Annual Report & Accounts 2012

VALUE CREATION FROM THE GROUND UP

METRIC
PROPERTY INVESTMENTS PLC

Metric Property Investments plc is a UK retail focused real estate investment trust (REIT)

We aim to deliver attractive returns for shareholders through a strategy of increasing income and improving capital values

Metric was established in early 2010 to invest in retail assets located across the UK

We focus on our bottom-up approach to stock selection ensuring we invest in opportunities where we can grow income independent of broader market conditions. 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.

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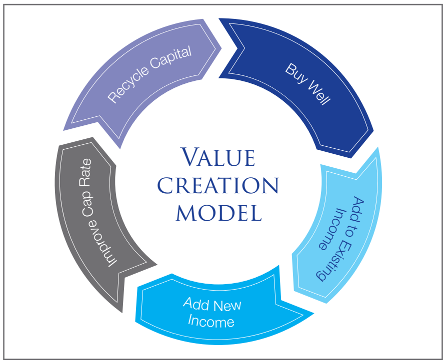

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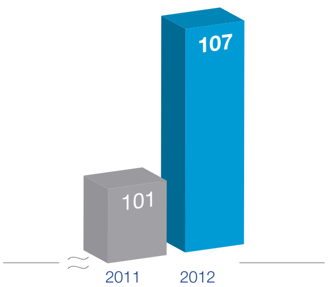
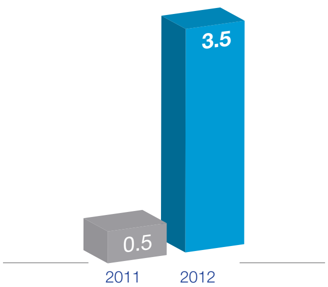
STRONG PERFORMANCE ACROSS THE BUSINESS†

Material improvement across all operating key performance indicators[1] (KPIs)

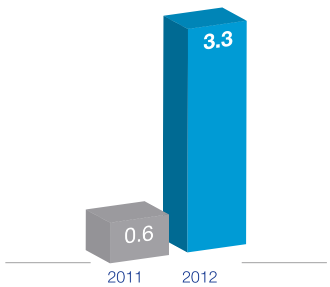
Adjusted NAV per share[2]
(p)



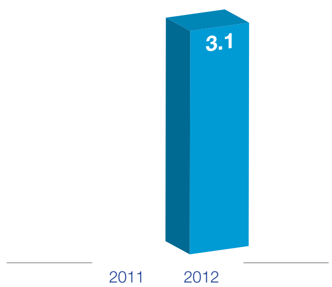
Adjusted earnings per share[2,3]
(p)



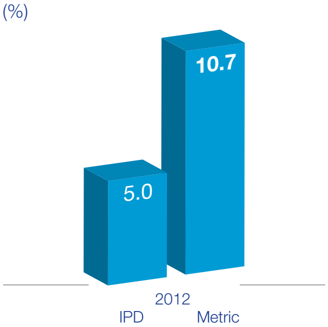
Dividend per share
(p)



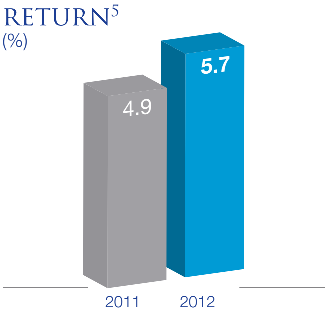
Like-for-like rental income growth[4]
(%)



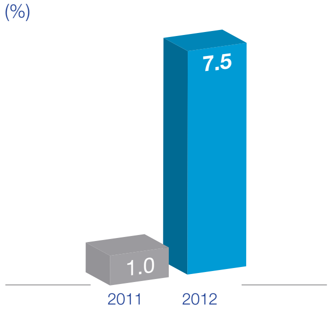
Total property return v IPD[5]
(%)



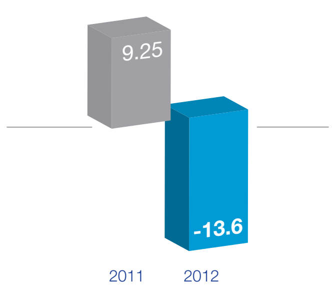
Outperformance of IPD total property return[5]
(%)



Total underlying return[6]
(%)



Total shareholder return
(%)



† Unless otherwise stated all figures include Metric's one-third share of MIPP.

1. Operating KPIs exclude total shareholder return KPI and represent those performance measures that result from management's operational performance.
2. Adjusted net asset value and earnings per share calculated in accordance with European Public Real Estate Association (EPRA) guidelines.
3. Includes one-off surrender premium of 0.7p per share (2011: 0.1p).
4. No comparative available for 2011 as it was the Group's first year of trading. Like-for-like rental income is the increase in contracted rental income on properties held at March 2011.
5. Total property return measured against IPD All Retail Quarterly Universe Total Return. Total property return is the total net rental income, revaluation surplus and profit on disposal expressed as a percentage of the capital invested in the year.
6. Total underlying return calculated on the increase in NAV plus dividends paid in the year.

A YEAR OF PROGRESS†

Our performance reflects our focus on increasing income and improving capital values and has been driven by the following achievements:

- Net rental income in the year of £12.6 million (2011: £4.6 million)
- Annualised rents up 28.7% to £15.3 million
- 19 new lettings across 209,000 sq ft securing £3.4 million of rental income
- Planning gains of almost 300,000 sq ft with a further 87,000 sq ft pending approval
- On-site with developments at Bishop Auckland and Cannock – 95% pre-let including agreements in solicitors' hands
- Eight new properties acquired for £31.3 million and one property sold to MIPP for £9.7 million
- Capital expenditure and commitments of £24.1 million[1]
- MIPP portfolio has reached 34% of target investment with AUM of £52 million

Ancillary food and retail at Tindale Terrace, Bishop Auckland

Adding to existing income by creating small shop units on the car park to bring variety and amenity to shoppers.

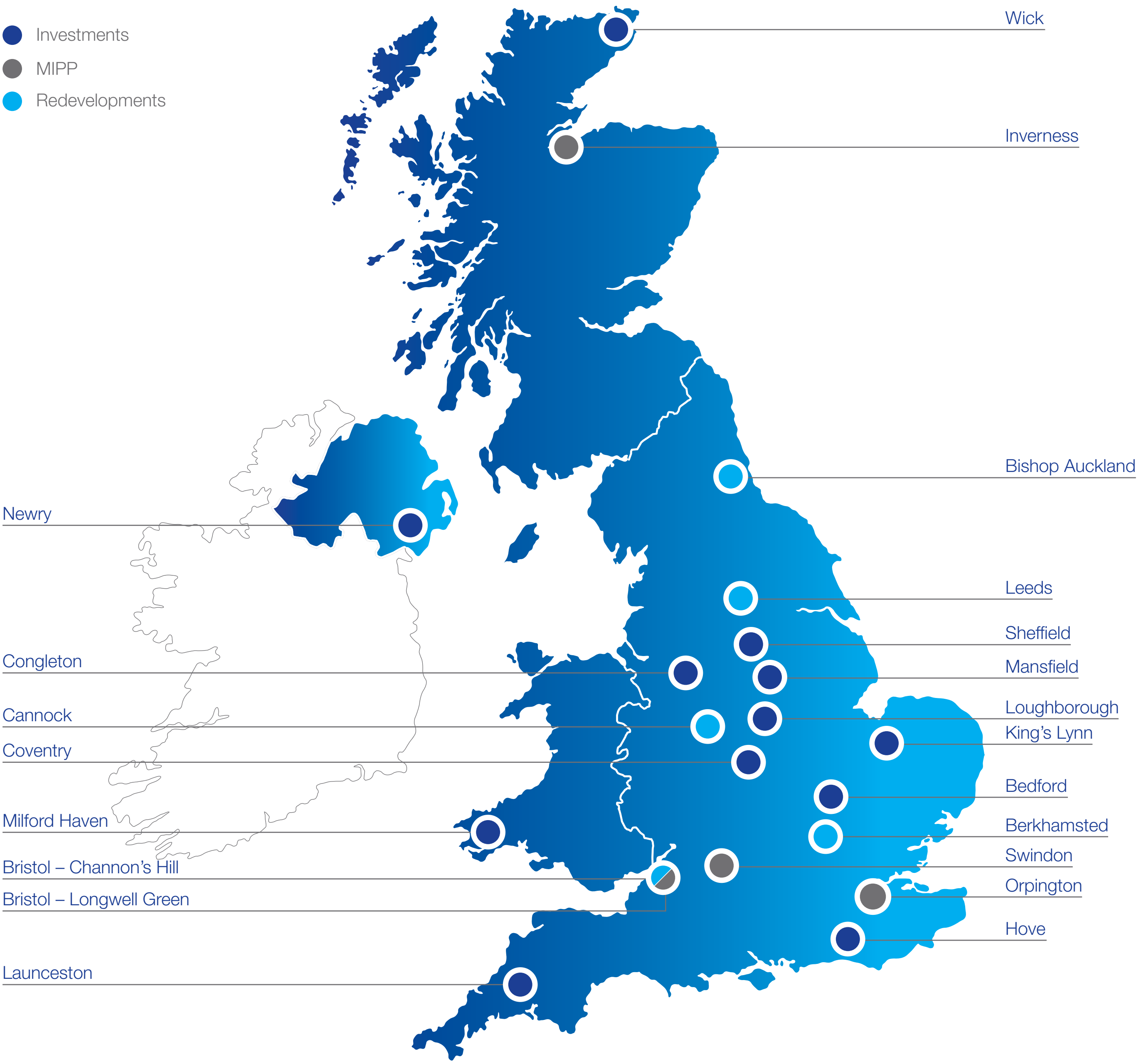
Faustina Retail Park, Londonderry

Higher yielding acquisition on behalf of MIPP joint venture with USS, purchased post year end. Yield on cost 7.5%, unexpired lease length 18.2 years.

