31 March 2012 have benefited from the net proceeds of the IPO in March 2010 being fully invested during the year. The results for the prior period reflected the initial build up of the investment programme.

Income statement and earnings per share

The Group made a profit after tax of £13.2 million in the year to 31 March 2012 which equates to earnings per share of 6.9p. The profit arose mainly from a gain on revaluation and profit arising on the sale of investment properties of £8.2 million and adjusted earnings of £6.6 million (see note 7). These profits were offset by a loss of £1.7 million arising on the valuation of the derivative financial instruments entered into in the year. Excluding the revaluation surplus, profit on sale of investment properties and loss on the derivative financial instruments the Group made an adjusted profit after tax of £6.6 million or adjusted earnings per share of 3.5p – a seven-fold increase over the prior year of 0.5p.

Net rental income in the year to 31 March 2012 was £12.6 million reflecting the majority of the investment portfolio being held for a full year. The acquisitions in the year contributed £0.7 million to net rental income. During the year, the Group also benefited from one-off surrender premiums received of £1.3 million arising on the surrender of Focus DIY at Bedford and Lidl at Bristol.

The new joint venture with USS, Metric Income Plus Limited Partnership (MIPP), contributed a further £0.1 million to the operating profit reflecting the initial investment build up in the year. MIPP also contributed £0.4 million to the gain on revaluation arising in the year.

During the year the Group undertook its first recycling of capital with the sale of Milburn Road Retail Park, Inverness to MIPP which resulted in a profit on disposal of £0.1 million.

Administration expenses of £4.7 million principally comprise staff and office accommodation costs. Compared to last year these costs have increased by £0.3 million primarily as a result of increased staff costs although this has partially offset the exceptional professional fees incurred in the prior period from obtaining REIT status at IPO.

The net proceeds from the IPO were fully invested last year and consequently the interest earned on deposit accounts has fallen significantly to just £0.1 million.

Interest payable was £1.4 million, reflecting the interest on debt drawn to finance acquisitions and capital expenditure along with the amortisation of loan arrangement fees and commitment fees incurred on the facilities negotiated in the second half of last year. During the year the average interest cost was 3.0% although this rate will increase in the future to about 3.9% when fully drawn based on current LIBOR and swap rates. A loss of £1.7 million was incurred on the mark to market valuation of the derivative portfolio reflecting the volatility in future interest rates seen in the market as a result of the current economic environment.

Dividend and dividend policy

The Board of Directors has recommended the payment of a final dividend of 2.3p per share or £4.4 million, which if approved, would give total dividends for the year of 3.3p or £6.3 million. The final dividend will be paid on 23 July 2012 to shareholders on the register at the close of business on 22 June 2012. The dividend will be paid entirely as a Property Income Distribution (PID). Both the 2010/11 final PID dividend of 0.6p per share or £1.1 million and the 2011/12 interim dividend of 1.0p per share or £1.9 million were paid during the year and have been recognised in these financial statements.

Balance sheet and net asset value

As at 31 March 2012 the Group's portfolio was valued at £225.9 million (£237.5 million including Metric's share of MIPP). Expenditure in the year on property acquisitions was £36.4 million and a further £9.9 million was spent on tenant incentives and capital expenditure relating to the redevelopment and refurbishment of the portfolio. After acquisition costs and capital expenditure the portfolio generated a revaluation surplus of £7.7 million.

The Group's investment in MIPP was valued at £8.8 million as at 31 March 2012 and generated a revaluation surplus of £0.4 million after acquisition and set-up costs.

Including MIPP, total acquisitions (net of acquisition costs) in the year after adjusting for the sale of Swindon and Inverness to MIPP was £31.3 million.

The net asset value per share at the year-end was 106p and the adjusted net asset value was 107p. The table below sets out the reasons for the movement in the net asset value since 31 March 2011:

	£m	pence per share
Net asset value 31 March 2011	191.1	101
Adjusted profit after tax (note 7)	6.6	4
Revaluation surplus and profit on disposal	8.2	4
Dividends paid	(3.0)	(2)
Adjusted net asset value as at 31 March 2012	202.9	107
Change in fair value of derivative financial instruments (note 7)	(1.6)	(1)
Net asset value as at 31 March 2012	201.3	106

Financing

As at 31 March 2012, the Group had net debt of £30.5 million with an LTV of 14% or 13% on a 'look through' basis including the Group's share of MIPP.

Including our share of MIPP, the Group is committed to spend a further £21.7 million of which £10.1 million relates primarily to acquisition costs and after deducting the Inverness sale proceeds of £9.7 million both of which have been provided for on the balance sheet; £12.7 million of expenditure is committed relating to redevelopments currently on site; and a further £8.6 million is conditionally committed dependant on obtaining planning and/or pre-lets.

