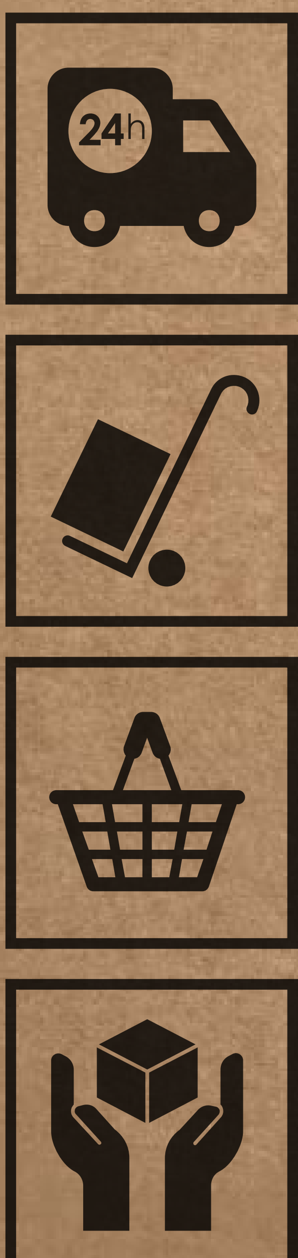
LONDONMETRIC
PROPERTY PLC



Real estate for retailers

Annual report and accounts 2015

Another strong performance

Financial highlights:

Reported profit
£159.5m +27%

2015	159.5
2014	125.3

Net assets
£870.2m +15%

2015	870.2
2014	755.9

EPRA earnings per share
6.6p +57%

2015	6.6
2014	4.2

Dividend per share
7.0p

2015	7.0
2014	7.0

Portfolio highlights:

Contracted rental income
£85.6m +10%

2015	85.6
2014	78.0

Valuation uplift
£118.4m +23%

2015	118.4
2014	95.9

Investment activity
£597.6m -39%

2015	597.6
2014	974.0

Asset management activity
2.6m sq ft +13%

2015	2.6
2014	2.3

Front cover reference
Consumer shopping habits are changing and the retail environment is evolving. There are c.1 billion parcel deliveries made each year to the consumer. Our front cover depicts the world we now live and shop in.

We own, create and build desirable real estate. That meets occupiers' demands. In a rapidly evolving retail environment. Our strong retailer relationships shape our decision making.

Strategic report

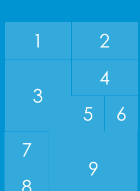
Governance

Financial statements

We own, create and build desirable real estate.
That meets occupiers' demands.
In a rapidly evolving retail environment.
Our strong retailer relationships
shape our decision making.

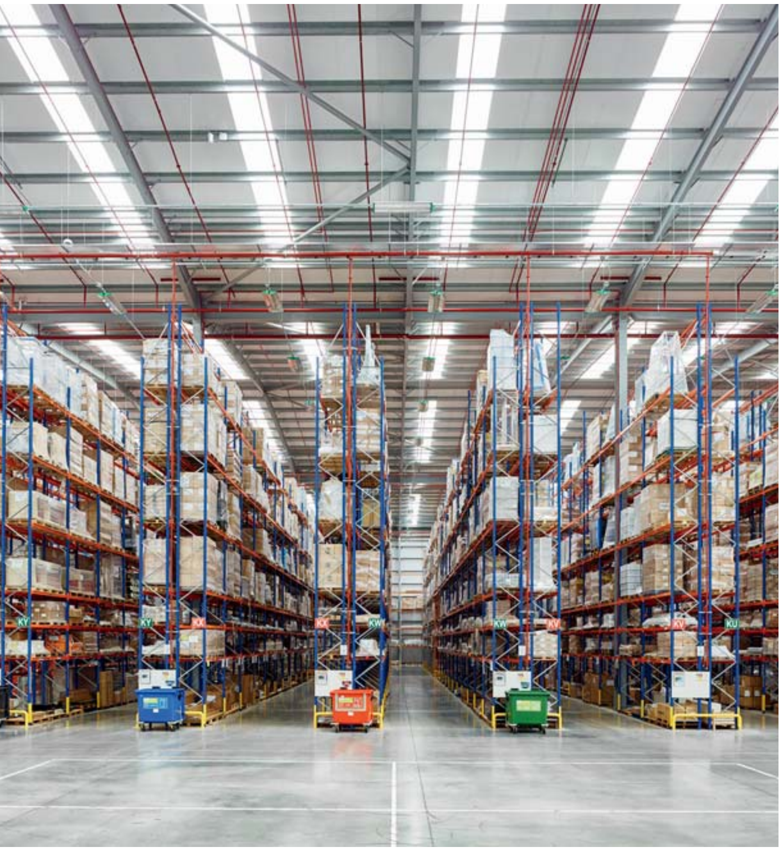
We own, create and build desirable real estate.

We specialise in retailer-led distribution, out of town and convenience retail with a focus on strong income, asset management initiatives and short-cycle development opportunities. Our portfolio is broadly split between distribution and retail across the UK with a total of 10.7 million sq ft under management.



1 – Bristol retail park
2 – Croydon 'last mile' distribution centre
3 – Sheffield distribution centre
4 – Luton retail park
5 – Doncaster distribution centre
6 – Sheffield distribution centre
7 – Dagenham distribution centre
8 – Newark distribution centre
9 – Rotherham distribution centre


COSTA
COSTA
dfs
the sofa experts




next
WOMEN & CHILDREN
next
HOME


SALFORD
VAN HIRE

We own, create and build desirable real estate.
That meets occupiers' demands.
In a rapidly evolving retail environment.
Our strong retailer relationships
shape our decision making.

That meets occupiers' demands.

We focus on real estate that reflects occupiers' modern-day requirements and reflects society's needs. We work with retailers, logistics providers and leisure operators. Our top ten occupiers include Primark, Dixons Carphone, DFS, M&S and The Hut Group, and 80% of contracted rental income from our core sectors comes from retailers. We work with key stakeholders to provide space that is fit for purpose, meeting occupiers' demands.

We own, create and build desirable real estate.
That meets occupiers' demands.
In a rapidly evolving retail environment.
Our strong retailer relationships
shape our decision making.

In a rapidly evolving retail environment.

Retail has evolved significantly since the economic downturn and the rise of eCommerce. Consumer shopping habits are changing with spending patterns continuing to migrate away from more traditional modes of shopping. We believe these trends will continue and will affect real estate decisions made by leading retailers.


BROWSING
BUYING
DELIVERY
BUY NOW
BUY NOW
SALE
24

We own, create and build desirable real estate.
That meets occupiers' demands.
In a rapidly evolving retail environment.
Our strong retailer relationships shape our decision making.

Our strong retailer relationships shape our decision making.

We are a customer-focused business and aim to be the partner of choice across the retail and distribution sector. We employ an occupier-led approach to property investment, asset management initiatives and short-cycle developments. Our relationships with retailers provides us with market intelligence and allows us to better understand future trends and make the right asset decisions to improve both rental values and the security/longevity of income to generate a superior return.

MARKS & SPENCER

By working closely with the team at LondonMetric they take the time to understand our real estate needs and through working in partnership we find mutually beneficial solutions to optimise our property holdings.

Head of Property
Marks & Spencer plc

Dixons Carphone

We have a longstanding relationship with LondonMetric. They actively engage with us and work collaboratively to enhance and find solutions to our respective property portfolios.