† Unless otherwise stated all figures include Metric's one-third share of MIPP.

1. Net new commitments in relation to income generating initiatives entered into in the year.

INCREASING PORTFOLIO GRANULARITY



INVESTMENTS

Congleton Retail Park
South Manchester

Airport Retail Park
Coventry

Launceston Retail Park
Cornwall

Morrisons Supermarket
Loughborough

Havens Head Retail Park
Milford Haven

Damolly Retail Park
Newry

Wick Retail Park
Scotland

Pierpoint Retail Park
King's Lynn

PC World
Old Shoreham Road
Hove

Alban Retail Park
Bedford

Nottingham Road
Retail Park
Mansfield

DFS
St Mary's Road
Sheffield

MIPP

Milburn Road Retail Park
Inverness

Fleming Way Retail Park
Swindon

Sevenoaks Way
Orpington

Longwell Green
Bristol

REDEVELOPMENTS

Marks & Spencer
Berkhamsted

Kirkstall Bridge
Shopping Park
Leeds

Watling Street
Cannock

Tindale Crescent
Bishop Auckland

Channons Hill Retail Park
Bristol

ENHANCING INCOME AND CAPITAL GROWTH OPPORTUNITIES

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 rightsize 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 and 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.

Andrew Huntley
Chairman

"METRIC'S STRENGTH LIES IN ITS ROBUST PORTFOLIO METRICS, STRONG BALANCE SHEET AND UNPARALLELED RELATIONSHIPS WITH LEADING RETAILERS."

"WE REMAIN FOCUSED ON DELIVERING PROGRESSIVE DIVIDENDS AND ATTRACTIVE CAPITAL RETURNS TO OUR SHAREHOLDERS."

BUILDING STRONG FOUNDATIONS TO DELIVER GROWTH†

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 offsetting 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 sizeable 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.

† Unless otherwise stated all figures include Metric's one-third share of MIPP.

15%

Rental income subject to fixed uplifts

18%

Rental income from food sector exposure

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.

We have announced the conditional acquisition of a 90 acre site 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. Post year end we acquired 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.

> "Accretive capital commitments of £24 million to deliver a return on capex of 9.3%."

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.

Marks & Spencer, Berkhamsted
We are building out our food store portfolio with our recent acquisition on Berkhamsted High Street to develop 21,000 sq ft of new accommodation anchored by an 18,000 sq ft M&S Simply Food unit.

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

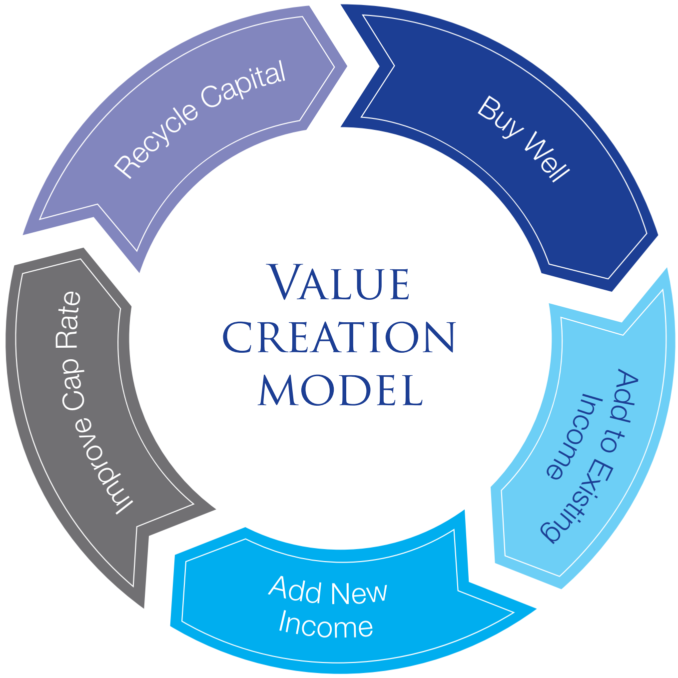
Retailer conditions remain challenging in the face of pressures on disposable incomes and structural shifts in consumer shopping patterns. Over the period many retailers have entered administration, affecting over 3,000 shops across the country. As a result retail vacancy rates have continued to rise 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.

Andrew Jones
Chief Executive

We aim to deliver attractive returns for shareholders by unlocking value through income growth and capital appreciation. Our bottom-up business model and deep retailer relationships are fundamental to our success in outperforming the broader market and our peers.



Our strategy

We invest in opportunities where we can grow income independent of broader market conditions. Over the medium term we look to narrow the gap between the relatively low passing rents at acquisition and the sustainable levels of rent that we believe our customers can afford to pay.

Our focus

ACQUISITIONS
Buying well by leveraging our strong retailer relationships to accurately assess occupier contentment and demand, trading profitability, covenant strength and likely future income performance.

ASSET MANAGEMENT
Increasing existing income, adding new income and improving the valuation yield by lengthening and strengthening the contracted rental income across our investment and development portfolios.

DISPOSALS
Opportunistically and selectively selling assets when we believe sufficient value has been created, the market pricing is attractive and alternative investment opportunities can generate equivalent or higher returns.

Our portfolio

- **Investments** – the core of our portfolio, comprising multi-let schemes offering a full programme of asset management opportunities;
- **MIPP** – our JV with USS which aims to acquire smaller out-of-town retail parks and solus units; and
- **Redevelopments** – short cycle developments with favourable planning outlooks with attractive demand/supply dynamics. Often this includes ‘Partnering’ deals where we work closely with specific retailers to help them unlock opportunities.

Unlocking value

Buy well

£10.2M

Underlying valuation surplus[1]

Our occupier led model is central to our buy/hold/sell strategy. We have strong relationships with retailers and feedback we receive from them allows us to better gauge future income performance of potential acquisitions.

Add to existing income

11.0%

Income growth on existing space[2]

Understanding our customers and their overall contentment is important to being able to drive rents. We are focused on increasing current income through rent reviews, re-letting vacant space and carrying out lease re-gears.

Add new income

12.0%

Income growth on new space[3]

Short cycle developments, be it through refurbishments, reconfigurations, extensions, or pod developments, allow new space to be developed on our sites improving the shopping environment and attracting new occupiers and uses.

Improve cap rate

27 bps

Asset management yield shift[4]

Asset management yield shift or improvement in the valuation is achieved by improving the planning consents and lengthening the income stream.

Recycle capital

10.9%

Profit on cost on disposal[5]

Once the initiatives identified have been executed we will look for opportunities to crystallise value and recycle sale proceeds into new investment opportunities.

1. £8.1 million revaluation surplus plus acquisition costs of £2.1 million absorbed during the period.
2. Income growth on investment portfolio since acquisition excluding new space income.
3. Income growth as a result of new space added to the existing investment portfolio since acquisition.
4. Movement in the valuation yield on the like-for-like investment portfolio as a result of management actions.
5. Disposal of Inverness to MIPP less total capital expenditure.

PURSUING OPPORTUNISTIC ACQUISITIONS AS LIQUIDITY RETURNS IN THE INVESTMENT MARKET†

Valentine Beresford
Investment Director

"OUR ACQUISITIONS PROVIDE A COMBINATION OF ATTRACTIVE LONG AND SECURE INCOME AS WELL AS MATERIAL CAPITAL GROWTH POTENTIAL."

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 yielding 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

† Unless otherwise stated all figures include Metric's one-third share of MIPP.

Transformation at Sheffield
We purchased a 28,600 sq ft vacant former DIY store and pre-let 20,000 sq ft to DFS. Planning was obtained to sub-divide, reconfigure and refurbish the car park. Upon completion DFS opened for trade in April 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 a 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 Fleming 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.

Post year end we acquired a fifth asset for MIPP 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 £95 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 a 90 acre site 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.

POSITIONING OUR PORTFOLIO FOR RENTAL GROWTH†

25 occupier transactions with 17 retailers

During the year, 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 regears, 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.

Mark Stirling
Retail Director

> "WE DELIVER RETAILERS THE RIGHT SPACE AT AFFORDABLE RENTS IN LOCATIONS WITH ENDURING OCCUPIER APPEAL."

† Unless otherwise stated all figures include Metric's one-third share of MIPP.

£2.5M
Uplift in annualised rental income

£15.3M
Annualised contracted rent

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 • 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

UNLOCKING VALUE AT BEDFORD

Alban Retail Park was acquired by Metric off-market in November 2010 comprising 65,000 sq ft of restricted Open A1 consent. The park was originally let to Focus, trading out of 40,000 sq ft and Dunelm trading out of 25,000 sq ft off low average rents of £9.40 psf and an unexpired lease term of 3.5 years.