The Group is also committed to investing a further £16.0 million in the MIPP joint venture being the balance of the £25 million initial investment. £12.1 million of this investment is conditional on MIPP finding suitable investment opportunities.

A further £27.0 million has been earmarked for developments at Leeds, Congleton and St Austell but is not yet committed.

The Group has two committed loan facilities totalling £114.7 million (£80.0 million expiring in four and a half years; £34.7 million expiring in four years). The Group continues its ongoing discussions with a number of other lenders with a view to entering into additional loan facilities in the future.

The Group has now hedged 51% of the total available facilities. The derivatives were valued at fair value with a net liability to the Group of £1.1 million or 0.6p per share which has been included on the balance sheet.

As at 31 March 2012 and including anticipated future debt facilities and capital expenditure committed and earmarked, the Group has firepower totalling about £85 million in Metric and £113million in MIPP, calculated as follows:

	Metric £m	MIPP £m
Cash at bank and on deposit	4.2	1.8
Undrawn committed bank facilities	80.0	–
Investment in MIPP joint venture	(16.0)	48.0
Less capital commitments (including conditional)	(21.7)	(11.8)
Total available firepower at 31 March 2012	**46.5**	**38.0**
Anticipated future debt facilities(1)	–	75.0
Total firepower excluding earmarked developments	**46.5**	**113.0**
Earmarked development expenditure	(27.0)	–
Anticipated debt on above developments once completed(1,2)	65.5	–
Total anticipated firepower	**85.0**	**113.0**

1. Based on leveraging existing and anticipated properties at a 50% LTV and the availability of funds.

2. The availability of these facilities is dependent upon the timing of completion of anticipated developments.

Post year end, MIPP has acquired a property in Londonderry for £18.3 million (including acquisition costs).

Key Risks and Uncertainties

Whilst the ultimate responsibility for risk management rests with the Board, the management of risks is engrained across our organisation and in how we approach all aspects of our business. The close involvement of senior management in all significant decisions, combined with our cautious analytical approach and open communication with the Board provide the framework to manage risks effectively.

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 risks	Developments only in areas of high occupier demand Development acquisitions conditional on achieving planning consents Significant level of pre-lets achieved before commitment to develop mode Highly experienced project management team
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	£114.7 million of credit facilities signed with The Royal Bank of Scotland plc and Eurohypo AG. Relationships with several banks and new entrants to real estate lending have been established
Adverse interest rate movements	The Company has hedged £58 million or 51% of available debt facilities and 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, forecasting and Board reporting 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 and disposals on REIT conditions is monitored and considered
Counterparty credit risk resulting in loss of cash deposit	Deposits are placed with 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 and leasing transactions
Failure to let vacant units	Specialist retail market contacts and knowledge and detailed appraisal of each investment including potential tenant demand

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
Failure to adequately insure the property portfolio	A reinstatement valuation is carried out for each acquisition and is insured at a value increased by 30%. Loss of rental income is insured for three years
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 30 May 2012 and is signed on its behalf by:

Andrew Jones
Chief Executive

Sue Ford
Finance Director

Group income statement

Year ended 31 March 2012

	Note	**1 April 2011 to 31 March 2012 £000**	1 March 2010 to 31 March 2011 £000
Gross rental income	3	**12,771**	**4,705**
Property operating expenses	3	(222)	(124)
Net rental income		**12,549**	**4,581**
Administrative expenses	4	(4,722)	(4,390)
Gain arising on valuation of investment properties	9	7,668	7,618
Profit on sale of investment properties		122	–
Share of profits of joint venture	10	558	–
Operating profit		**16,175**	**7,809**
Finance income		93	1,070
Finance costs	5	(1,367)	(176)
Change in fair value of derivative financial instruments	16	(1,702)	–
Profit before tax		**13,199**	**8,703**
Tax – REIT conversion charge	6	–	(208)
Profit after tax		**13,199**	**8,495**
Earnings per share – basic and diluted	7	6.9p	4.8p
Adjusted earnings per share – basic and diluted	7	3.5p	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 2012