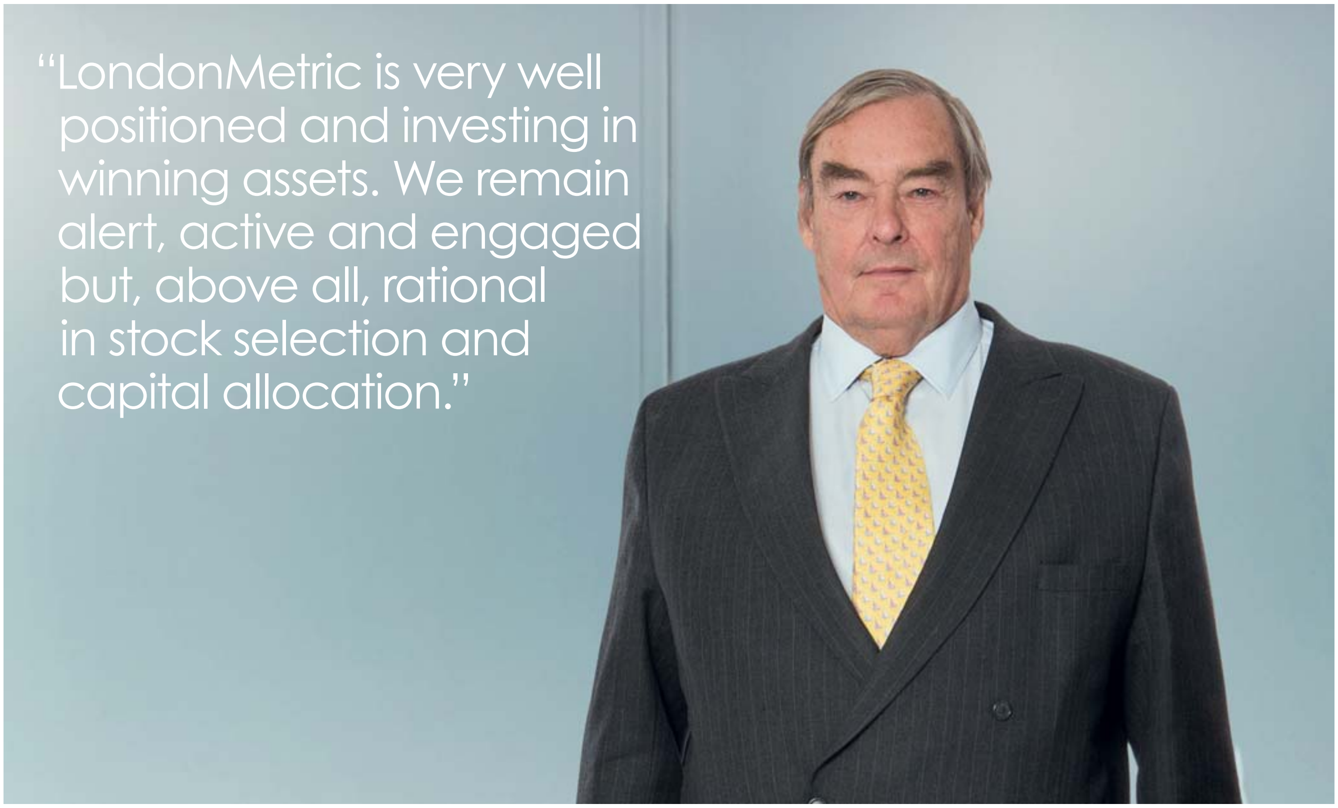
Group Property Director
Dixons Carphone Group

Travis Perkins

We have a close working relationship with the management team at LMP with whom we have worked in partnership for many years across the retail market. They have built up a strong understanding of our business and deliver creative solutions with honesty and integrity.

Group Property Director
Travis Perkins plc

Chairman's statement



Investments in core sectors represent 90% of our portfolio

Our committed and pipeline developments now exceeds three million sq ft

We have had a very good property market in the UK over the last 12 months, driven by strong investment interest and an improving economy.

Our primary objectives at the start of last year were to reposition and improve the portfolio, to build value enhancing development opportunities and to increase our recurring income to cover, and allow us to progress, the dividend. I am pleased that our committed development programme now firmly underwrites our dividend commitment.

The strength of the property market has created disposal dilemmas, which in some instances has tempted us to sell our more institutional assets at very strong prices. Re-investing the sale proceeds has created buying challenges. As a result, we have had to seek a balance between growing our repetitive income and our desire to improve the portfolio and drive future total returns.

With this backdrop, I am delighted that the result of all our activity is that our EPRA earnings per share have increased by 57% over the year. Whilst some of the disposal activity has resulted in a loss of earnings, the sale prices achieved have more than compensated, driving profit and delivering strong total return. Much of these sales proceeds are being reinvested in new opportunities, particularly through the development pipeline, which is progressing extremely well, is adding value, and will ultimately drive recurring earnings. This year will see our projects for Primark at Islip and The Hut Group at Warrington complete and become investment properties delivering a meaningful impact to our earnings. Looking forward, we continue to replenish our development pipeline and next year we hope to have made significant progress on our sites at Bedford and Stoke.

Whilst the focus on adopting a total return approach has tempered the growth in our reported earnings in the very short term, it has had a very positive impact on our EPRA NAV progress, increasing by 16% to £877.2 million.

The repositioning activity has balanced the portfolio to continue our focus on the winning sectors within retail, on retailer-led distribution, and convenience shopping, where people have been migrating in increasing numbers. These are sectors where we understand the market exceptionally well and have the closest relationships with our occupiers. These relationships allow us to create a real point of difference from our competitors, to deliver high occupancy and to achieve long-term security of income. We now have one of the highest occupancy rates and longest lease structures within our peer group.

Our focus on these specialist areas and our customer relationships helps us to identify exciting opportunities through good asset selection and create value through our investment and asset management activity. During the course of last year, asset management initiatives generated an uplift in our income of £2.6 million, grew our like-for-like rents by 2.9%, and still reduced our voids even further to 0.3%.

Our contracted development activities, both directly and where we are forward funding, are substantially pre-let, on time and on budget to deliver attractive returns, and meet our responsible business aims. The short development cycle makes these assets deferred investments, delivering recurring earnings from buildings when they are completed. We are developing 2.0 million sq ft of new space in a number of different locations.

You have seen the balance of the portfolio changing between retail and distribution over the past 12 months, to the point where distribution (including distribution developments) is now our single biggest investment sector. Including assets under development, we now have 21 distribution centres let to quality occupiers and we aim to continue to increase our exposure to the growing retailer-led distribution market where we can work with our customers for mutual benefit.

We have also been working on the balance sheet to improve our flexibility and to increase our loan maturity. We now have a significant element of our gearing based on unsecured facilities. This provides us with a valuable reduction in interest cost and gives a longer loan maturity period. Above all, it allows much greater flexibility and cost efficiency with no associated finance costs on the acquisition or sale of an asset. The cost efficiency should not be underestimated as substantial finance charges are incurred when releasing assets from secured facilities to benefit from the very strong sale prices. I am very pleased that under the unsecured arrangements these costs will be avoided in the future.

Our dividend policy is clear. We are aiming for a covered and progressive dividend, but our first priority is to improve the portfolio quality to ensure that our dividend is not only progressive but it is also secure. The large number of sales and recycling into high quality and higher yielding developments have increased our contracted rental income, which will benefit our reported income during 2015/16. We intend to pay the same final dividend as last year and we remain confident of growing the dividend thereafter. We propose to share some of the exceptional gains we have secured on the redevelopment and sale of Carter Lane earlier this year by recommending a special dividend of 2p per share to be paid in July 2015.

I believe LondonMetric is very well placed. We are doing the right things. We are investing in winning assets and strengthening our customer relationships. We continue to be highly cost conscious and we are well financed. We have a terrific tenant line up let on long leases with almost no voids, and an exceptional management team who are delivering. We remain alert, engaged and focused on keeping the portfolio fit for the future.

Patrick Vaughan
Chairman

2 June 2015

Distribution assets (including development) represent 47% of our portfolio, up from 31% in 2014

Our portfolio has performed strongly and is well positioned to benefit from changes in consumer shopping habits through our strong occupier relationships

Chief Executive's Q&A

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

How have you performed against your strategic priorities?

As well as benefiting from market yield compression we have also delivered very strong total returns – income, rental growth and development surpluses – at a time when traditional property metrics will become increasingly important, as market yield compression moderates. These metrics have supported our portfolio repositioning into retailer-led distribution and convenience retail whilst withdrawing from office and residential, where we don't have competitive advantages.

Our contracted income has increased to £85.6 million (2014: £78.0 million) benefiting from a positive yield arbitrage from our investment activity, income from our developments and like for like rental growth.

Our portfolio repositioning and unemotional approach has resulted in significant capital recycling, as we took advantage of the market to monetise investments where asset management initiatives had been completed. Over the year, we sold £288.7 million of assets and recycled equity into our 2.0 million sq ft development programme. Retail and distribution investments totalled £308.9 million, increasing investments in our core sectors to 90% of the portfolio.

What have been your key transactions?

Overall, we transacted on £597.6 million of assets. The disposal of One Carter Lane for £138.8 million was key in reducing non-core assets, marking our exit from London offices at a time when yields were at just over 4%.

Key distribution purchases included centres for Dixons Carphone in Newark, Tesco in Croydon, Eddie Stobbart in Dagenham and The HUT Group in Warrington, which together amounted to £193.6 million.

We are unemotional about our assets, and have monetised our investments from both of our core sectors where developments have been completed or successful initiatives executed.

What financing capacity is there for further investments?

Debt refinancing, in particular the £400 million unsecured revolving credit facility and the extension to and increase in size of our Helaba facility, have put us in a very strong financial position that provides significant financing flexibility and better financing terms.

In conjunction with recycled equity, these debt arrangements not only provide sufficient capital for our committed developments but can also provide additional acquisition firepower.

How is the changing retail landscape influencing your investment decisions?