THE OPPORTUNITY

A number of accretive asset management opportunities were identified at acquisition:

- Settling the outstanding rent reviews with Dunelm and Focus to bring the average rent to £11.00 psf (17% uplift).
- Re-gearing the existing Dunelm lease.
- Right-sizing the Focus unit to 25,000 sq ft and carving out two additional units.
- Developing pod units on the car park.

VALUE UNLOCKED…

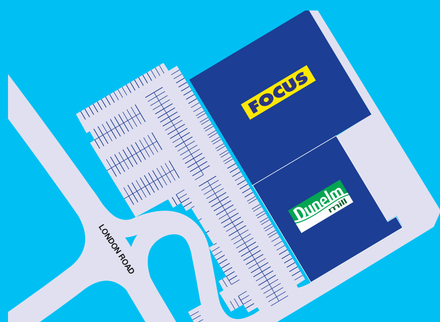
In May 2011 Focus entered into administration. An original tenant guarantee in the lease allowed us to negotiate a surrender premium of £1.25 million, providing capital to unlock our asset management programme.

- Capital investment of £2 million made to improve the fabric of the property and split the former Focus unit into three units of 25,000 sq ft, 8,300 sq ft and 6,000 sq ft. These works completed in Q1 2012.
- Settled the outstanding rent review. Re-geared the lease with Dunelm onto a new 15 year lease at an enhanced rent of £13.25 psf (20% uplift).
- Agreed new leases with B&M Retail, Jollyes and Paul Simon on leases of between 10 – 15 years, with an average rental of £13.25 psf (20% uplift).
- Average lease length across park of 12.6 years (to expiry and first break).

… AND TO COME

- Revised planning application has been submitted for two pod units (3,000 sq ft) which upon letting is anticipated to show a yield on cost of over 10%.

ON ACQUISITION



POST ASSET MANAGEMENT

21%

Return on capital invested


Paul Simon
CURTAINS • BLINDS • SOFAS • BEDS
Jollyes
Petfood Superstore
Dunelm
mill

PLANNING GAINS & REDEVELOPMENT PRE-LETS DRIVE VALUE†

"We have delivered almost 300,000 sq ft of new retail consents over 11 schemes."

Mark Stirling
Retail Director

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.

† Unless otherwise stated all figures include Metric's one-third share of MIPP.

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

SHORT CYCLE REDEVELOPMENT OPPORTUNITY AT BISHOP AUCKLAND

Metric entered into an off-market conditional agreement in June 2011 to acquire a four acre site with a vacant and derelict former Focus unit benefiting from restricted retail consent. The purchase was conditional on achieving a revised planning consent to allow for a new 49,000 sq ft Open A1 retail park.

The opportunity

A rare opportunity to secure an Open A1 development site with good demand from national retailers and to develop a modern retail park in an established market town with prominent main road frontage adjacent to recently developed Sainsbury's and Tesco superstores.

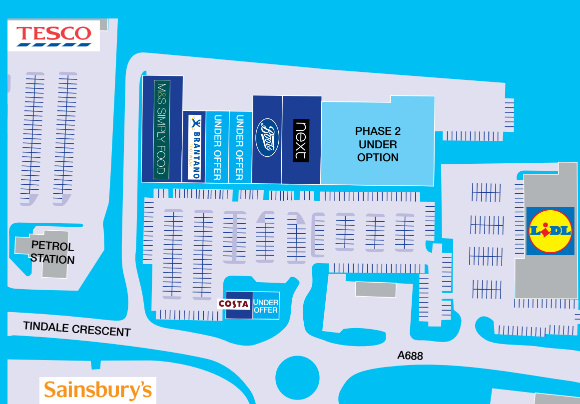
Value unlocked…

Strong retailer demand has resulted in the scheme being 71% pre-let, with the remaining 29% in solicitors' hands allowing construction to commence in April 2012. We look to deliver the scheme by October 2012.

- Total capital commitment of £9.9 million expected to deliver a yield on cost of 8.8% once fully let.
- Pre-lets include new leases with Next, Boots, Costa, Brantano and M&S Simply Food on leases of 10 – 15 years.

… and to come

- Entered into an option agreement to acquire an additional 2.8 acres adjoining the retail park and have recently submitted a planning application for a Phase 2 development of an additional 27,000 sq ft.



8.8%

Yield on cost

71%

Exchanged income as a % of forecast income


next
next next next next next next next

CAPITAL RETURN OF 5.3% OUTPERFORMING IPD ALL RETAIL BY 6.1%

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.

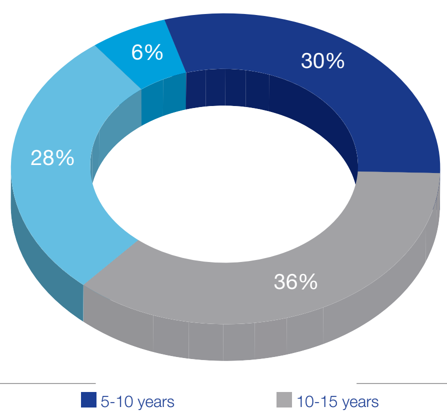
Valuation contributors

	% 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[1]
(%)



1. Includes pre-lets on committed developments.

97.5%

Investment portfolio occupancy

11.8 YEARS

Average unexpired lease term on investment portfolio

The average passing rent 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.

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%.

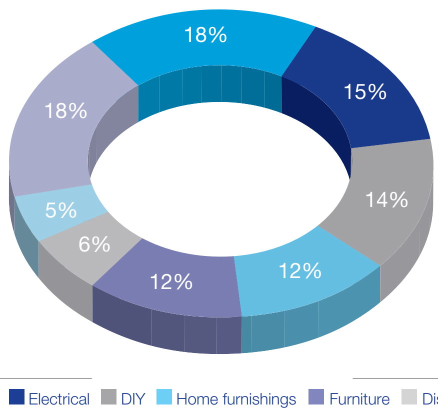
Tenant exposure (weighted by income)

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.

Sector exposure

(% of contracted rental income)



PROACTIVELY MANAGING OUR ENVIRONMENTAL IMPACT

We are committed to promoting best practice across our property investments

Metric invited WSP to undertake a baseline environmental appraisal to review the company's activities and to work towards the formation of an environmental policy, identify the status of changes in legal compliance, benchmarks, and environmental best practice in comparable organisations.

We are committed to socially responsible business practices which respect the environments in which its properties are located.

We will proactively manage key issues such as land contamination, health and safety and climate change and will also encourage occupiers, business partners and suppliers to take a similarly responsible and proactive approach. The basic principles of sustainability align well with financial business success and can also engender healthy landlord and tenant relationships.

A key environmental risk for Metric is land contamination due to past activities. Environmental audits are carried out prior to the acquisition of new properties to identify any potential contamination.

Our redevelopment programme supports the principles of sustainable development and regeneration as well as the improvement and refurbishment of existing building stock.

One of our commercial strategies is specifically identifying outmoded but well located older properties and to remodel and refurbish them to accommodate current retailer demands, which includes reducing energy usage where possible. **See page 25 for case study on Alban Retail Park, Bedford.** To support these objectives we will adopt industry recognised assessment methods to evaluate and promote environmental awareness across our delivery team, retailers and end users where appropriate (such as BREEAM).

We will continue to work closely with retailers, our managing agents and supply chain to promote environmental awareness on our properties, on an on going basis, including waste and recycling initiatives and encouraging and promoting the use of public transport.

We aim to comply with all relevant local, national and international legislation and regulation and where possible seek to implement good environmental practices.

Peter Lane
Commercial Director at WSP Environment & Energy commented

"Government guidance on sustainability and energy efficiency has predominantly focused on new build. However, the annual replacement rates of the UK's current building stock are only about 1.0 – 1.5%, and therefore a more significant impact can be made by working towards improving the energy efficiency of existing buildings. Metric have made the improvement of existing building energy efficiency and sustainability a priority in their portfolio management to ensure a more meaningful impact today, rather than rely on improvements that would only come with stock replacement and new build. Moreover, better use of existing building stock rather than replacement provides greater reductions in construction waste and use of natural resources."

KEY ENVIRONMENTAL ACHIEVEMENTS AT BEDFORD

HIGHLIGHTS

- Carbon reduction of c. 140 tonnes
- 15% improvement in thermal capacity has led to a 20% reduction in energy consumption
- New LED lights will last five times longer
- 36% reduction in artificial lighting
- 5% reduction in CO2 emissions
- Improvements in EPC rating from “C” to “B”

Refurbishments are core to our environmental initiatives

Alban Retail Park fronts onto the A600 London Road, located to the south-east of Bedford town centre. Metric acquired the site in November 2010 which contained two large retail units built in the late 1980s and were occupied by Focus (Gardening and DIY) and Dunelm (Home furnishings). Following the administration of Focus in May 2011, Metric undertook extensive refurbishment works to improve the quality of the building stock and to reconfigure and divide the former Focus DIY unit into three smaller units. On completion this created a modern four unit retail park.

As part of the refurbishment, several improvements were made to the original building including:

- Recladding of the roof and walls
- New shop front glazing
- New and improved lighting
- New air conditioning

This has subsequently delivered an estimated:

20%

Overall reduction in energy consumption

PROFIT GROWTH DRIVEN BY INCREASING RENTAL INCOME AND STRONG VALUATION UPLIFT

Sue Ford
Finance Director

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.