	Note	**Group as at 31 March 2012 £000**	Group as at 31 March 2011 £000	**Company as at 31 March 2012 £000**	Company as at 31 March 2011 £000
Non-current assets					
Investment properties	9	225,907	192,387	107	107
Investment in joint venture	10	8,820	–	–	–
Investment in subsidiaries	11	–	–	187,726	158,021
Plant and equipment		90	127	90	127
Derivative financial instruments	16	73	–	–	–
		234,890	**192,514**	**187,923**	**158,255**
Current assets					
Trade and other receivables	12	12,041	2,003	1,197	107
Cash and short-term deposits	13	4,215	28,036	1,183	27,731
		16,256	**30,039**	**2,380**	**27,838**
Total assets		**251,146**	**222,553**	**190,303**	**186,093**
Current liabilities					
Trade and other payables	14	(15,166)	(31,486)	(2,301)	(2,430)
		(15,166)	**(31,486)**	**(2,301)**	**(2,430)**
Non-current liabilities					
Bank loans	15	(33,498)	–	–	–
Derivative financial instruments	16	(1,158)	–	–	–
		(34,656)	**–**	**–**	**–**
Total liabilities		**(49,822)**	**(31,486)**	**(2,301)**	**(2,430)**
Net assets		**201,324**	**191,067**	**188,002**	**183,663**
Equity					
Share capital	19	1,900	1,900	1,900	1,900
Share premium	21	–	–	–	–
Other reserve	21	180,672	180,672	180,672	180,672
Retained earnings		18,752	8,495	5,430	1,091
Total equity		**201,324**	**191,067**	**188,002**	**183,663**
Net assets per share	22	**106p**	**101p**		
Adjusted net assets per share	22	**107p**	**101p**		

The Group and Company financial statements were approved and authorised for issue by the Board of Directors on 30 May 2012 and were signed on its behalf by:

Andrew Jones
Chief Executive

Sue Ford
Finance Director

Company number 7172804

Group and Company statements of changes in equity

Year ended 31 March 2012

Year ended 31 March 2012

Group	Share capital £000	Share premium £000	Other reserve £000	Retained earnings £000	Total £000
At 1 April 2011	1,900	–	180,672	8,495	191,067
Profit for the year	–	–	–	13,199	13,199
Dividends paid in the year (note 8)	–	–	–	(3,040)	(3,040)
Adjustment for share based awards	–	–	–	98	98
Total equity at 31 March 2012	**1,900**	**–**	**180,672**	**18,752**	**201,324**

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**

Year ended 31 March 2012

Company	Share capital £000	Share premium £000	Other reserve £000	Retained earnings £000	Total £000
At 1 April 2011	1,900	–	180,672	1,091	183,663
Profit for the year	–	–	–	7,281	7,281
Dividends paid in the year (note 8)	–	–	–	(3,040)	(3,040)
Adjustment for share based awards	–	–	–	98	98
Total equity at 31 March 2012	**1,900**	**–**	**180,672**	**5,430**	**188,002**

Period ended 31 March 2011

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 statements

Year ended 31 March 2012

	Group 1 April 2011 to 31 March 2012 £000	Group 1 March 2010 to 31 March 2011 £000	**Company 1 April 2011 to 31 March 2012 £000**	Company 1 March 2010 to 31 March 2011 £000
Cash flows from operating activities				
Operating profit / (loss)	16,175	7,809	(562)	(932)
Adjustments for non-cash items:				
(Gain) / deficit arising on valuation of investment properties	(7,668)	(7,618)	–	2
Profit on sale of investment properties	(122)	–	–	–
Share of profits of joint venture	(558)	–	–	–
Lease incentives and unsettled rent reviews recognised	(1,070)	(331)	–	–
Share based awards	98	–	98	–
Depreciation	58	32	58	32
Cash flows from operations before changes in working capital	**6,913**	**(108)**	**(406)**	**(898)**
Increase in trade and other receivables	(374)	(1,364)	(1,104)	(103)
(Decrease) / increase in trade and other payables	(107)	4,192	(126)	2,428
Net cash flows from operations	**6,432**	**2,720**	**(1,636)**	**1,427**
Interest received	128	1,034	105	1,026
Interest paid	(1,036)	(57)	–	–
Corporation tax: REIT conversion charge paid	(208)	–	(2)	–
Net cash flows from operating activities	**5,316**	**3,697**	**(1,533)**	**2,453**
Cash flows from investing activities				
Purchase of investment properties	(53,754)	(156,141)	–	(109)
Sale of investment properties	10,817	–	–	–
Redevelopment and refurbishment expenditure	(7,459)	(1,834)	–	–
Investment in / loans advanced to joint venture	(8,399)	–	–	–
Distributions received from joint venture	75	–	–	–
Investment in / loans advanced to subsidiary undertakings	–	–	(21,954)	(157,026)
Purchase of plant and equipment	(21)	(159)	(21)	(159)
Net cash flows from investing activities	**(58,741)**	**(158,134)**	**(21,975)**	**(157,294)**
Cash flows from financing activities				
Net proceeds from issue of shares	–	182,572	–	182,572
Dividends paid	(3,040)	–	(3,040)	–
Bank loans drawn down	48,700	–	–	–
Bank loans repaid	(14,000)	–	–	–
Loan arrangement fees paid	(1,439)	(99)	–	–
Purchase of derivative financial instruments	(617)	–	–	–
Net cash flows from financing activities	**29,604**	**182,473**	**(3,040)**	**182,572**
Net (decrease) / increase in cash and short-term deposits	**(23,821)**	**28,036**	**(26,548)**	**27,731**
Cash and short-term deposits at beginning of year / at incorporation	28,036	–	27,731	–
Cash and short-term deposits at end of year / period	**4,215**	**28,036**	**1,183**	**27,731**