The retail sector is experiencing a seismic change. The recession and technological advances have changed consumer mind-sets and, as a result, shopping patterns are rapidly evolving: omni-channel shopping, instant gratification and greater shopping convenience are increasing consumer expectations of retailers – online retail is becoming ever more relevant.

These changing dynamics convinced us a few years ago to invest heavily into distribution and, more recently, into convenience retail at a time when others remained entrenched in legacy asset classes, which may not be as relevant in the future.

Recent events have shown that very few retailers have a fit for purpose logistics infrastructure. With customer loyalty at risk, distribution and fulfilment investment is now becoming more important than stores.

Demand and supply imbalances mean that large, well located and modern distribution assets are highly sought after investments. In addition, "last mile" facilities which enable same or next day home delivery are becoming an essential part of the retailers' infrastructure. This is a key area for us, where we are seeing rental growth opportunities.

Changes in consumer shopping habits are having a dramatic impact on retailers' demand for new space, accelerating 'right-sizing' strategies, as "expensive" marginal stores are closed and critical locations are turned into showrooms. The grocery sector, in particular, has been heavily impacted with rents and yields rarely justifying the underlying trading metrics.

Retail assets that offer convenience, are well located and let on sustainable rents remain attractive. We believe that convenience retail assets will remain relevant in an omni channel world and so will offer good rental growth prospects. The significant growth predicted for click and collect will, in particular, benefit convenience retail.

What are your competitive strengths and how do you buy assets in a tightly priced market?

In our search for properties, we are active, disciplined, rational and patient. Today's pricing is competitive and many opportunities don't meet our returns criteria. This often persuades us to simply walk away. We are fully aligned with our shareholders and are incentivised to deliver returns and not simply grow the asset base.

One of our greatest strengths is our significant real estate experience and excellent occupier relationships that help us to identify attractive opportunities. Understanding and working with our occupiers is key to upholding our ambition to be their real estate partner of choice.

These relationships provide valuable insights into changing consumer and retailer behaviours, and allows us to quickly adapt our portfolio.

How has LondonMetric delivered on its Responsible Business Strategy?

We have been successful in aligning our business objectives and sustainability goals. The reshaping of the portfolio has enabled us to reduce our carbon footprint and liabilities by 42% over the year. Our greater focus on short cycle developments means that we are refurbishing and redeveloping assets and sites, thereby extending their useful economic and social purpose. Furthermore, our focus on meeting occupier needs has made Responsible Asset Management an important agenda item for us, ranging from joint community engagement initiatives to the installation of cost effective supplies of renewable energy.

Andrew Jones
Chief Executive

2 June 2015

Changes in consumer shopping behaviour are having a profound effect on retailer real estate requirements

Falling retailer demand for physical space is being substituted by the constant need for better distribution infrastructure

We have built up a £657 million distribution portfolio and will continue to grow our exposure to this space

We will continue to recycle investments where other investors value our assets more highly than we do

Key growth drivers
see page 16

Strategy in action
see page 21

Key transactions throughout the year
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Key performance indicators
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Kirkstall Bridge Shopping Park case study
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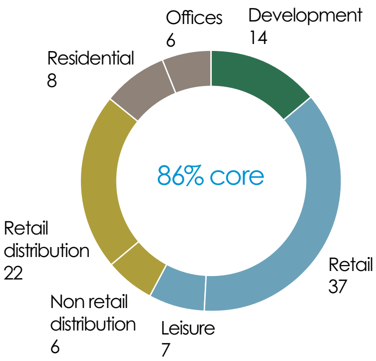
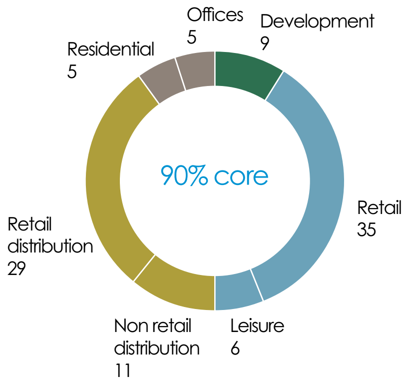
The shape of our portfolio

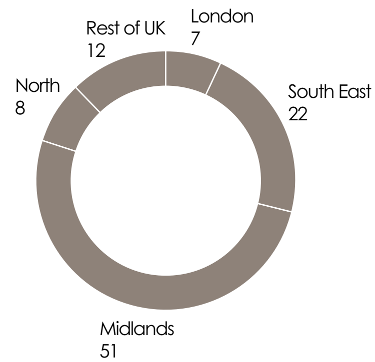
2014
Portfolio value (%)



2015
Portfolio value (%)



2015
Regional split (%)



Our portfolio

Number of assets
101 +5 assets

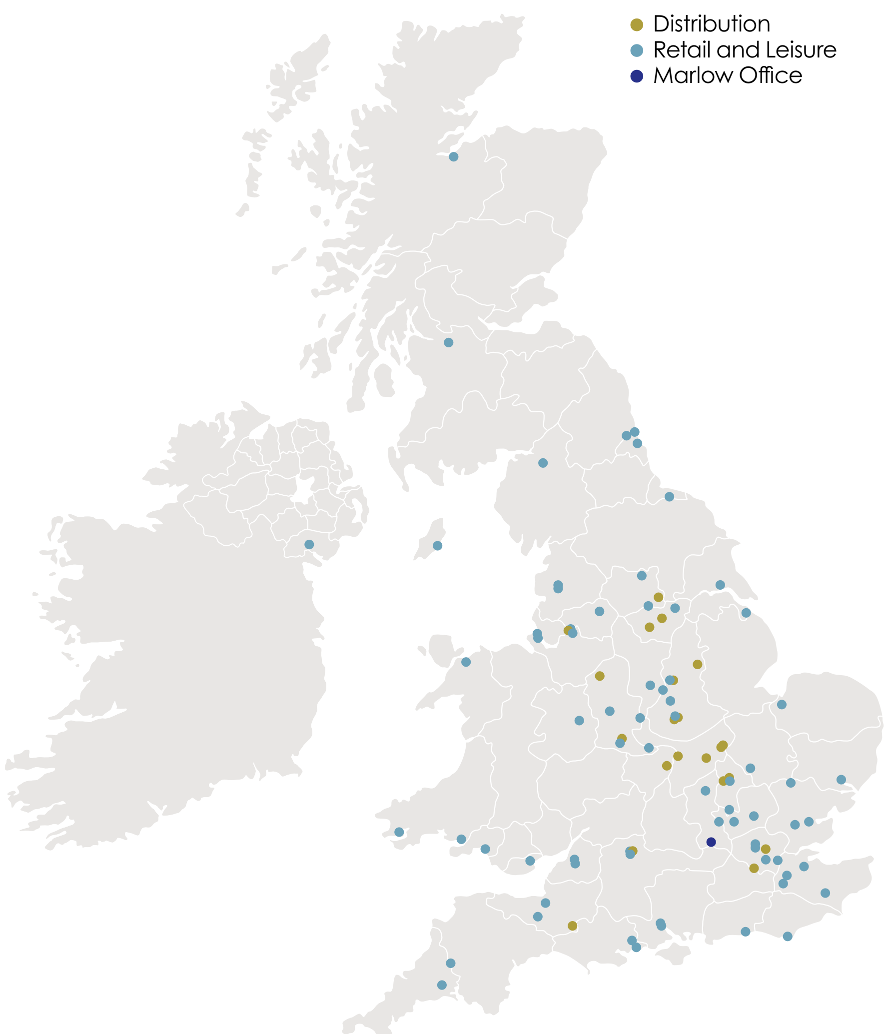
Value
£1,400m +14.8%

EPRA topped up net initial yield
5.8% -60 bps

Area
10.7m sq ft
+24.8%

Weighted average unexpired lease term
13.1 years
+0.4 years

Occupancy
99.7% +0.1%



Distribution:

Value[1]
£656.9m
+76.6%

EPRA topped up net initial yield
5.4%
-73 bps

Area[1]
8.1m sq ft
+41%

Average rent per sq ft
£5.40
+5.1%

Weighted average unexpired lease term (to expiry)
12.9 years
+0.5 years

Occupancy
100%
+0.4%

Retail:

Value[1]
£523.5m
+7.7%

EPRA topped up net initial yield
6.0%
-50 bps

Area[1]
2.1m sq ft
+3.3%

Average rent per sq ft
£16.50
-1.2%

Weighted average unexpired lease term
12.3 years
+1.0 years

Occupancy
98.5%
-0.9%

[1] Includes developments under construction

Key growth drivers

We are focused on the winning sectors within retail: retailer-led distribution and convenience-led retail. Property trends are evolving, responding to how we shop with increased delivery of goods in cardboard boxes or smaller, more frequent, shopping trips. Property's bond-like characteristics have driven investment demand and an improving UK economy and real wage growth is improving the outlook for retail. We explain more below.