13%

Loan-to-value

£80M

Committed undrawn debt facilities

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 £113.0 million 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 dependent on 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).

> "Taking a responsible approach to risk management to preserve shareholder value."

Sue Ford
Finance Director

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.

Risk	Mitigation
Strategic risks	
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

Financial risks – continued	
Risk	Mitigation
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

1. Andrew Jones
Chief Executive Officer
Appointed Chief Executive in March 2010. Previously he was an executive director and head of retail at British Land plc. Andrew joined British Land in July 2005 following the acquisition of Pillar Property plc, where he was on the main board with responsibilities for shopping centres, retail park investment and asset management. At British Land, Andrew was responsible for its entire retail portfolio including responsibility for the company's fund advisory roles in relation to specialist retail property investment funds.

2. Mark Stirling
Retail Director
Appointed Retail Director in March 2010. Previously he was the asset management director of British Land plc. Mark joined British Land in July 2005 following British Land's acquisition of Pillar Property plc where he was a managing director of Pillar Retail Parks Limited from 2002 until 2005. At British Land he had responsibility for planning, development and asset management of British Land's retail portfolio.

3. Sue Ford
Finance Director
Appointed Finance Director in March 2010. Previously she was the group finance director of Ingenious Media from 2005 until 2008. Prior to joining Ingenious Media, Sue was finance director for the Channel 4 Group, having joined the Group as finance director of its commercial arm, 4 Ventures Limited, in 2002. Sue was director of strategy at Deloitte and was European finance director of Deloitte's strategy consulting division, Braxton Associates. Sue is a Chartered Accountant, having qualified with Deloitte.

4. Valentine Beresford
Investment Director
Appointed Investment Director in March 2010. Previously he was the European director of British Land plc. Valentine joined British Land in July 2005 following the acquisition of Pillar Property plc where he had been on the main board since 2001. At Pillar, Valentine was responsible for the company's out-of-town UK retail investment activities. At British Land, Valentine was responsible for British Land's European retail and leisure developments and investments.

5. Andrew Huntley[2,3]
Chairman

He is a former chairman of Richard Ellis and a former non-executive director of Pillar. He is currently a non-executive director of CSC and Capco, and a non-executive director of Miller Group Limited. Andrew is one of the UK's most experienced property advisers having spent his entire career at Richard Ellis, culminating in him becoming chairman in 1993, a position he held until 2001.

6. Alec Pelmore[1,2,3]
Senior Independent Director and Chairman of the Audit Committee

He has been since 2008 a member of the supervisory board of one of Europe's largest property companies, Unibail-Rodamco, and is a member of its audit committee. Alec held positions as an equity investment analyst specialising in property companies from 1981 to 2007. The majority of his career as an investment analyst was spent at Dresdner Kleinwort Benson and Merrill Lynch. Alec's team at Dresdner Kleinwort Benson and Merrill Lynch was voted number one for property in Europe by the Institutional Investor European Property Research Survey for 12 out of 13 years.

7. Andrew Varley[1,2,3]
Non-executive Director

He is group property director and an executive director of NEXT plc. He is the main board member with the responsibility for property, franchise, corporate social responsibility and code of practice related issues. Andrew joined NEXT in 1985 and was appointed to the board in 1990. His previous experience includes 12 years in retail and commercial property.

8. Philip Watson[1,2,3]
Chairman of the Remuneration Committee

He is the chief investment officer for equities for Mirabaud et Cie. He worked as an investment analyst and fund manager at Robert Fleming and left in 1982 to found TWH Management Limited (now Mirabaud Investment Management Limited) in which he and his partners sold a controlling interest to Mirabaud Pereire Holdings Limited in 1991.

1. Member of the Audit Committee.
2. Member of the Remuneration Committee.
3. Member of the Nomination Committee.

1. Will Evers
Investment Executive

Will joined Metric in May 2010. He was formerly an associate director of LaSalle Investment Management, joining in September 2004, where he ultimately assumed responsibility for the acquisitions and fund management of one of the geared recovery funds with a value of £500 million. In the two years prior to that, Will was an investment analyst at Bear Stearns, where he worked on the M&A and corporate finance side of the Real Estate, Gaming and Lodging team.

2. Richard Howell
Financial Controller and Company Secretary

Richard has been Financial Controller at Metric since its inception in March 2010. He was previously financial controller and company secretary at Brixton plc for eight years and prior to this he was financial controller at Capital & Regional plc. Richard is a Chartered Accountant and was appointed Company Secretary in May 2011.

3. Juliana Weiss Dalton
Head of Investor Relations & Corporate Analysis

Juliana has been in her current role with Metric since its inception in March 2010. She has over nine years' experience as a sell side research analyst covering European real estate securities. Previously she was at Morgan Stanley, Seymour Pierce and Cazenove. Prior to moving to the UK she was an analyst covering Canadian REITs and REOCs at BMO Nesbitt Burns in Toronto. Juliana is a CFA Charterholder and has an MBA in Finance and Real Property.

4. Marion Dillon
Asset Manager

Marion joined Metric in January 2011. She was previously a senior asset manager at British Land having joined in July 2005 following British Land's acquisition of Pillar. At British Land Marion was responsible for prime assets such as Meadowhall, Sheffield, Zaragoza, Spain and British Land's premier retail parks in the UK. Previous positions also include retail development manager on Bluewater for Lend Lease and two years in China working on large scale shopping centre developments.

5. Nick Heath
Development Manager
Nick joined Metric in January 2011. He was previously an independent consultant, primarily as design director of a c. 2 million sq ft shopping scheme in a joint venture with British Land. Nick joined British Land in July 2005 following the acquisition of Pillar where he was head of project management & construction. He joined Pillar in 1997 and was responsible for all construction and project management including overseeing new developments and asset management programmes.

6. Simon Meacock
Asset Manager
Simon joined Metric in February 2012. He was previously a senior asset manager and a director of British Land Properties Limited, having joined in October 2001. At British Land Simon was responsible for the asset management and development of about 15 retail parks. Before British Land, Simon was at Dixons Stores Group for four years with responsibility for implementing the property disposal strategy and management of the portfolio. Simon is a member of the RICS.

7. Nick Minto
Investment Analyst
Nick joined Metric in June 2011. He previously worked at Jones Lang LaSalle in both their retail and valuation departments and subsequently at LaSalle Investment Management where he worked for pension fund clients including BAE Systems, HSBC and the Royal Mail Group. Nick is a member of the RICS.

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 March 2012.

Principal activities and business review

The principal business of the Group is property investment. The information that fulfils the requirements of the Business Review can be found on pages 1 to 27, which are incorporated into this Directors' Report by reference.

A review of the performance and development of the Group's business during the year, including key performance indicators, the position at the year end and prospects, is set out in the sections covering our business and financial position on pages 1 to 27. A description of the principal risks and uncertainties facing the Group and how these are mitigated can be found on pages 28 to 29. Additional information on employees, environmental matters and social and community matters is included on page 39.

The purpose of the Annual Report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report. Nothing in this Annual Report should be construed as a profit forecast.

The Company is incorporated in England.

Results and dividends for the year

The Group results for the year are set out on page 46. An interim dividend of 1.0p per share (2010/11: nil) was paid on 21 December 2011, and the Board has proposed to pay a final dividend of 2.3p per share, making a total of 3.3p per share (2010/11: 0.6p) for the year ended 31 March 2012. Subject to shareholder approval, the proposed final dividend will be paid on 23 July 2012 to shareholders on the register at the close of business on 22 June 2012. Under IFRS the proposed final dividend will be recognised in next year's financial statements.

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.

Freehold and leasehold properties

A valuation of the Group's property portfolio at 31 March 2012 was carried out by CB Richard Ellis, Commercial Property Advisors, on the basis of fair value, which amounted to £225,907,000. The result of the valuation was a surplus of £7,668,000 net of acquisition costs and capital expenditure and the valuation has been included in the Group Balance Sheet. Details of the valuation and movements in the Group's investment properties are set out in note 9.

Share capital

The issued share capital of the Company is 190,000,000 ordinary shares of 1p each. There have been no changes to the issued share capital since the year end.

There is only one class of share in issue and there are no restrictions on the voting rights attached to these shares or the transfer of securities in the Company.

Details of share-based incentive awards issued in the year and outstanding as at 31 March 2012 are set out in note 20 to the financial statements.

Substantial shareholdings

As at 30 May 2012, the Company had been notified of the following beneficial or discretionary interests amounting to 3% or more of the voting rights of the issued share capital.

	Number of shares	% of issued share capital
APG Algemene Pensioen Groep N.V.	17,500,000	9.21%
Universities Superannuation Scheme Limited	16,416,500	8.64%
Kames Capital Group of Companies	10,250,000	5.39%
Taube Hodson Stonex Partners LLP	10,000,000	5.26%
Mirabaud Investment Management Limited	9,247,551	4.87%
Merseyside Pension Fund	7,560,000	3.98%
Legal & General Group Plc	5,894,400	3.10%

Directors

The present membership of the Board is set out on pages 30 to 31 each of whom served throughout the year.