Notes to the financial statements

1. Principal accounting policies

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

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 2012. 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 2012, 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 2012 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 in accordance with IFRS adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

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.

The Directors have taken advantage of the exemption offered by Section 408 of the Companies Act 2006 not to present a separate income statement for the Parent Company.

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.

Further detail is provided in the Directors’ Report and Business Review.

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 year, 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 lease term or another systematic basis if applicable.

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 year 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.

Additions to investment properties consist of costs of a capital nature and, in the case of investment properties being redeveloped for continued use as an investment property, capitalised interest, and certain internal staff and associated costs directly attributable to the management of the investment properties being redeveloped.

Borrowing costs associated with direct expenditure on investment properties under development or undergoing major refurbishment are capitalised using the Group's weighted average cost of debt of the relevant borrowings. Interest is capitalised from the commencement of the development work until the date of practical completion. The capitalisation of borrowing costs is suspended if there are prolonged periods when development activity is suspended.

Joint ventures
Joint ventures are accounted for under the equity method. Using this method the investment is initially recorded at cost and is subsequently adjusted to reflect the Group's share of the net profit or loss of the joint venture. The Group balance sheet contains the Group's share of the net assets in the joint venture. The Group's share of joint venture profits or losses are included in the Group income statement in a single line. The Group's joint venture has adopted the same accounting policies as the Group for inclusion in the Group financial statements.

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, 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 on a straight line basis.

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 year 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 9 Financial Instruments;

– IFRS 10 Consolidated Financial Statements;

– IFRS 13 Fair Value Measurement;

– Amendments to IFRS 7 and IAS 32 Offsetting Financial Assets and Financial Liabilities;

– IAS 28 Investments in Associates and Joint Ventures (2011); and

– Improvements to IFRS – 2011

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 year of initial application, other than on presentation and disclosure.

2. Segmental information

During the year, the Group operated in and was managed as one business segment, being retail property investment, with all properties located in the United Kingdom.

3. Gross and net rental income

	1 April 2011 to 31 March 2012 £000	1 March 2010 to 31 March 2011 £000
Rent receivable	10,853	4,284
Spreading of tenant incentives and guaranteed rent increases	590	171
Surrender premiums	1,328	250
Gross rental income	12,771	4,705
Service charge income	583	279
Management fee income	27	–
Gross rental and related income	13,381	4,984
Service charge expenses	(621)	(279)
Property operating expenses	(211)	(124)
Net rental and related income	**12,549**	**4,581**

Property operating expenses in respect of investment properties that did not generate rental income during the year were £41,000 (2010/11: £nil). Total revenue is the same as gross rental and related income.

4. Administrative expenses

	1 April 2011 to 31 March 2012 £000	1 March 2010 to 31 March 2011 £000
Employee costs	4,037	3,087
Other administrative expenses	1,039	1,106
Exceptional professional fees relating to the Group's conversion to REIT status	–	240
Share-based awards	98	–
Depreciation of plant and equipment	58	32
Staff costs capitalised	(510)	(75)
	4,722	**4,390**

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

	1 April 2011 to 31 March 2012 £000	1 March 2010 to 31 March 2011 £000
Salaries	3,319	2,524
Social security costs	452	330
Pension costs	266	233
	4,037	**3,087**

Directors' emoluments and pension benefits included in the above table totalled £2,399,000 (2010/11: £2,162,000)

The average monthly number of employees, including Directors, during the period was 18 (2010/11: 10).