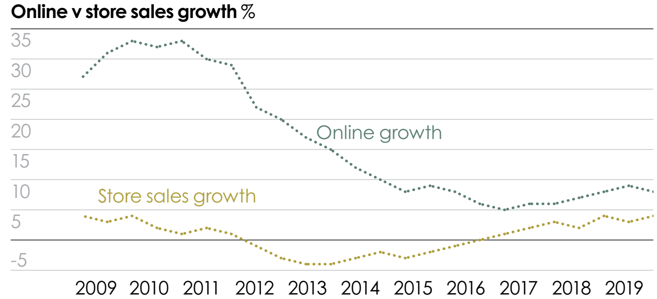
1 Consumer shopping habits are evolving

The UK retail market continues to face structural change as shopping habits continue to evolve. Secular change has been driven by the recession and the rise of eCommerce.

The consumer is seeking experience, value for money and convenience. According to Verdict, online sales now account for c.£39 billion of retail sales, or 12.6% of total sales, and are forecast to continue to grow significantly ahead of store sales.

Today's shopper is more knowledgeable, more mobile and increasingly more demanding. Retailers have to work harder to meet the consumers' demands of instant gratification.

Online v store sales growth %



Source: Verdict

2 Retailers are adopting omni-channel…

An omni-channel approach provides a seamless shopping experience for the shopper whether they are buying online, via mobile, over the telephone or in store. Shoppers are increasingly agnostic to the point of sale, however they want their goods to be available for delivery, collection or in store, to meet their own personal requirements.

Retailers are increasingly embracing this approach to meet the high expectations of the consumer with a shift to everywhere consumption.

This, together with an increase in pure play retailers such as Amazon, The HUT Group and Boden, is creating added demands on the retail industry resulting in increased investment in distribution and fulfilment which could be considered as important, or even more important, than physical stores.

3 …Driving property trends

Retailers continue to right size and optimise their real estate portfolios. We continue to see retailers downsizing and rightsizing their number of stores but increasingly focus on more efficient distribution and fulfilment space. Distribution and fulfilment sheds could be considered the new shops.

4 Resulting in demand and supply dynamics across our core markets

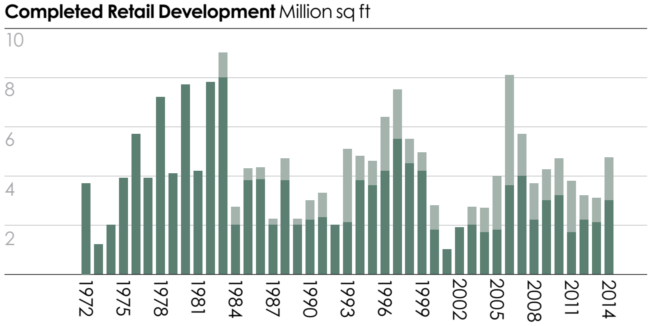
Distribution

According to Savills, 2014 saw a significant increase in logistics take up to 32.5 million sq ft. Retailers remain the dominant force representing 66% of total market take up. From a peak of 94 million sq ft in 2009, availability is at its lowest level since records began at 22 million sq ft. This drastic fall in supply has not, however, resulted in developers rushing to develop units speculatively in the same volumes as previous cycles.

Requirements are increasingly for bigger units, supporting more complex automated activities to respond to increasing consumer demands. Warehouses are being replaced by sophisticated logistics centres with increasing automation. As a result, coupled with the lack of available stock, design and build development accounted for 81% of all new take up in 2014.

Demand and supply dynamics are favourable for real rental growth.

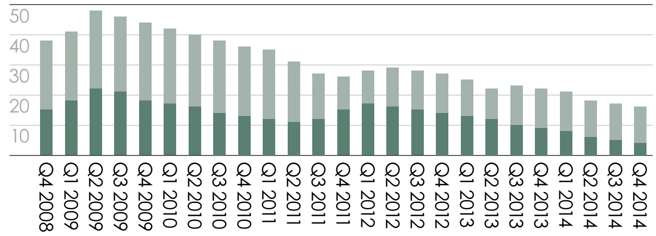
Completed Retail Development Million sq ft



■ Town Centre
■ Out-of-Town

Source: CBRE, PMA

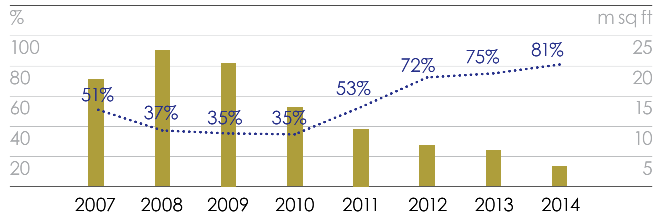
UK logistics availability Million sq ft



■ Secondhand
■ New/Early marketed

Source: CBRE

Design and build take up and new build supply



■ New supply
··· Design and build as % of new take up

Source: CBRE

Retail

Local Data Company (LDC) estimates current vacancy across the retail market sits at 13.0% of floorspace. An over supply of retail space coupled with highly specific retailer demand means that a return to rental growth across the entire retail sector is unlikely in the near term. Lower oil prices and real wage inflation is giving consumer spending a boost. However, retail shops need to fulfil a specific purpose to attract the shopper through experience, convenience or value for money. Solid demand from convenience and value retailers continues to benefit certain assets resulting in a need for management to have a firm understanding of the market and the specifics of each asset owned or managed.

Supply of new retail space remains subdued with a historic average between 1999 and 2008 at 14.2 million sq ft per annum versus forecast 2014 to 2017 of 5.6 million sq ft per annum. The wider oversupply of retail accommodation is resulting in reluctant developers.

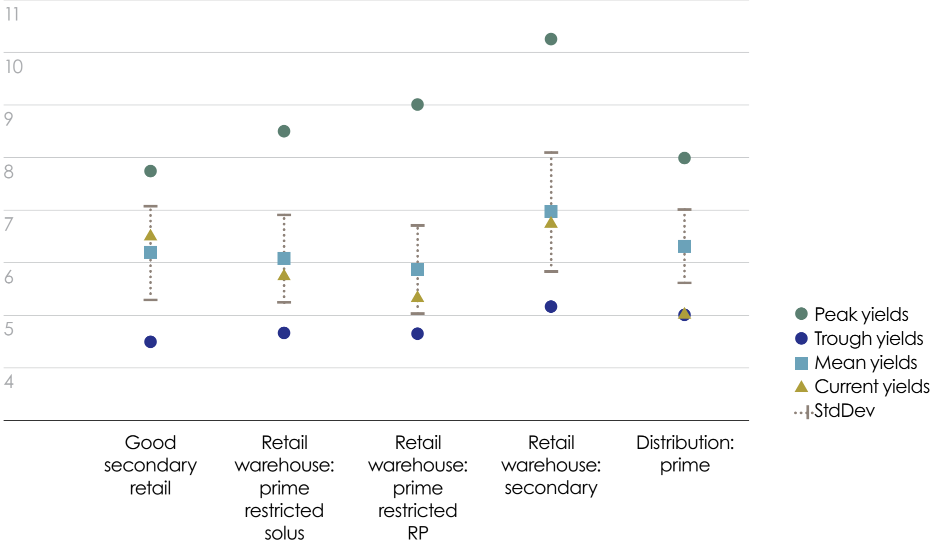
However, the growth in convenience shopping, particularly in the food market, will provide new opportunities for pre-let development. Convenience retail also supports click and collect with Verdict forecasting sales to grow by 86% in the next five years. Click and collect also benefits the wider shopping destination with 36% of click and collect sales resulting in a further store purchase.

5

Leading to a re-rating in asset pricing

2014 saw significant capital inflows into the UK real estate market resulting in continued hardening of yields across all sectors of the market. Yields now sit below long-term averages supported by the low interest rate environment.

Yield graph %



Source: CBRE, Company

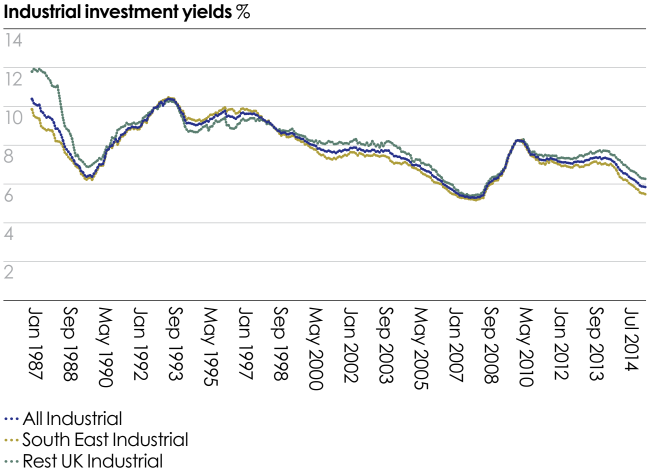
Distribution

The bond like investment characteristics of the distribution sector is highly sought after. Long leases to strong covenants, often with contractual fixed or inflation linked uplifts, provides a highly robust and predictable cash flow. This is coupled with secular change driving an increased demand and supply imbalance with increased prospects of rental growth in the market. As a result, £2.85 billion of investment transactions across 135 deals were completed in 2014 driving yields for the best assets to record lows.