In accordance with the Articles of Association one-third of the Board of Directors (excluding those whose appointment has yet to be approved by the shareholders) or, if their number is not a multiple of three, the nearest to but not exceeding one-third, will retire and may offer themselves for re-election. Consequently, Sue Ford, Andrew Huntley and Mark Stirling offer themselves for re-election at the forthcoming Annual General Meeting.

The interests of the Directors in the share capital, including share-based incentive awards, of the Company are disclosed in the Directors' Remuneration Report on pages 40 to 44, which is incorporated into this report by reference.

The Company has arranged insurance cover in respect of legal action against its Directors.

Going concern

The Group's business activities, together with the factors affecting its performance, position and future development are set out in the Business Review on pages 1 to 25. The finances of the Group, its liquidity position and borrowing facilities are set out in the Financial Review on pages 26 to 27 and in notes 13, 15 and 17 of the accounts.

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

Corporate governance statement

A statement on corporate governance is set out in the Corporate Governance Statement on pages 36 to 38, which is incorporated into this report by reference.

Creditor payment policy

It is the Company's policy that suppliers are paid in accordance with those terms and conditions agreed between the Company and the supplier, provided that all trading terms and conditions have been complied with. The Group's trade creditors as a proportion of amounts invoiced by suppliers represented 13 days as at 31 March 2012 (31 March 2011: 12 days).

Essential contracts

The Company has no contractual or other arrangements that are considered essential to the business.

Provisions on change of control

Under the £80 million revolving credit facility with The Royal Bank of Scotland plc and the £34.7 million term loan with Eurohypo AG, the respective banks may require repayment of the outstanding amount, with not less than 10 days' notice, following any change of control.

Charitable and other donations

Charitable donations for the year amounted to £2,000 (2010/11: £2,000); no contributions for political purposes were made in the year (2010/11: £nil).

Statement as to disclosure of information to auditors

So far as the Directors who held office at the date of approval of this Directors' Report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Auditors

A resolution to reappoint Deloitte LLP as auditors of the Company will be proposed at the Annual General Meeting.

Annual General Meeting

The Notice of Meeting on pages 68 to 70 sets out the resolutions to be proposed at the Annual General Meeting, which is incorporated into this report by reference and gives details of the voting record date and proxy appointment deadline for that meeting. Resolutions 1 to 9 comprise ordinary business and resolutions 10 to 12 special business.

By order of the Board

Richard Howell
Company Secretary

30 May 2012

CORPORATE GOVERNANCE

"THE BOARD IS COMMITTED TO MAINTAINING A HIGH STANDARD OF CORPORATE GOVERNANCE AND TO EMBEDDING IT ACROSS ALL ASPECTS OF OUR BUSINESS"

Andrew Huntley
Chairman

The Board is accountable to the Company's shareholders for good corporate governance. The statement below describes how the principles of corporate governance are applied to the Group and reviews the Group's compliance with The UK Corporate Governance Code. The Board has adopted a formal governance manual which is updated on an ongoing basis.

Statement by the Directors on compliance with the provisions of The UK Corporate Governance Code
The Company has throughout the year ended 31 March 2012 complied with the provisions of The UK Corporate Governance Code.

The Board of Directors
The Board comprises the Non-executive Chairman, four Executive Directors and three Non-executive Directors. Details of the Directors are set out on pages 30 to 31. The Chairman is responsible for the effectiveness of the Board, and the Chief Executive for the day-to-day management of the Group, with the division of responsibilities approved by the Board.

The Company has three independent non-executive directors excluding the Chairman (as defined by The UK Corporate Governance Code). Philip Watson is Chief Investment Officer for Mirabaud Investment Management Ltd (Mirabaud), a discretionary fund manager, where investments managed on behalf of its clients include shares in the Company amounting to 4.87% of the Company's shares as at 30 May 2012. Mirabaud have put in place internal procedures delegating Mr Watson's responsibilities as Chief Investment Officer in respect of the Company, and Mr Watson does not participate in investment decision making relating to the Company. As potential conflicts have been identified and controls have been put in place by the Mirabaud Group the Board are therefore satisfied that Mr Watson is able to carry out the function of an independent director.

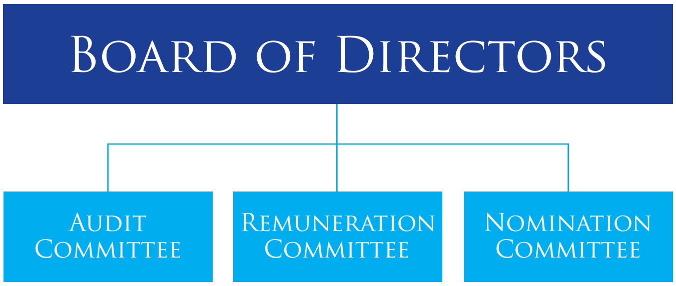
The Board is responsible for the strategy, effective control and management of the Group. There is a formal schedule of matters specifically reserved for Board approval, which includes the approval of the annual and half-year financial statements, the approval of material acquisitions, disposals and financing arrangements. The Board delegates authority to the Executive Directors of the Company in respect of certain transactions within defined limited parameters.

The Executive Directors meet at least every month, chaired by the Chief Executive, to deal with the ongoing management of the Group. The Chairman of the Board and individual Directors also meet regularly, outside formal Board meetings, as part of their continuing contribution to the Group. As the Group currently has a small number of employees there is a high level of Executive Director involvement in the majority of business decisions.

The Board meets regularly, reviewing financial performance, ensuring adequate funding, setting and monitoring strategy, examining major acquisition and disposal possibilities and reporting to shareholders. The Non-executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. The Directors may take independent professional advice in appropriate circumstances at the Company's expense. The ongoing training requirements of the Directors are reviewed on a regular basis and undertaken individually. At least once a year the Board reviews the nature and scale of matters reserved for its decision. The Chairman and the other Non-executives meet regularly without the Executive Directors.

During the year ended 31 March 2012 there were nine Board meetings, three Audit Committee meetings, two Remuneration Committee meetings and one Nomination Committee meeting, all of which had full attendance.

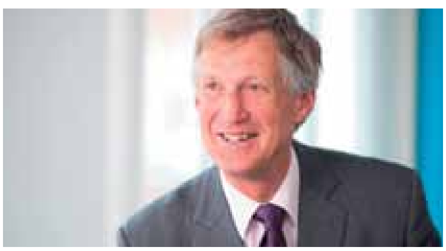
Board performance evaluation
A Board self assessment evaluation was carried out during the year which covered the structure and content of Board meetings and all Board processes and communication channels. The results of the evaluation were considered at a meeting of the Board. Separate meetings were also held between the Chairman and Non-executive Directors to evaluate the Executive Directors' performance and between the Non-executive Directors only to evaluate the Chairman's performance.



Committees of the Board

The Board has established Audit, Remuneration and Nomination Committees which operate within defined terms of reference, which are available on the Company's website www.metricproperty.co.uk, and their minutes are circulated to the Board. The Audit and Remuneration Committees are composed entirely of Non-executive Directors.

Audit Committee



Alec Pelmore
Chairman

The Audit Committee is chaired by Alec Pelmore and its current membership is set out on page 31. Alec Pelmore has over 25 years experience as a real estate equity investment analyst. The Board consider that Mr Pelmore has recent and relevant financial experience appropriate to the scale and complexity of the Group. The Committee met three times during the year. Meetings are also attended, by invitation, by the Chairman and Executive Directors.

The Audit Committee is responsible for reviewing a wide range of matters including the half-year and annual financial statements before their submission to the Board and monitoring the controls that are in force to ensure the integrity of the information reported to shareholders. The Audit Committee advises the Board on the appointment of external auditors and on their remuneration, and discusses the nature, scope and results of the audit with the external auditors. It also keeps under review the ratio of audit fees to non-audit fees charged by the external auditors to ensure that their independence and objectivity is not put at risk. The Audit Committee also reviews and monitors the valuation process and meets with the Company's valuer.

Remuneration Committee

Philip Watson
Chairman

The Remuneration Committee is chaired by Philip Watson and its current membership is set out on page 31. The report on Directors' remuneration is set out on pages 40 to 44. The Committee met twice during the year.

The Remuneration Committee is responsible for recommending to the Board the remuneration and other benefits, including the grant of share-based incentives, of the Executive Directors. The Committee had access to external professional advice, as required. The role of the Committee is described further in the Directors' Remuneration Report on pages 40 to 44.

Nomination Committee

Andrew Huntley
Chairman

The Nomination Committee is chaired by Andrew Huntley and its current membership is set out on page 31. The Committee is responsible for reviewing the size, structure and composition of the Board, making recommendations on changes to and considering succession planning for Directors and other senior executives. In appropriate cases, external search consultants are used to assist the process. The Committee met once during the year.

Corporate governance *continued*

Internal controls

The Board recognises that it is responsible for the Group's system of internal control and for reviewing its effectiveness, at least annually.

Such a system can only provide reasonable, and not absolute, assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

There are ongoing processes and procedures for identifying, evaluating and managing the principal risks faced by the Group; these processes and procedures were in place throughout the year under review and up to the date of the approval of the Annual Report.

Key features of the system of internal control include:

– a defined schedule of matters for decision by the Board;

– an authorisation process which ensures that no material commitments are entered into without competent and proper authorisation by at least one approved executive;

– formal documentation of all significant transactions;

– a system of business and financial planning including long-term cash flow and profitability forecasting;

– a property investment appraisal process;

– monitoring against budget and forecast;

– the close involvement of the Executive Directors in all aspects of day-to-day operations;

– a comprehensive property and corporate insurance programme; and

– a formal whistle blowing policy.