Auditor's remuneration

	1 April 2011 to 31 March 2012 £000	1 March 2010 to 31 March 2011 £000
Audit services:		
Parent Company	79	75
Subsidiary undertakings	55	15
Audit related assurance services, including interim review	25	121
Audit and audit related services	159	211
Other services:		
REIT conversion advice	–	240
Other taxation advisory advice	53	116
Other advice	26	30
	238	**597**

Amounts for regulatory filings include £nil (2010/11: £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. Finance costs

	1 April 2011 to 31 March 2012 £000	1 March 2010 to 31 March 2011 £000
Interest payable on bank loans and overdrafts	637	–
Loan commitment fees	580	127
Amortisation of loan issue costs	287	49
Total borrowing costs	1,504	176
Less amounts capitalised on the development of properties	(137)	–

Total finance costs	**1,367**	**176**

Interest was capitalised during the year at an average rate of 3.0% (2010/11: not applicable).

6. Tax

	1 April 2011 to 31 March 2012 £000	1 March 2010 to 31 March 2011 £000
REIT conversion charge	–	208
Total tax charge	**–**	**208**

Factors affecting tax charge for the period:

	1 April 2011 to 31 March 2012 £000	1 March 2010 to 31 March 2011 £000
Profit before tax	13,199	8,703
Profit before tax at the standard rate of income tax in the UK of 26% / 28%	3,432	2,437
Effects of:		
REIT tax exemption	(3,432)	(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.

7. Earnings per share

	1 April 2011 to 31 March 2012		1 March 2010 to 31 March 2011	
	Profit/(loss) after tax £000	Earnings/(loss) per share pence	Profit/(loss) after tax £000	Earnings/(loss) per share pence
Basic and diluted	**13,199**	**6.9p**	**8,495**	**4.8p**
Gain on revaluation of investment properties	(7,668)	(4.0)p	(7,618)	(4.3)p
Profit on sale of investment properties	(122)	–	–	–
Share of joint venture gain on revaluation of investment properties	(419)	(0.2)p	–	–
Change in fair value of derivative financial instruments	1,584	0.8p	–	–
Adjusted	**6,574**	**3.5p**	**877**	**0.5p**

Weighted average number of shares (000)		
Ordinary shares in issue	**190,000**	178,706
Potentially dilutive share awards issued in year	**254**	–
Total	**190,254**	**178,706**

Adjusted earnings per share have been calculated in accordance with European Public Real Estate Association (EPRA) guidelines. The change in the fair value of financial instruments reflects the fair value movement from inception of the derivative financial instrument until the balance sheet date of £1,702,000 as well as the amortisation, on a straight line basis, of the premium paid on entering into the interest rate cap of £118,000.

8. Dividends

	1 April 2011 to 31 March 2012 £000	1 March 2010 to 31 March 2011 £000
Ordinary dividends paid		
Final dividend for the period ended 31 March 2011 of 0.6p per share	1,140	–
Interim dividend for the year ended 31 March 2012 of 1.0p per share	1,900	–
Total dividends paid	**3,040**	**–**

The Board of Directors has proposed a final dividend of 2.3p per share which will result in a distribution of £4,370,000 which if approved would give total dividends for the year of 3.3p or £6,270,000. The dividend will be paid on 23 July 2012 to shareholders on the register at the close of business on 22 June 2012. 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 2012.

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.

9. Investment properties

	Group Investment properties £000	Group Investment properties under development £000	Group Total investment properties £000	Company Investment properties £000
At 1 April 2011	192,387	–	192,387	107
Acquisition of properties	26,727	9,640	36,367	–
Redevelopment and refurbishment expenditure	4,995	3,812	8,807	–
Total additions	31,722	13,452	45,174	–
Reclassification on commencement of redevelopment	(8,050)	8,050	–	–
Disposals	(10,817)	(9,575)	(20,392)	–
Revaluation surplus	3,078	4,590	7,668	–
	208,320	16,517	224,837	107
Tenant incentives and accrued rental income	962	108	1,070	–
At 31 March 2012	**209,282**	**16,625**	**225,907**	**107**

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

The Company's freehold and leasehold investment properties were valued as at 31 March 2012 by Glyn Harper MRICS on behalf of the external valuer, CBRE Limited, in accordance with the requirements of the RICS Valuation – Professional Standards 2012 ("the Red Book"), sixth edition, on the basis of Fair Value assuming that the properties would be sold subject to any existing leases. The valuations were prepared by an RICS Registered Valuer, whose opinion of Fair Value was primarily derived using comparable recent market transactions on arm's length terms. We confirm that 'Fair Value' for the purposes of financial reporting under International Financial Reporting Standards is effectively the same as 'Market Value'. The total fees earned by CBRE for this assignment represent less than 5% of their total UK revenues. The valuer has continuously been the signatory of valuations for the Company since September 2010. CBRE has carried out Valuation and professional services on behalf of the Company for less than five years.