Retail

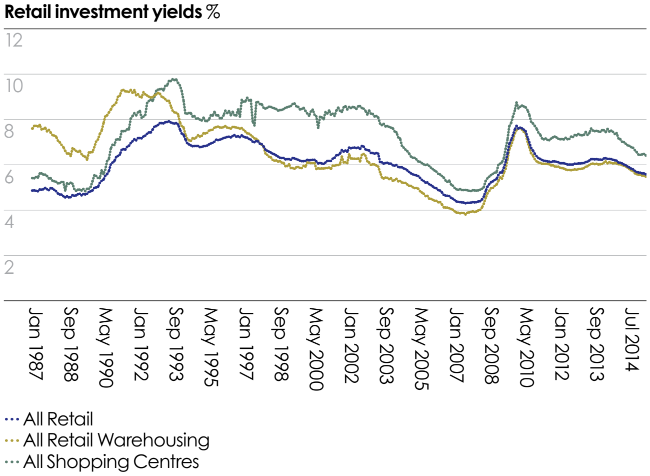
The retail investment market remains dynamic. Lower oil prices and real wage inflation is attracting increased investment volumes in to the sector with the belief that consumers will spend more money thereby driving rental value growth. As a result, £10 billion retail investment deals were completed in 2014 across c.500 transactions. Yields are re-rating for the right assets but in poorer locations poor quality space which does not conform to shoppers' requirements or meet occupiers' demands are not benefiting from the same investor interest.

Industrial investment yields %



Source: IPD

Retail investment yields %



Source: IPD

6 Outlook

We believe the retail market will continue to evolve. Shopping habits will become more entrenched with property trends becoming increasingly pronounced.

Consumer shopping habits have changed and the retail market continues to catch up. We believe that the sales growth from stores may never be as strong as the sales growth rate of online, however we do believe physical stores will remain vital to the omni channel retailer, underpinned by click and collect and internal showrooming.

Distribution and fulfilment networks are critical for both omni channel and pure play retailers to win and retain brand loyalty with consumers – narrowing the time to get a product to the consumer is key.

We seek to position our real estate portfolio to benefit from these wider trends.

Our business model

Our market knowledge and deep occupier relationships are integral to our investment decisions. We leverage these relationships and our property expertise to generate assets with long and strong income characteristics.

Once we have added value, a review of the future performance and prospects for each asset is undertaken, and whether to sell and recycle the capital. We are unemotional about our portfolio and believe that each asset has to justify continued ownership.

Knowledge

Occupier relationship + Market intelligence

Shape asset decision

Invest

Buy asset	Forward purchase	Buy land

plus

Finance

Plus

Add value

Income	Asset management	Short-cycle development
Strong and sustainable	Grow, strengthen and lengthen income	Refurbish, redevelop and extend

Level of risk

Evaluate

Review

Hold
Assets which deliver target returns

or

Recycle capital
Assets where value has been maximised

Strategy in action

Investment

Buy asset		Forward purchase		Buy land	
Strategy	**Action**	**Strategy**	**Action**	**Strategy**	**Action**
Focus on retailer-led distribution, out of town and convenience-led retail	90% of portfolio in core sectors against 55% at merger in 2013	Purchase and forward fund the build of assets	Forward funded a 690,000 sq ft distribution centre in Warrington	Acquire land suitable for future developments	Bell farm, Bedford purchased conditional on planning
Occupier-led, working with successful retailers	High occupancy rate of 99.7% demonstrating that we meet occupier needs	Provides a financing return during construction	7.5% funding yield received during the build	Normally bought subject to planning approval	37 acre site providing up to 750,000 sq ft retail distribution scheme
Asset management opportunities to create desirable real estate	50 asset management transactions across 2.6 million sq ft, institutionalising our assets and contributing to a yield compression of 60 bps	Pre-let high quality occupier	Pre-let to The Hut Group, a No. 1 ranked retailer by Sunday Times' Profit Track in 2015	Pre-let or significant occupier interest	Strong retailer demand for location with pre-let expected shortly

Add value

Income		Asset management		Short-cycle development	
Strategy	**Action**	**Strategy**	**Action**	**Strategy**	**Action**
Strong and rising income	Contracted income increased by £7.6 million 44% of portfolio subject to contracted rental uplifts	New lettings	28 lettings undertaken across 469,000 sq ft, delivering an uplift in rental income of £1.9 million	Refurbish, redevelop, extend and build additional space	Committed developments across 2.0 million sq ft in progress Conditional development pipeline of 1.1 million sq ft
Long income	WAULT increased from 12.7 to 13.1 years. Only 1.8% of portfolio has lease expiries in next five years	Successfully negotiate rent reviews	20 rent reviews across 2.1 million sq ft delivering £0.6 million of rental income uplift	Undertake larger scale distribution developments	1.1 million sq ft Islip distribution under construction Achieve BREEAM very good standard
Secure income	Quality list of tenants, demonstrated by very low tenant defaults in year Ensure assets meet responsible business requirements – only 2.9% of assets have an EPC rating lower than E	Re-gear leases	Two re-gears in the year, most notable at our retail park in Kings Lynn which delivered a rental income uplift of £0.2 million	Work to achieve favourable planning decision and develop within 18 months	19 planning consents received on 1.3 million sq ft. Average build time on current developments is 10 months

Key transactions throughout the year
see page 22
Financial review
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Key transactions throughout the year

April–June 2014

£15m

Disposal of Berkhamsted asset (£12m)

Disposal of Huddersfield leisure asset (£15m)

July–September 2014

Acquisition of Newark asset (£69m)

See story below

Disposal of various DFS retail assets (£21m)

October–December 2014

Acquisition of Bedford distribution site (37 acres)

37 acres

£24m

Disposal of Bishop Auckland retail park (£24m)

See story below

Disposal of Cairngorm retail park (£22m)

Acquisition of distribution centre in Warrington, pre-let to The Hut Group (£48m)

£48m

Investing in core sectors

← Newark distribution centre

The off market acquisition of the 726,000 Dixons Carphone distribution warehouse for £68.5 million at a 6.4% NIY reinforced our leading position within retail distribution, demonstrated our longstanding relationship with a key customer and added £4.5 million per annum of contracted income with 5 yearly fixed uplifts.

Read more on page 27

Improving income

← Harlow distribution facility re-let

Following a surrender by Tesco, the 268,000 sq ft facility was re-let to Brakes Bros, increasing the lease term from 9 to 25 years and delivering a 150bps yield compression. The property was bought in 2011 for £22.9 million and sold post year end for £37.2 million.

↓ New lease at Loughborough

Agreed a 12,700 sq ft extension and new lease with Morrisons to increase the store to 54,000 sq ft and increase the lease term by 21 years. Practical completion is due in 2016.

*Post year end transactions

January 2015 to date

- Increased MIPP holding to 50% — 50%
- No1 — Disposal of One Carter Lane office (£139m) — See story below
- Acquisition of Croydon last mile distribution (£21m)
- Acquisition of Dagenham distribution facility (£57m)
- Acquisition of convenience food halls (£26m)
- Disposal of Brackmills distribution facility (£14m)*
- Disposal of Harlow distribution facility (£37m)* — See story below

Delivering on our development programme

↑ Islip distribution centre

During the year, the 1,062,000 sq ft development in Northamptonshire was granted planning, pre-let to Primark and commenced construction. Build completion is on track for September 2015 and contracted rent is £5.3 million per annum for 25 years with annual fixed rental uplifts.

Read more on page 35

↓ Kirkstall Shopping Park

Planning was granted on the 120,000 sq ft shopping park in Leeds and construction commenced with completion due in October 2015. The park is now 52% pre-let and, once fully let, contracted rent will be £2.7 million per annum and will achieve a number of responsible business development objectives.

Read more on page 36

Recycling of core assets

↑ Bishop Auckland retail park

The 76,500 retail park was sold for £23.9 million following significant redevelopment which delivered a 49% profit on cost.

Disposal of non-core

↑ One Carter Lane, London

Successfully disposed of our last remaining London office scheme for £138.8 million at a NIY of 4.3%. The 129,100 sq ft building was acquired in 2011 for £75 million and benefited from a comprehensive £15 million refurbishment.