The Group's internal control processes accord with Turnbull guidance.

As the Group currently has a small number of employees there is a high level of Executive Director involvement in the majority of business decisions. The Board has considered the need for an internal audit function, but has decided that because of the scale and focus of the Group it is not justified. However, it is a matter that is kept under regular review.

Relations with shareholders

Communication with shareholders is given a high priority and the Group undertakes a regular dialogue with major shareholders and fund managers. The Executive Directors are the Group's principal representatives with investors, analysts, fund managers, press and other interested parties.

During the course of a year, shareholders are kept informed of the progress of the Group through results statements and other announcements that are released through the London Stock Exchange and other news services. Company announcements are made available simultaneously on our website, affording all shareholders full access to material information. Shareholders can also raise questions directly with the Company at any time through a facility on the website.

The Annual General Meeting provides the Board with an opportunity to communicate with, and answer questions from, private and institutional shareholders and the whole Board will be available before the meeting for the shareholders to meet the Directors.

CORPORATE RESPONSIBILITY

"THE COMPANY IS COMMITTED TO SOCIALLY RESPONSIBLE BUSINESS PRACTICES WHICH RESPECT THE ENVIRONMENTS IN WHICH ITS PROPERTIES ARE LOCATED."

Sustainability
Details of the Group's sustainability policy are included on pages 24 to 25 which are incorporated into this report by reference.

Customers
The occupier and their needs are at the centre of the Group's strategy and meeting their needs so that they choose to lease, stay and recommend us to others is paramount. This increases occupancy rates, maximises rental income and enhances property values. We continue to address the issues identified by our occupiers.

Staff
The Group maintains a policy of employing the best candidates available in every position, regardless of gender, ethnic group or background. Training is provided to all employees, as required, to help them develop their skills and reach their potential.

Health and safety
The Group recognises the importance of health and safety and looks to promote a level of awareness that will allow health and safety matters to be addressed through all of its business activities, from design and construction through to the ongoing management of our properties.

Suppliers
We recognise the importance of good supplier relationships to the overall success of our business. We manage dealings with suppliers in a fair, consistent and transparent manner.

We manage our property portfolio through managing agents. This is both cost-efficient and effective, enabling us to adapt the level of management provided, as appropriate, and to respond quickly to the purchase or sale of properties. We work closely with our managing agents to deliver consistently high performance. Our portfolio is managed by Savills, Osborne King, Montagu Evans and Blue Mantle.

DIRECTORS' REMUNERATION REPORT

Unaudited information

The Remuneration Committee
The Remuneration Committee (the Committee) is responsible for recommending to the Board the remuneration and other benefits, including the grant of share based incentives, of the Executive Directors. It also monitors pay arrangements for selected other senior executives. The Committee is chaired by Philip Watson and the current members comprise the other independent Non-executive Directors and the Chairman of the Company. The Executive Directors attend meetings of the Committee by invitation, other than when matters concerning their remuneration are under consideration.

The Committee was advised during the year by New Bridge Street (NBS), a firm of independent external advisers who advise it on various matters relating to executive remuneration. The Committee operates within defined terms of reference, which are available on the Company's website www.metricproperty.co.uk.

Remuneration policy for Executive Directors
The aim of the Committee is to provide an overall remuneration package that will attract, motivate and retain high-performing Executive Directors who are expected to achieve a high level of performance and that is competitive in relation to other relevant property companies. In order to align the interests of Executive Directors and shareholders, a significant portion of Executive Directors' remuneration is performance related through annual bonus awards and share-based long-term incentive schemes which are described more fully below. The performance related elements of the package are structured to provide alignment between delivery of Company strategy and reward. They are also consistent with a level of business risk approved by the Board.

The remuneration package for the Executive Directors comprises the following main elements:

- Basic salary
- Annual bonus
- Share incentive plans
- Pension
- Other benefits

Basic salary
The Committee's policy is to set basic salaries of Executive Directors at levels that reflect their roles, experience and market levels in comparable positions in other similar companies and the market generally, as well as the level of performance of the individual Executive Director concerned. The Committee also takes into account salary increases of other Company employees. Basic salaries are reviewed annually.

Annual bonus
Each of the Executive Directors is entitled to a bonus of up to 150% (175% for Andrew Jones) of their respective basic salaries as determined by the Committee. In each year in which a bonus is awarded, 50% of the bonus (after the deduction of tax and national insurance) will be used on the Executive Directors' behalf to acquire ordinary shares. These shares will be subject to an additional award under the terms of the Company's Matching Share Plan as described below.

The Executive Directors' annual bonus is based on the Committee's independent assessment of the Group's performance during the year and the individual contribution made by each Executive Director. A number of performance measures, both quantitative and qualitative, are used to assess the Group's performance in relation to which the Committee will use its discretion including the Group's key performance indicators.

The quantitative performance indicators used include profit before tax, adjusted earnings and dividends per share, underlying property value uplifts and uplifts net of acquisition costs, total property returns, occupancy rates, income growth, increase in net asset value and total shareholder return.

The qualitative performance indicators used include the success of acquisitions, lettings and rent reviews, asset management activities, and control over the Group's finances.

Based on the performance during the year, the Executive Directors received bonuses in relation to 2011/12 of 50% to 64% of the maximum entitlement. This reflects the strong operating performance achieved in the year compared to a backdrop of continuing challenging investment and occupational markets. The Group delivered an improved performance on the prior year on all operating key performance indicators despite a negative total shareholder return performance.

Share incentive plans
The Company has three share incentive plans.

i. Management Incentive Plan (MIP)
The Executive Directors and selected other employees are eligible to participate in the MIP at the discretion of the Board after consultation with the Committee.

MIP awards will be granted where the Group's Plan Net Asset Value performance exceeds 125% of the growth in the IPD All Retail (Quarterly) Index at the end of a performance period of 12 months. Each performance period will equate to a financial year of the Group. In addition, MIP awards will only be granted where at the end of each performance period: (i) the Group's total shareholder return is positive; (ii) the Group's Plan Net Asset Value during the performance period increases by 12% or more; and (iii) the Group's property total return exceeds 115% of the growth in the IPD All Retail (Quarterly) Index.

The award pool for any financial year will be equal to 20% of the Group's Net Asset Value performance which is in excess of 125% of the growth in the IPD All Retail (Quarterly) Index for that year. In addition, the award pool for any one financial year cannot exceed 1.75% of the Group's Plan Net Asset Value for that year.

Awards will be provided in the form of cash and ordinary shares. The cash payment will comprise 25% of the aggregate award value and ordinary shares will comprise 75% of the aggregate award value. The cash payment will be made at the date of grant, with ordinary shares delivered as an award of shares vesting over three years, subject to performance conditions. The number of ordinary shares subject to the award will be fixed at the date of grant.

The ordinary share awards vest, in three equal tranches, on the second, third and fourth anniversaries of the performance period start date. Share awards are subject to claw-back and will only vest if an additional performance hurdle is satisfied on the relevant anniversary. The Group's property total return must exceed the growth of the IPD All Retail (Quarterly) Index for that year for the relevant tranche of shares to vest. In the event that a tranche does not vest in relation to a particular year, then no further tranches may vest in respect of that award (the unvested tranches) until the fourth such anniversary, in which case the unvested tranches will only vest if the Group's average property total return over the previous three-year period (i) exceeds the growth of the IPD All Retail (Quarterly) Index and (ii) is positive. To the extent that this average performance test has failed, the unvested awards shall lapse.

The maximum value of an award granted to any one individual cannot exceed 35% of the available pool in relation to a financial year. Unvested awards granted under the MIP will normally lapse on cessation of employment.

As the threshold targets were not met, no awards will be granted under the MIP following the 2011/12 financial year.

The number of unissued ordinary shares in respect of which awards may be granted under the MIP on any date is limited so that the total number of ordinary shares issued and issuable pursuant to options and awards granted under the MIP and any other share plan operated by the Company in any 10-year period is restricted to 10% of the Company's issued ordinary shares calculated at the relevant time.

ii. Matching Share Plan (MSP)

As noted above, the Executive Directors will be required to take 50% of their annual bonus (after tax and national insurance) in the form of ordinary shares. The ordinary shares acquired are referred to as 'bonus shares'. Participants will receive a Matching Share Award (MSA) delivered as an award of shares equal to two times the number of bonus shares acquired. The MSA will vest subject to the satisfaction of a performance target measured over three years. MSAs vest where the performance target has been met. The number of ordinary shares subject to a MSA will be fixed at the date of grant.

Bonus shares will remain registered in the name of the holder, with full voting and dividend rights, but if bonus shares are disposed of then the conditional MSA will lapse. The vesting of the MSA will be subject to continued employment and the satisfaction of a total shareholder return based performance condition. This condition was selected as it aligns interests of shareholders and management.

The Company's total shareholder return performance will be measured against the performance of a selected peer group of companies in the FTSE Real Estate Sector.

30% of a MSA will vest if the Company achieves median performance relative to the peer group with 100% of a MSA vesting if the Company achieves upper quartile performance relative to the peer group. Straight-line vesting of a MSA will occur between these two points. The calculation will be independently performed by the Committee.