The historic cost of investment properties and investment properties under development amounts to £211,304,000 (31 March 2011: £184,769,000) and the cumulative valuation surplus at 31 March 2012 amounted to £14,603,000 (31 March 2011: £7,618,000).

Long leasehold properties, which are treated as finance leases and included in investment properties above, amounted to £35,550,000 (31 March 2011: £33,900,000).

At 31 March 2012 properties with a value of £91,965,000 (31 March 2011: £nil) had been secured under the bank loan facility with The Royal Bank of Scotland plc and properties with a value of £72,385,000 (31 March 2011: £nil) had been secured under the bank loan facility with Eurohypo AG.

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

Investment properties under development include properties under development and construction in progress.

Capital commitments

Capital commitments have been entered into amounting to £20,622,000 (31 March 2011: £3,734,000) which have not been provided for in the financial statements. Including the Group's share of joint ventures capital commitments amount to £21,305,000 (31 March 2011: £3,734,000).

10. Investment in joint venture

Share of profits of joint venture – Metric Income Plus Limited Partnership

	1 April 2011 to 31 March 2012 £000	1 March 2010 to 31 March 2011 £000
Gross rental income	157	–
Property operating expenses	(11)	–
Net rental income	146	–
Administrative expenses	(7)	–
Adjusted profit before and after tax	139	–
Gain arising on valuation of investment properties	419	–
Profit before and after tax	**558**	**–**

Summarised balance sheet – Metric Income Plus Limited Partnership

	Group 31 March 2012 £000	Group 31 March 2011 £000
Non-current assets – investment properties	34,825	–
Trade and other receivables	63	–
Cash and short-term deposits	1,755	–
Total current assets	1,818	–
Total assets	36,643	–
Current liabilities – trade and other payables	(10,183)	–
Total net assets	**26,460**	**–**
Group share of net assets	**8,820**	**–**

On 17 November 2011 the Group sold a two-thirds interest in Metric Income Plus Limited Partnership (MIPP) to the Universities Superannuation Scheme Limited (USS). The Group also sold an investment property to MIPP for £9,700,000 during the year. The Group had a one-third stake in MIPP at 31 March 2012.

MIPP's freehold investment properties were valued as at 31 March 2012 by Glyn Harper MRICS on behalf of the external valuer, CBRE Limited, in accordance with the requirements of the RICS Valuation – Professional Standards 2012 ("the Red Book"), sixth edition, on the basis of Fair Value assuming that the properties would be sold subject to any existing leases. The valuations were prepared by an RICS Registered Valuer, whose opinion of Fair Value was primarily derived using comparable recent market transactions on arm's length terms.

Investment by the Group – Metric Income Plus Limited Partnership

	Group 31 March 2012 £000	Group 31 March 2011 £000
At 1 April 2011 / incorporation	–	–
Investment in and loans advanced	8,399	–
Share of profit after tax	558	–
Profit eliminated on sale of investment property to MIPP	(62)	–
Distributions received	(75)	–
At 31 March	**8,820**	**–**

During the year the Group advanced loans totalling £8,230,000 (2010/11: £nil).

11. Investment in subsidiaries

	Company Shares in subsidiary undertakings £000	Company Loans to subsidiary undertakings £000	Company Total £000
At 1 April 2011	153,900	4,121	158,021
Additions	19,750	–	19,750
Transferred to other Group subsidiaries	(133,790)	–	(133,790)
Movement on loans	–	143,745	143,745
At 31 March 2012	**39,860**	**147,866**	**187,726**

	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 Bishop Auckland Limited	England	100%	Property investment
Metric Property Sheffield Limited	England	100%	Property investment
Metric Property Kings Lynn Limited	England	100%	Property investment
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.

12. Trade and other receivables

	Group 31 March 2012 £000	Group 31 March 2011 £000	**Company 31 March 2012 £000**	Company 31 March 2011 £000
Amounts due from tenants	319	548	4	1
Other taxes	1,069	663	1,069	1
Other debtors	146	13	1	–
Investment property sale proceeds	9,758	–	–	–
Prepayments and accrued income	749	779	123	105
At 31 March	**12,041**	**2,003**	**1,197**	**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 £105,000 (2010/11: £nil). Trade and other receivables are initially measured at invoiced value and have settlement dates within one year.

The provision for impairment of amounts due from tenants as at 31 March 2012 was £96,000 (31 March 2011: £nil); there were no other amounts relating to trade and other receivables which were impaired (31 March 2011: £nil) as the risk of impairment of the amounts is not considered to be significant.