Read more on page 30

Key performance indicators

Our objective is to deliver attractive shareholder returns through the execution of our strategy described on page 20. We use seven key performance indicators to monitor the performance of the Group and its share of joint ventures. A number of the key performance indicators are also used to evaluate management performance and remunerate senior employees.

Objective	KPI measure/numbers	Performance
Deliver long-term shareholder returns	**Total shareholder return** % 2015 19.7 2014 41.7 2013 2.4	Total Shareholder Return, being share price movement together with dividend, in the last two years since the merger of London & Stamford and Metric Property was 70%, outperforming the FTSE 350 Real Estate Index of 58% 12 month Total Shareholder Return delivered of 19.7%
Maximise long-term Total Accounting Return	**Total accounting return** % 2015 21.7 2014 16.5 2013 12.7	Total Accounting Return of EPRA NAV movement together with dividend paid over the year 12 month Total Accounting Return delivered of 21.7%
Maximise property portfolio returns	**Total property return** % 2015 17.5 2014 17.0 2013 8.0	Unlevered total property return, including capital and income return, of the portfolio has outperformed by 40 bps the IPD Quarterly Universe Index over the last year
Deliver sustainable growth in EPRA earnings	**EPRA earnings per share** p 2015 6.6 2014 4.2 2013 3.9	Recurring earnings per share from core operational activities have grown by 57% over the last 12 months In the last two years since the merger of London & Stamford and Metric Property, EPRA earnings per share have grown by 69%
Drive like-for-like income growth through management actions	**EPRA like-for-like income growth** % 2015 2.9 2014 3.4 2013 3.5	Year-on-year movement of net rental income on properties owned through the period increased by 2.9%
Maintain strong occupier contentment	**EPRA vacancy** % 2015 0.3 2014 0.4 2013 4.5	Occupancy rate of 99.7% against IPD all property benchmark of 93.2% No exposure to leased space unoccupied across the investment portfolio
Maintain a higher than market benchmark weighted average unexpired lease term (WAULT)	**WAULT** (years) 2015 13.1 2014 12.7 2013 11.6	Weighted average unexpired lease term across the investment portfolio (excluding residential and development) of 13.1 years as at 31 March 2015, which outperformed the IPD all property benchmark of 11.3 years

A new KPI measure has been added this year consistent with our total return strategy which acknowledges the importance of value creation through recycling capital in addition to growing secure income.

Remuneration	2015/16 ambition
75% of LTIP awards vest after three years subject to outperformance of the FTSE 350 Real Estate companies	Three-year TSR outperformance compared to the FTSE 350 Real Estate companies
	Three year total return performance to exceed FTSE 350 Real Estate companies by 50%
35% of annual bonus award subject to TPR outperforming IPD benchmark	One-year TPR outperformance against IPD Quarterly Universe benchmark
35% of annual bonus award subject to EPS growth target 25% of LTIP awards vest after three years subject to EPS growth target	Deliver EPRA earnings growth in line with targets
Forms part of EPRA earnings per share	Deliver like-for-like income growth ahead of inflation plus 1.5%
Linked to individual non financial targets	Maintain high occupancy across the investment portfolio, targeting > 99%
Linked to individual non financial targets	Maintain high weighted average unexpired lease term targeting >13 years

Performance indicators

LTV Ratio %

2015	36
2014	32
2013	43

Debt maturity years

2015	4.2
2014	3.7
2013	3.0

Cost of borrowing %

2015	3.7
2014	3.9
2013	4.0

EPRA topped up net initial yield %

2015	5.8
2014	6.4
2013	6.3

EPRA cost ratio %

2015	17
2014	25
2013	21

Risk management

The achievement of our seven KPIs is influenced by the identification and management of risks which might otherwise prevent the attainment of our strategic priorities. The relationship between our principal risks and KPIs is reviewed in the Risk Management section on page 43.

Risk Management
see page 43
Remuneration
see page 76
Additional EPRA measures
see Supplementary information on page 129

Investment review

Investment activity
£598m

Additional net contracted income from investment activity
£6.1m

Percentage of assets in core sectors
90%


Valentine Beresford, Investment Director

Continued portfolio repositioning

Our investment activity in the year of £598 million has repositioned our assets further into retailer-led distribution and we have also seen meaningful growth in our convenience retail portfolio. Assets in our core sectors now represent 90% of the portfolio and are closely aligned to those areas where we believe there is the best potential for growth.

Our market leading relationships generated significant new investment opportunities and we acquired 20 assets with a value of £308.9 million at share.

Our investment activity added £6.1 million of additional net contracted income, reflecting a c.100 bps positive yield arbitrage from the recycling of low yielding assets into higher yielding opportunities.

Investment activity focused on distribution

Distribution acquisitions amounted to £209.1 million across six transactions, including purchases in Dagenham for £56.5 million, Newark for £68.5 million and the £47.5 million forward funding development in Warrington.

Distribution assets, including developments, now account for 46.9% of our portfolio. The land purchase at Bedford was an exciting addition to our distribution development pipeline which we aim to secure planning on by the end of this year.

Selective retail acquisitions and focus on convenience portfolio

We made 14 retail acquisitions in the year totalling £99.8 million at share, of which £30.4 million related to the increase in our MIPP stake to 50% and £26.7 million related to our share of MIPP acquisitions.

Convenience retail acquisitions accounted for £37.2 million of investments. Post year-end, we added a further three convenience food halls let to M&S for £12.4 million, increasing our convenience retail portfolio to £49.7 million across 10 properties. We expect to see further additions to this portfolio in the near term.

Disposals of core and non-core assets

Disposals amounted to £288.7 million, the majority of which related to the non-core sales of our London city office at One Carter Lane for £138.8 million and £27.2 million of residential disposals. Retail disposals amounted to £106.3 million during the year and reflected the recycling of assets where we have completed our business plans. This included the £23.9 million disposal of our retail development park at Bishop Auckland and the £21.8 million sale of Cairngorm retail park, Milton Keynes.

Outlook

The property market continues to see strong investor demand with high transactional volumes across all sub sectors. Our recent sales of old distribution assets in Harlow and Brackmills demonstrate that we will take advantage of the market to realise assets at very favourable prices and where asset management initiatives have been completed.

We will continue to selectively invest in our core sectors of distribution warehousing, out of town retail and convenience retail, leveraging our status as property partner of choice for many leading retailers.

Investment activity by sub sector

	Acquisitions		Disposals	
	Cost at share £m	NIY %	Proceeds at share £m	NIY %
Distribution	161.6	5.8		
Distribution – Development	47.5	7.5		
Retail	99.8	6.3	106.3	6.2
Office			155.2	5.1
Residential			27.2	2.4
Total	**308.9**	**6.2**	**288.7**	**5.2**

Key transactions throughout the year
see page 22
Responsible business
see page 49

Dixons Carphone

£68.5m Newark distribution centre

Extending our longstanding relationship with Dixons Carphone

In September 2014, LondonMetric acquired Dixons Carphone's distribution warehouse in Newark for £68.5 million off-market.

The 726,000 sq ft asset was purpose built for Dixons Carphone in 2006 and is situated on the inter-section of the A1, A17 and A46 dual carriageways. It is one of Dixons Carphone's two central distribution hubs for both its physical stores and online business.

The unit is let at a rent of £4.5 million per annum with five yearly fixed uplifts to 3.0% per annum compounded and had an unexpired lease term of 18.8 years at purchase.

Dixons Carphone is a FTSE 100 retailer with a market capitalisation of £5.4 billion. The acquisition takes Dixons Carphone's retail space with LondonMetric to 820,000 sq ft over 7 locations in England and represents LondonMetric's second largest tenant at 6.8% of total rent.

Five distribution acquisitions totalling £161.6m:

- 5.8% net initial yield
- £9.1m rental income
- 15.4 years WAULT

One forward funded distribution development totalling £47.5m, purchased at a net initial yield of 7.5%

Post year end disposal of two distribution facilities for £33.0m

Distribution investment activity

Acquisitions

726,000 sq ft warehouse in Newark

The purchase price was £68.5 million for a prime unit let to Dixons Carphone off a topped-up rental income of £4.5 million per annum, which reflected a net initial yield of 6.4%. Refer to page 27 for further details.

410,000 sq ft facility in Dagenham

The 28 acre site was purchased for £56.5 million and is entirely let to Eddie Stobart at a rent of £3.0 million per annum for 17 years from August 2014, with annual fixed uplifts of 2.0% per annum.

The facility is uniquely positioned, benefiting from exceptionally strong transport links serving London and the rest of the South East, with road and direct rail access, as well as being ideally located for the major ports of Felixstowe, London Gateway and Tilbury.