The first awards under the MSP were granted on 31 May 2011 and details of the award are set on page 44 and note 20 to the financial statements.

iii. Company Share Option Plan (CSOP)

The CSOP is intended to enable participants in the MIP and MSP to receive value from MIP and MSP awards on a tax efficient basis, not to provide any further share-based entitlements to these individuals in addition to their MIP and/or MSP awards.

The CSOP is also intended to enable eligible individuals who are not participants in the MIP and/or MSP (i.e. senior executives and other employees who are not Executive Directors) to receive tax efficient share-based incentives on a discretionary basis.

The first awards under the CSOP were granted on 31 May 2011. Details of the award are set out in note 20 to the financial statements.

Pension

The Executive Directors receive pension contributions from the Company of 20% of their basic salaries. The Executive Directors have the option to alternatively elect to have their pension contributions paid as a cash allowance.

Other benefits

The Executive Directors each receive a car allowance of £20,000 per annum, private medical insurance, permanent health insurance and life insurance.

Service agreements

Service agreements for the Executive Directors are on a one year rolling basis and, therefore, may be terminated by either party on giving one year's notice. The current service agreements for the Executive Directors were executed on 8 March 2010 and were effective from 24 March 2010, being the date the Company was admitted to the Official List and to trading on the Main Market of the London Stock Exchange plc.

Directors' Remuneration Report *continued*

With the approval of the Board, Executive Directors are permitted to hold Non-executive roles at other companies and retain the associated fee. None of the Executive Directors currently holds any such roles.

Non-executive Directors' fees

The fees of the Non-executive Directors, including the Chairman, are determined by the Executive Directors, who take into account the level of fees paid by similar companies and also the involvement of the Non-executive Directors in the various Board Committees. Non-executive Directors do not participate in the Company's bonus scheme or share incentive plans and are not entitled to compensation upon termination of their involvement with the Company.

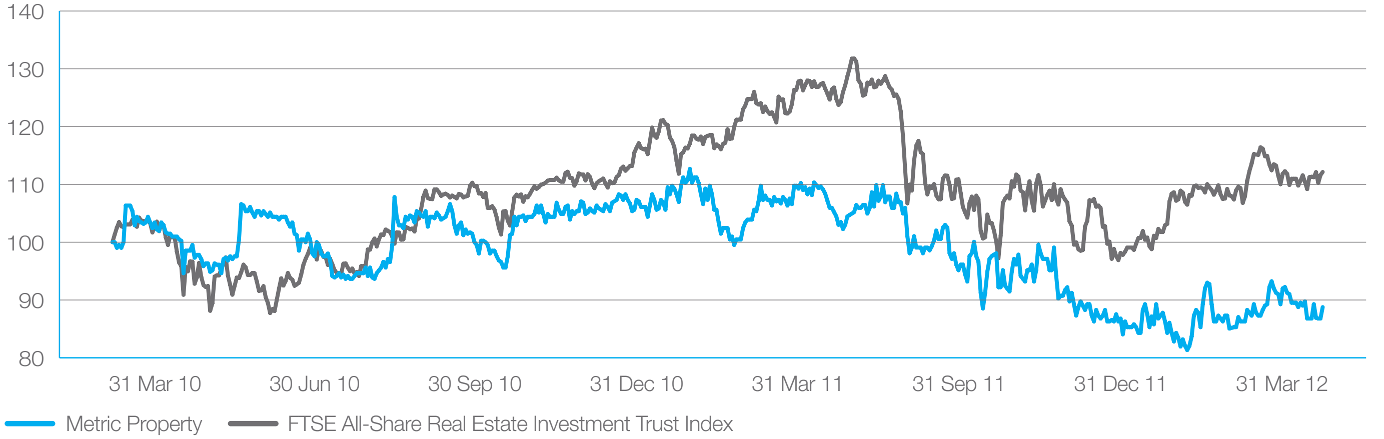
The current fees were reviewed and increased on 1 April 2012 and are currently an annual base fee of £42,500 with an additional fee of £5,150 for the role of Chairman of the Audit and Remuneration Committee. The Chairman's current annual fee is £63,600.

The appointment letters for the Chairman and all of the Non-executive Directors were executed on 8 March 2010 for an initial term of three years effective from 24 March 2010, being the admission date of the Company to the Official List and to trading on the Main Market of the London Stock Exchange plc.

Performance graph

The graph below is prepared in accordance with the Companies Act 2006 requirements and illustrates the Company's performance compared to the FTSE All-Share Real Estate Investment Trust Index (using data taken from Datastream, a Thomson Reuters product). That index is considered the most appropriate form of 'broad equity market index' against which the Company's share price performance should be measured for this purpose. Performance, as required by the legislation, is measured by Total Shareholder Return (share price growth plus dividends reinvested) and shows the value of £100 invested in Company shares and in the Index over the period since 24 March 2010 (being the admission date of the Company to the Official List and to trading on the Main Market of the London Stock Exchange).

Total shareholder return



Source: Thomson Reuters

Audited information

Directors' emoluments

Name	Basic salary/fees £000	Pension £000	Other benefits £000	Annual bonus £000	**2011/12 Total £000**	2010/11 Total £000
Executive						
Andrew Jones (Chief Executive)	305	61	27	340	**733**	650
Valentine Beresford	233	47	26	220	**526**	464
Mark Stirling	233	47	26	220	**526**	464
Sue Ford	202	40	25	152	**419**	390
Non-executive						
Andrew Huntley (Chairman)	62	–	–	–	**62**	61
Alec Pelmore	46	–	–	–	**46**	46
Andrew Varley	41	–	–	–	**41**	41
Philip Watson	46	–	–	–	**46**	46
Total	1,168	195	104	932	**2,399**	2,162

2010/11 basic salaries/fees, annual bonus, pension and other benefits are for the period 24 March 2010 to 31 March 2011.

The Committee reviews salaries annually from 1 April and shown below are the current annual rates of salary of the Executive Directors.

	2012/13	2011/12
Andrew Jones	**315,000**	305,000
Valentine Beresford	**240,000**	232,500
Mark Stirling	**240,000**	232,500
Sue Ford	**210,000**	202,000

Directors' interests in the Company's shares

The interests of the Directors and their immediate families in the ordinary shares of the Company were:

Number of ordinary shares	**31 March 2012**	31 March 2011
Andrew Jones	**2,055,720**	2,000,000
Valentine Beresford	**2,109,693**	2,075,000
Mark Stirling	**1,534,693**	1,500,000
Sue Ford	**76,808**	50,000
Andrew Huntley	**100,000**	100,000
Alec Pelmore	**75,000**	75,000
Andrew Varley	**50,000**	50,000
Philip Watson	**100,000**	100,000

There were no changes to the Directors' interest in the Company's shares between 31 March 2012 and 30 May 2012.

Directors' Remuneration Report *continued*

Directors' share based incentives

Matching Share Plan (MSP)

In accordance with the rules of the MSP, summarised on page 41, on 31 May 2011 the Company conditionally awarded a right to receive a Match Share Award as shown in the table below:

Name	No. of shares under award 1 April 2011	No. of shares over which awards granted	Share price of shares on grant (pence)	**No. of shares under award 31 March 2012**	End of performance period over which performance conditions have to be met
Executive					
Andrew Jones	–	111,440	113p	**111,440**	31.03.14
Valentine Beresford	–	69,386	113p	**69,386**	31.03.14
Mark Stirling	–	69,386	113p	**69,386**	31.03.14
Sue Ford	–	53,616	113p	**53,616**	31.03.14
Total	–	303,828		**303,828**	

At 31 March 2011 no Director had any interest in any share-based incentive.

By order of the Board

Philip Watson
Chairman of the Remuneration Committee

30 May 2012

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into 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 that they face.

By order of the Board

Andrew Jones
Chief Executive

30 May 2012

Susan G Ford

Sue Ford
Finance Director

30 May 2012

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 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.

Notes to the financial statements *continued*

1. Principal accounting policies (continued)

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) and are set out in detail within the Directors' Remuneration Report on pages 40 to 44.

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.

Notes to the financial statements *continued*

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.

Notes to the financial statements *continued*

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 on pages 1 to 27.

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).

Notes to the financial statements *continued*

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.

Notes to the financial statements *continued*

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 12 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.

Notes to the financial statements *continued*

17. Financial risk management and borrowings (continued)

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 and further details are provided in the Directors' Remuneration Report on pages 40 to 44. 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.

Notes to the financial statements *continued*

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. Full details of their remuneration are disclosed in the audited sections of the Directors' Remuneration Report on pages 40 to 44.