Trade and other receivables outside their payment terms yet not impaired 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 2012	**319**	**109**	**183**	**5**	**22**
At 31 March 2011	548	215	319	4	10

13. Cash and short-term deposits

	Group 31 March 2012 £000	Group 31 March 2011 £000	**Company 31 March 2012 £000**	Company 31 March 2011 £000
Cash at bank	382	478	69	173
Short-term deposits	3,833	27,558	1,114	27,558
At 31 March 2012	**4,215**	**28,036**	**1,183**	**27,731**

As at 31 March 2012 £2,719,000 (31 March 2011: £nil) was held in rent and restricted accounts which are not readily available to the Group for day-to-day commercial purposes.

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.

14. Trade and other payables

	Group 31 March 2012 £000	Group 31 March 2011 £000	**Company 31 March 2012 £000**	Company 31 March 2011 £000
Rents invoiced in advance	1,854	1,546	9	1
REIT conversion charge payable	–	208	–	2
Other taxes	611	817	101	817
Accrued capital expenditure in respect of property acquisitions	10,089	26,463	–	–
Other trade payables and accruals	2,612	2,452	2,191	1,610
At 31 March 2012	**15,166**	**31,486**	**2,301**	**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.

15. Bank loans

	Group 31 March 2012 £000	Group 31 March 2011 £000	**Company 31 March 2012 £000**	Company 31 March 2011 £000
Secured bank loans	34,700	–	–	–
Unamortised finance costs	(1,202)	–	–	–
At 31 March	**33,498**	**–**	**–**	**–**

The bank loans are secured by fixed charges over certain of the Group's investment properties with a carrying value of £164,350,000 (31 March 2011: £nil) and are repayable within two to five years of the balance sheet date.

Maturity of undrawn committed borrowing facilities:

	Group 31 March 2012 £000	Group 31 March 2011 £000	**Company 31 March 2012 £000**	Company 31 March 2011 £000
Expiring				
In more than two years	80,000	50,000	–	–
At 31 March	**80,000**	**50,000**	**–**	**–**

In addition to the principal payment noted above the Group is also committed to future contracted undiscounted interest payments of £1,999,000 (31 March 2011: £nil) within one year and £5,223,000 (31 March 2011: £nil) within two to five years.

16. Derivative financial instruments

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.

All derivative financial instruments are carried at fair value and would be classified as level 2 fair value measurements, as defined by IFRS 7, being those derived from inputs other than quoted prices (included within level 1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Details of the Group's derivative financial instruments that were in place at 31 March 2012 are provided below.

	Protected rate	Expiry	Cost £000	Market value £000	Movement recognised in income statement £000
Non-current assets					
£17.5 million cap	3.0%	April 2016	617	73	(544)
Total non-current assets			**617**	**73**	**(544)**
Non-current liabilities					
£10.5 million swap	3.3%	April 2016	–	(868)	(868)
£20.0 million forward starting swap*	1.5%	October 2016	–	(235)	(235)
£10.0 million forward starting swap#	1.6%	October 2016	–	(55)	(55)
Total non-current liabilities			**–**	**(1,158)**	**(1,158)**
Total all derivative financial instruments			**617**	**(1,085)**	**(1,702)**

* Commences April 2012. The protected rate increases to 2.0% for the last year of the swap, effective from October 2015.

Commences January 2013.

There were no derivative financial instruments as at 31 March 2011 and there were no derivative financial instruments in the Company at 31 March 2012 and 31 March 2011. All derivative financial instruments are non-current and are interest rate derivatives.

17. 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 and 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 £12,041,000 (31 March 2011: £2,003,000), and cash and short-term deposits £4,215,000 (31 March 2011: £28,036,000), are all due for receipt or maturity within one year. Non-derivative financial liabilities, being trade and other payables £15,166,000 (31 March 2011: £31,486,000), are all due for payment within one year.

Credit risk
Credit risk reflects the risk that a counter party 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 14 of the financial statements.

The Group's cash deposits are placed with 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 uses 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 2012, the Group had two loan facilities. Firstly, a five year, £80 million revolving credit facility which matures in November 2016 with interest payable at rates ranging from 2.0% to 2.5% above LIBOR. Secondly, a five year, £34.7 million term loan which matures in April 2016 with interest payable at rates ranging from 1.8% to 2.0% above LIBOR. The amount undrawn under the revolving credit facility as at 31 March 2012 is £80 million (31 March 2011: £50 million) and as a result the Directors consider the Group to have adequate liquidity to fund the ongoing operations of the business. Both bank loans are secured by fixed charges over certain investment properties of the Group and are repayable within two to five years of the balance sheet date. In addition, under both of the loan facilities, the lending banks may require repayment of the outstanding amount, with not less than 10 days' notice, following any change of control.