173,000 sq ft "last mile" warehouse in Croydon

The Tesco.com distribution centre was acquired for £21.1 million reflecting a net initial yield of 5.5% and an unexpired lease term of 5.8 years. The warehouse occupies a nine acre site in South London and is let to Tesco as a "dark store" for its Tesco.com business.

150,000 sq ft warehouse in Rotherham

The Magna 34 unit is situated one mile from J34 of the M1 and is let to Royal Mail. The purchase price of £10.3 million represented a net initial yield of 6.0% and an unexpired lease term of 13.9 years. The rent is subject to five yearly fixed uplifts.

65,000 sq ft warehouse in Leicester

The property was purchased for £5.2 million and is let to DHL, expiring in August 2020. The rent of £0.35 million per annum is considered reversionary with a review due in September 2015.

Developments

690,000 sq ft centre in Warrington

We purchased the warehouse, via a forward funding contract, for £47.5 million, reflecting a net initial yield of 7.5%. The asset is let to The Hut Group, a specialist online retailer and brand owner that was ranked number one this year by the Sunday Times' Profit Track. The 15 year lease has an annual rent of £3.8 million.

The warehouse is being constructed in order to consolidate The Hut Group's four existing UK distribution units and the facility will be used to satisfy both its domestic and rapidly growing international operations. Practical completion is expected in October 2015.

37 acre development site in Bedford

We have conditionally acquired from Bedford council, a site which is on the A421, close to J13 of the M1 and in a well-established retail distribution location. It is zoned for distribution and is capable of accommodating a unit of up to 750,000 sq ft. The purchase is conditional on planning consent which is expected by the end of 2015.

Activity post year-end

We disposed of two assets for £33.0 million at share that were c.25 years old.

268,000 sq ft Harlow facility

The facility was sold by our distribution joint venture for £37.2 million (Group share: £18.6 million), reflecting a topped up net initial yield to the purchaser of 5.0%. The asset was acquired in August 2011 for £22.9 million and re-let for 25 years in 2014 to Brake Bros following a surrender by Tesco.

170,000 sq ft Brackmills facility

This facility was sold for £14.4 million, reflecting a net initial yield of 5.5%. The property was acquired in November 2013 for £9.0 million and re-geared on a ten year lease shortly after purchase at a yield on cost of 8.0%.

A further distribution centre was acquired post year-end for £3.5 million in Basildon.

38,000 sq ft Basildon facility

The well located and modern distribution warehouse is let to Activair and was purchased for £3.5 million at a net initial yield of 6.5% and a WAULT of 4.6 years. The unit has strong reversionary potential and a low site cover at just 24%.

Newark distribution centre case study
see page 27

Retail investment activity

Acquisitions

MIPP acquisitions

Having achieved the target investment of £150 million in the previous year, we completed the equalisation and extension agreement with our joint venture partner the Universities Superannuation Scheme to grow our ownership in Metric Income Plus Limited Partnership from 33.3% to 50% at a cost of £30.4 million.

MIPP also acquired six assets in the period for £59.6 million (Group share: £26.7 million) at a topped up net initial yield of 6.0%. These acquisitions consisted of:

- 76,400 sq ft retail park in North Shields let predominantly to Dunelm and B&M Retail for £13.1 million with an unexpired lease term of 9.1 years
- 77,200 sq ft Trostre South Retail Park, Llanelli, for £12.8 million let to B&Q, Pets at Home and KFC with an unexpired lease term of 14.7 years
- 58,400 sq ft retail park in Hemel Hemstead for £12.2 million let to Wickes and Dunelm with an unexpired lease term of 10.3 years
- 43,800 sq ft Liskeard Retail Park, Cornwall, for £9.0 million let to Homebase, Pets at Home and Argos with an unexpired lease term of 12.8 years
- 34,500 sq ft Totton Retail Park, Southampton for £8.8 million let to Lidl, Poundstretcher, Argos and Jolley Pets
- 21,500 sq ft retail unit in Grimsby let to Wickes, for £3.7 million with an unexpired lease term of 20.0 years

Out-of-town leisure acquisition

During the year, we acquired the Vue cinema multiplex in Birkenhead for £5.5 million reflecting a NIY of 7.7% with 15 years of unexpired leases and RPI linked rental reviews.

Convenience retail acquisitions

Seven convenience retail assets were acquired for £37.2 million, reflecting a NIY of 6.1%:

- Two convenience stores let to Boots in Bangor and Isle of Man for £3.4 million and £5.3 million and on unexpired lease terms of 9.3 and 7.2 years respectively
- Two M&S convenience food hall developments in Liverpool and Ferndown with a combined cost of £13.6 million and total area of 39,800 sq ft
- £6.6 million acquisition of the 20,200 sq ft Fordton retail park in Warrington let to Aldi and four other retailers, with an unexpired lease term of 16.3 years
- £5.3 million purchase in Guisborough let to Aldi and Iceland with a weighted average unexpired lease term of 18.1 years
- £3.1 million property in Hull let to Aldi on a 15 year lease

Post year-end, we acquired three further convenience food halls let to M&S for £12.4 million – Refer to page 31 for further details.

Disposals

Retail disposals in the period amounted to £106.3 million at (Group share) across 10 assets achieving an average net initial yield of 6.2%.

DFS and Odeon disposals

In the first half of the year, we rationalised our DFS and Odeon portfolios.

The £20.8 million DFS disposals (Group share: £6.4 million) comprised two portfolio sales of five units in total to ARC and Oval at net initial yields of 8.5% and 7.8% respectively, compared to our acquisition yield of 10.2%.

The Odeon in Huddersfield was sold for £15.2 million reflecting a net initial yield of 6.1% compared to an acquisition yield of 7.2%.

Out-of-town retail

We sold a number of retail assets consistent with our strategy of recycling capital where asset management initiatives have been completed:

- 76,500 sq ft retail park in Bishop Auckland for £23.9 million, following a significant redevelopment. The disposal crystallised a 49% profit on cost and reflected a net initial yield of 5.3%
- Cairngorm Retail Park for £21.8 million, reflecting a net initial yield of 6.1%. The asset was acquired in 2013 for £16.1 million reflecting an 8.3% net initial yield and producing a 29% profit on cost. The property was let to DFS, Oak Furniture Land, SCS, Furniture Village and Carpetright

14 retail acquisitions totalling £69.4m at share:

- 6.3% net initial yield
- WAULT of 13.6 years

Further £30.4m invested to increase shareholding in MIPP to 50%

10 retail disposals totalling £106.3m at share:

- 6.2% net initial yield
- WAULT of 13.6 years

M&S Simply Food halls case study
see page 31

Non core residential and office portfolio significantly reduced

Disposal of three offices for £155.2m at a NIY of

5.1%

Residential units sold in the year

57

- £18.0 million disposal by MIPP (Group share: £9.0 million) of its B&Q retail park in Londonderry
- Berkhamsted development was sold for £12.5 million reflecting an exit yield of 3.9%, a development profit of £4.5 million and profit on cost of 58%
- Other disposals included retail parks at Scarne, Bristol and Wick with a total disposal value of £17.6 million

Post year-end, MIPP disposed of its retail park in Lichfield for £13.3 million (Group share: £6.7 million).

Non-core disposal activity

One Carter Lane office

We completed on the sale of One Carter Lane, London EC4 for a gross price of £138.8 million to Fubon Life Insurance Company Limited reflecting a 4.3% net initial yield. The disposal represented a profit of c.£12.5 million over the 31 March 2014 book value and a net profit on cost of £29.1 million since acquisition. See below for further details.

Disposal of Crawley offices

Two office buildings in Crawley were sold during the period for £16.4 million representing a combined average yield of 7.8% based on income of £1.3 million per annum.

Due to the reshaping of the portfolio and the disposal of the above offices, the Company's environment and social risk profile has altered considerably resulting in a much reduced direct energy use and carbon footprint.

Following these disposals, we have one office asset left in Marlow which we have been actively asset managing. The office totals 231,000 sq ft and generates £4.7 million of income per annum.

Residential asset disposals

During the year we disposed of 57 residential units for a total value of £39.1 million (Group share: £27.3 million).

At Moore House, our last residential investment, we sold 23 flats during the year for £19.8 million (Group share: £7.9 million) and, since the year end, we have disposed of 6 units and have a further 5 units under offer, representing in total £10.7 million of sales (Group share: £4.3 million). There are 105 units remaining and we will continue to patiently sell these down.