No contracts existed during the year 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METRIC PROPERTY INVESTMENTS PLC

We have audited the financial statements of Metric Property Investments plc for the year ended 31 March 2012 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2012 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Metric Property Investments plc *continued*

Matters on which we are required to report by exception (continued)

Under the Listing Rules we are required to review:

- the Directors' statement, contained within the Directors' Report on pages 34 to 35, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Claire Faulkner

Claire Faulkner (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

30 May 2012

ANALYSIS OF ORDINARY SHAREHOLDERS

By size of holding	Holdings	% of holding	Shares	% of shares
Management	8	4.60%	6,101,914	3.21%
10 million+	3	1.72%	45,693,053	24.05%
5 – 10 million	8	4.60%	56,109,695	29.53%
1 – 5 million	23	13.22%	58,410,230	30.74%
Less than 1 million	132	75.86%	23,685,108	12.47%
Total	**174**	**100.00%**	**190,000,000**	**100.00%**

By shareholder	Shares	% of shares
Management	6,101,914	3.21%
Unit Trusts	54,883,010	28.89%
Pension funds	48,842,324	25.71%
Real Estate funds	42,722,650	22.48%
Insurance companies	11,238,993	5.91%
Individuals	10,618,203	5.59%
Other institutions	15,592,906	8.21%
Total	**190,000,000**	**100.00%**

NOTICE OF MEETING

Notice is hereby given that the second Annual General Meeting of Metric Property Investments plc will be held at London Marriott Hotel, Grosvenor Square, London W1K 6JP on Wednesday 18 July 2012 at 11.00am, for the purposes set out below, with the Board available from 10.30am to meet shareholders and answer questions.

To consider and, if thought fit, to pass the following resolutions, numbers 1 to 9 of which will be proposed as ordinary resolutions and numbers 10 to12 of which will be proposed as special resolutions.

Ordinary resolution

1. To receive and adopt the audited financial statements together with the Directors' and auditor's reports for the year ended 31 March 2012.
2. To approve the Directors' Remuneration Report.
3. To approve a final dividend of 2.3 pence per ordinary share.
4. To elect Sue Ford as a Director of the Company.
5. To elect Andrew Huntley as a Director of the Company.
6. To elect Mark Stirling as a Director of the Company.
7. To appoint Deloitte LLP as auditors to the Company until the conclusion of the next AGM of the Company.
8. To authorise the Directors to fix the remuneration of the auditors.
9. General authority to allot shares.

   That for the purposes of section 551 of the Companies Act 2006 (the "Act") (and so that expressions used in this resolution shall bear the same meanings as in the said section 551):

(a) the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to a maximum aggregate nominal amount of £633,333 (representing approximately one-third of the Company's issued ordinary share capital) to such persons and at such times and on such terms as they think proper during the period expiring at the end of the next Annual General Meeting of the Company or, if earlier, on 17 October 2013 (unless previously revoked or varied by the Company in general meeting); and further:

(b) the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (as defined in section 560 of the Act) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by them up to an aggregate nominal amount of £633,333 (representing approximately one-third of the Company's issued ordinary share capital) during the period expiring at the end of the Company's next AGM or, if earlier, on 17 October 2013, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory;

(c) the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said period and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution; and

(d) all previous authorities of the Directors pursuant to the said section 551 be and are hereby revoked.

Special resolutions

10. General disapplication of pre-emption rights.

    That, subject to the passing of resolution 9 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with section 570 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of that Act) for cash pursuant to the authority conferred on them by resolution 9 above, as if section 561(1) and sub-sections (1) – (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

(a) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities (but in the case of the authority granted under resolution 9(b) by way of a rights issue only) and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons (other than the Company) are proportionate (as nearly as may be) to the respective numbers of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or stock exchange in any territory;

(b) the allotment (otherwise than under paragraph (a) of this resolution above) of equity securities up to an aggregate nominal value not exceeding £95,000, representing approximately 5% of the issued ordinary share capital of the Company as at 30 May 2012; and this power, unless renewed, shall expire at the end of the next Annual General Meeting of the Company or, if earlier, on 17 October 2013, but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and

(c) this power is in substitution of all unexercised powers given for the purposes of section 570 of the Act.

Note: Resolution 10 will give the Directors authority to allot shares in the capital of the Company pursuant to the authority granted under resolution 9 above for cash without complying with the pre-emption rights in the Act in certain circumstances. This authority will permit the Directors to allot:

(a) shares, or do a rights issue for, up to a nominal amount of £633,333 (representing approximately one-third of the Company's issued ordinary share capital) or an offer to existing shareholders on a pre-emptive basis subject to any adjustments, such as for fractional entitlements and overseas shareholders, as the Directors see fit; and

(b) shares up to a maximum nominal value of £95,000, representing approximately 5% of the issued ordinary share capital of the Company as at 30 May 2012 otherwise than in connection with an offer to existing shareholders on a pre-emptive basis.

11. Authority to purchase own shares.

That the Company be and it is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares of 1p each in the capital of the Company ("ordinary shares") provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased is 19,000,000 (representing 10% of the issued share capital of the Company as at 30 May 2012);

(b) the maximum price at which ordinary shares may be purchased shall not be more than the higher of (i) an amount equal to 5% above the average of the middle market quotations for the shares as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase and (ii) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003, and the minimum price shall be 1 penny, being the nominal value of the ordinary shares, in each case exclusive of expenses; and

(c) the authority to purchase conferred by this Resolution shall expire at the end of the Company's next Annual General Meeting or, if earlier, on 17 October 2013, save that the Company may before such expiry enter into a contract of purchase under which such purchase may or will be completed or executed wholly or partly after the expiration of this authority, and the Company may make a purchase of its own ordinary shares in pursuance of any such contract.

12. That, in accordance with the Company's Articles of Association, a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice in writing.

Registered office:
Connaught House
1-3 Mount Street
London W1K 3NB

By order of the Board

Richard Howell
Company Secretary

30 May 2012

Notice of meeting *continued*

Notes to Notice of Meeting

1. A Member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting ("AGM") provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. In order to be valid the appointment of a proxy must be returned by one of the following methods:

   – in hard copy form by post, by courier or by hand to the Company's Registrar at the address shown on the form of proxy; or

   – in the case of CREST members holding their shares in uncertificated form, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

   and in each case must be received not less than 48 hours before the time of the meeting.

2. The return of a completed proxy form or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder from attending the AGM and voting in person if he/she wishes to do so.

3. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. Nominated persons are advised to contact the member who nominated them for further information on this and the procedure for appointing any such proxy. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Such Nominated Persons are advised to contact the members who nominated them for further information on this.

4. The statement of rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

5. Nominated persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

6. As at 30 May 2012 (being the date of publication of this Notice) the Company's issued share capital consists of 190,000,000 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 30 May 2012 are 190,000,000.

7. Copies of all Directors' contracts will be available for inspection at the registered office of the Company, Connaught House, 1-3 Mount Street, London W1K 3NB during normal business hours on any weekday (English public holidays excepted) from the date of this Notice until the conclusion of the AGM and at the place of the AGM for at least 15 minutes prior to and during the Annual General Meeting.

8. (a) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   (b) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual.

   The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 3RA50) by the latest time(s) for receipt of proxy appointments specified in the Notice. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

   (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

   (d) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. Pursuant to section 360B of the Act and regulation 41 of the Uncertified Securities Regulations 2001 (as amended).The Company specifies that only those shareholders registered in the Register of Members of the Company as at 11.00am on 16 July 2012 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time and changes to the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the Meeting is adjourned, the time by which a person must be entered on the Register of Members of the Company in order to have a right to attend and vote at the adjourned Meeting is 6.00 p.m. on the day preceding the date fixed for the adjourned Meeting.

10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

11. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding.

12. Under section 527 of the Act members representing 5% or more of the total voting rights of all the members or at least 100 persons (being either members who have a right to vote at the Meeting and hold shares on which there has been paid up an average sum, per member, of £100 or persons satisfying the requirements set out in section 153(2) of the Act) may require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Act, and it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on its website.

13. A member or proxy attending the meeting has the right to ask questions at the Meeting in relation to the business of the Meeting. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

14. A copy of this Notice, and other information required by section 311A of the Act can be found at www.metricproperty.co.uk.

GROUP INFORMATION

Registered office and number
Connaught House
1-3 Mount Street
London W1K 3NB

Company number: 07172804

Website
www.metricproperty.co.uk

Directors
Valentine Beresford (Investment Director)
Sue Ford (Finance Director)
Andrew Huntley (Non-executive Chairman)
Andrew Jones (Chief Executive)
Alec Pelmore (Non-executive Director)†
Mark Stirling (Retail Director)
Andrew Varley (Non-executive Director)
Philip Watson (Non-executive Director)#

† Senior Independent Director and Audit Committee Chairman
# Remuneration Committee Chairman

Company Secretary
Richard Howell

Auditors
Deloitte LLP
2 New Street Square
London EC4A 3BZ

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol BS13 8AE

Financial Advisers and Stockbrokers
J.P. Morgan Securities Limited
125 London Wall
London EC2Y 5AJ

Oriel Securities Limited
150 Cheapside
London EC2V 6ET

Property valuer
CB Richard Ellis
Kingsley House
Wimpole Street
London W1G 0RE

Solicitors
Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Jones Day
21 Tudor Street
London EC4Y 0DJ

Stephenson Harwood
1 Finsbury Circus
London EC2M 7SH

Bankers
The Royal Bank of Scotland plc
280 Bishopsgate
London EC2M 4RB

Eurohypo AG
90 Long Acre
London WC2E 9RA

Financial calendar

18 July 2012	Annual General Meeting
18 July 2012	Quarter 1 Interim Management Statement
November 2012	Half year results
February 2013	Quarter 3 Interim Management Statement
Ex-dividend date	20 June 2012
Dividend record date	22 June 2012
Dividend payment date	23 July 2012

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METRIC
PROPERTY INVESTMENTS PLC

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