Market rate sensitivity analysis
Financial instruments affected by market rate risk include borrowings, deposits and derivative financial instruments. Management's assessment of the sensitivity of a 50bp change in floating rate interest rates on the amount of liability at 31 March 2012 was outstanding for the whole year:

	50bp increase in interest rates	50bp decrease in interest rates
(Decrease)/increase in fair value of financial instruments	924	(924)
Impact on net interest payable – (loss)/gain	(100)	100
Total impact on profit and equity	**824**	**(824)**

18. 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 11.6 years or 10.8 years to first break (31 March 2011: 11.8 years or 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 2012 £000	31 March 2011 £000
Less than one year	12,500	11,762
Between two and five years	53,861	43,879
Greater than five years	87,943	75,773
At 31 March	**154,304**	**131,414**

The Group as a lessee

At 31 March 2012 the future minimum lease payments payable under non-cancellable operating leases of land and buildings totalled £106,000 (31 March 2011: £256,000), of which £106,000 (31 March 2011: £150,000) is payable in less than one year and £nil (31 March 2011: £106,000) is payable in the second to fifth years.

19. Share capital

	31 March 2012 Number	**31 March 2012 Amount paid £000**	31 March 2011 Number	31 March 2011 Amount paid £000
Issued and fully paid				
Ordinary shares of 1p each	**190,000,000**	**1,900**	**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.

20. Share-based payments

Matching Share Plan (MSP)

In accordance with the rules of the MSP, the Company conditionally awarded on 31 May 2011 a right to receive a Matching Share Award over 303,828 ordinary shares of 1p each. The award is subject to a three year performance condition. The awards were based on a share price of 113 pence and the amount outstanding at 31 March 2012 was 303,828 ordinary shares of 1p each (31 March 2011: nil).

Company Share Option Plan (CSOP)

In accordance with the rules of the CSOP, the Company conditionally awarded on 31 May 2011 a right to purchase shares in the Company at an exercise price of 110.2 pence over 110,706 ordinary shares of 1p each. The awards were based on the middle market share price for the five days before the awards were issued. The amount outstanding at 31 March 2012 was 110,706 ordinary shares of 1p each (31 March 2011: nil). The option can be exercised from the third anniversary of grant until 10 years after grant. The option will lapse if the employee leaves the Company.

21. Share premium and other reserve

	31 March 2012 £000		31 March 2011 £000	
	Share premium £000	Other reserve £000	Share premium £000	Other reserve £000
At 1 April / incorporation	–	180,672	–	–
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	–	**180,672**	–	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.

22. Net asset value

	31 March 2012 £000		31 March 2011 £000	
	Total equity £000	Pence per share	Total equity £000	Pence per share
Basic and diluted net asset value	201,324	106p	191,067	101p
Fair value adjustment in respect of derivative financial instruments	1,584	1p	–	–
Adjusted net asset value	**202,908**	**107p**	**191,067**	**101p**

The basic net asset value per share has been calculated based on 190,000,000 shares in issue at 31 March 2012 (31 March 2011: 190,000,000)

Diluted and adjusted net asset value per share has been calculated based on 190,303,828 shares in issue at 31 March 2012 (31 March 2011: 190,000,000). Diluted and adjusted net asset value per share has been calculated in accordance with European Public Real Estate Association (EPRA) guidelines.

The change in the fair value of derivative financial instruments reflects the fair value movement from inception of the derivative financial instrument until the balance sheet date of £1,702,000 as well as the amortisation, on a straight line basis, of the premium paid on entering into the interest rate cap of £118,000.

23. Post balance sheet events

The Group has made further loans of £8,916,000 to the MIPP joint venture to enable it to complete the acquisition of Milburn Road Retail Park, Inverness and B&Q Faustina Retail Park, Londonderry which completed on 15 May 2012 and 16 May 2012 respectively.

24. 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.

Transactions with joint venture – Metric Income Plus Limited Partnership

Transactions during the year between the Group and the joint venture, Metric Income Plus Limited Partnership are disclosed below:

	1 April 2011 to 31 March 2012 £000	1 March 2010 to 31 March 2011 £000
Investment in and new loans advanced in the year	8,232	–
Investment in and loans outstanding at the year end	8,232	–
Distributions received	75	–
Management fees receivable	27	–
Management fees receivable outstanding at the year end	20	–
Proceeds from the sale of investment properties	20,517	–
Proceeds from the sale of investment properties outstanding at the year end	9,700	–

Further details of transactions with the joint venture are set out in note 10.