One Carter Lane disposals

- 129,100 sq ft office near St Paul's, London
- Purchased in June 2011 for £75 million at a net initial yield of 7.3%
- £12.9 million rental income received during the hold period
- Office was refurbished at a cost of £15.0 million and development was completed in spring 2014
- At time of sale, the office was 73% let and net contracted rent was £4.5 million, increasing to £6.3 million once fully let

MARKS &
SPENCER

Five M&S Simply Food halls acquired for **£26.0 million**

In partnership with Marks and Spencer, LondonMetric acquired five properties and simultaneously re-geared the leases on four of them to 20 years with contractual rental uplifts. The fifth property is let to M&S and Aldi on 15 year and 20 year leases respectively.

Three of the properties were existing stores covering 42,000 sq ft across England which are to be converted into M&S Simply Food halls. The other two properties are developments covering 39,800 sq ft in Liverpool and Ferndown, Dorset.

The contracted rental income totals £1.5 million per annum with a WAULT of 19.2 years.

The transaction builds on our strong relationship with M&S and increases LondonMetric's M&S contracted income exposure to 5.7%.

Asset Management review

Total portfolio value
£1,400m

Valuation uplift
£118m

Topped up portfolio yield change
6.4% to 5.8%

Outperformance of IPD
40 bps


Mark Stirling, Asset Director

Creating desirable real estate

Our asset management strategy is based on institutionalising our portfolio and recycling into assets where we can deliver value enhancing asset management initiatives and short-cycle developments.

Our property expertise and occupier relationships provide a constant flow of opportunities to recycle assets and this is reflected in the average hold period of 3.1 years for assets that we have sold in the year.

As at 31 March 2015, our total portfolio comprised 101 assets valued at £1,400 million compared to £1,220 million at the start of the year. This change does not, however, reflect the significant recycling of assets and the change in sector weightings particularly towards distribution which now represents (including development) 47% of the overall portfolio.

The sector repositioning has reduced our exposure to residential and office assets to 10% of the portfolio, compared to 45% at the time of the merger in 2013. As a consequence, the value of assets in our core sectors has grown to £1,258 million representing 90% of our portfolio.

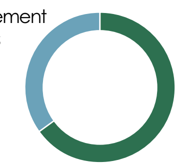
Our asset management plans incorporate responsible business initiatives, in particular EPC considerations as discussed in greater detail in the Responsible Business review on page 49.

Valuation uplift of £118 million

The ability to drive valuation growth is reflective of our ability to create desirable real estate. The topped up net initial yield across our properties has fallen from 6.4% to 5.8%. The valuation uplift in the year was £118.4 million compared with £95.9 million in 2014.

The yield compression was a consequence of both an investment market that has continued to strengthen but also a significant improvement in values as a result of our asset management initiatives and short-cycle development activity, the latter accounting for c.35% of yield compression.

Drivers of yield compression



Outperformance of IPD

Our core sectors delivered a total property return of 18.8% compared to IPD of 16.6% reflecting an outperformance of 220 bps. Our active management expertise ensured that we continued to outperform IPD Retail at both the income and capital level, with a total outperformance of 410 bps.

The shape of our portfolio
see page 14
Strategy in action
see page 21
Key transactions throughout the year
see page 22
Responsible business
see page 49
Portfolio split
see Supplementary information on page 129

Total Property Return against IPD

	Total Return		Outperformance
	Group %	IPD %	bps
Retail	17.6	13.5	+410
Distribution	20.0	21.4	-140
Core portfolio	**18.8**	**16.6**	**+220**
All property	**17.5**	**17.1**	**+40**

Focus on income

Strong and rising income

We continue to focus heavily on strengthening our underlying income streams. Our contracted rental income increased from £78.0 million to £85.6 million driven by asset management initiatives, positive net investment and recycling into higher yielding assets.

Fixed rental uplifts provide security of income growth and the proportion of our total contracted rental income subject to fixed rental uplifts increased to 44% by the year-end (over 50% for our distribution assets).

Long income

The portfolio weighted average unexpired lease term is 13.1 years (12.3 years to first break) representing one of the longest in the sector. This is a further improvement on the prior year and reflects our focus on achieving longer leases through asset management and also selling assets with shorter lease lengths.

Only 1.8% of our income is due to expire in the next five years rising to 32.9% in the next 10 years, an improvement on 2014 of 40.8%.

Secure income

We continue to focus on balancing and strengthening our tenant list. Our top ten tenants represented 54.1% of total rental income and the occupancy rate for the investment portfolio was 99.7%.

Including contracted income from Islip, Primark is now our largest tenant by rental income at 11.0%. We strengthened the tenant mix further increasing our exposure to Dixons Carphone (6.8% of contracted rent) and adding The HUT Group to our tenant list (4.5% of contracted rent).

Asset management

During the year we executed on 50 occupier transactions across 2.6 million sq ft, generating an uplift in rental income of £2.6 million at average lease lengths of 16.2 years and achieved a 6.6% uplift against ERV. Our asset management activities delivered EPRA like-for-like income growth of 2.9%.

New lettings and re-gears

New lettings and re-gears were undertaken across 500,300 sq ft, achieving average lease terms of 16.2 years and an increase in contracted rental income of £2.0 million.

We accepted a surrender from Tesco on our distribution unit at Harlow. The unit was simultaneously re-let to Brake Bros increasing the unexpired lease term by 16.0 years.

We agreed a 12,700 sq ft extension and new lease with Morrisons at Loughborough to take the store to 54,000 sq ft, and increase the weighted average unexpired lease term by 21.1 years.

Our new shopping park in Kirkstall, is now 52% pre-let to seven retailers representing £1.3 million of income per annum, rising to £2.7 million once fully let.

At Airport Retail Park in Coventry, Aldi has signed a 20 year lease to occupy 18,000 sq ft of new space. This is in addition to the 15,000 sq ft of new space pre-let to B&M.

Post year-end at St. Margaret's Retail Park, Leicester, we pre-let a further 15,000 sq ft to Smyths Toys. The 28,500 sq ft scheme is now fully pre-let.

We have nine new lettings in legals covering 102,000 sq ft.

Rent reviews

During the year we agreed 20 rent reviews including fixed uplifts across 2.1 million sq ft delivering an additional £0.6 million of rental income. In particular, we concluded a rent review with Dun & Bradstreet at Marlow which resulted in a rental uplift of £0.2 million.

Adding value through income, asset management and short-cycle development

Uplift in contracted rental income of £2.6m from asset management

44% of portfolio benefits from fixed rental uplifts

WAULT, up from 12.7 years KPI

13.1 years

Occupancy rate KPI

99.7%

Like-for-like rental growth of KPI

2.9%

Total property return KPI

17.5%

Asset Management – Occupier transactions

	Area sq ft	No. of transactions	Net uplift in income £m	WAULT To expiry years	WAULT To first break years
New lettings and re-gears	500,300	30	2.0	16.2	15.1
Rent reviews	2,133,700	20	0.6		
Total	**2,634,000**	**50**	**2.6**		

Contracted rental income see Supplementary information on page 129

Committed developments total
2.0m sq ft

Development pipeline of
1.1m sq ft

Target planning consent on 750,000 sq ft Bedford distribution centre this year

Short-cycle development

Occupier demand is the key driver in delivering our pipeline of short-cycle developments. Our committed developments total 2.0 million sq ft, and the value of our retail and distribution development portfolio has increased to £131.1 million up from £65.7 million in 2014.

During the year we received 19 planning consents on 1.3 million sq ft and this helped to drive our development programme.

Islip and Warrington

Our two largest developments at Islip and Warrington account for 1.8 million sq ft. The Islip development is progressing well and we are very focused on ensuring this project remains on track for practical completion in September 2015. Warrington is expected to complete in October 2015.

Kirkstall

At Kirkstall in Leeds, construction of the new 120,000 sq ft open A1 shopping park is well advanced and we expect to grant access to retailer occupiers from July 2015 onwards with completion forecast for October 2015. Refer to page 36 for more information.

Loughborough

We received planning consent on the 12,700 sq ft extension to increase the Morrisons' store to 54,000 sq ft.

Leicester

Planning consent was received in March 2015 on the 28,500 sq ft development at St. Margaret's Retail Park. The conditional development is fully pre-let.

Coventry

The 15,000 sq ft development of the new B&M store at the Airport Retail Park has commenced and is expected to complete in September. Planning for the new 18,000 sq ft Aldi store has been submitted.

Ferndown and Liverpool

These two convenience food hall developments let to M&S are expected to complete in early 2016. Refer to page 31 for further details.

Development pipeline

We have built up a further 1.1 million sq ft of conditional development. In Bedford, we purchased a 37 acre site which is 7.5 miles from J13 of the M1 and would add up to 750,000 sq ft of retail distribution space. We have strong retailer interest for the location and hope to received planning consent later this year.

In Stoke, we have planning consent to redevelop our 14 acre site for up to 300,000 sq ft of distribution space. The site is situated two miles from J15 of the M6 and we expect to start demolition of the existing building in late summer.

Development summary

Scheme	Sector	Area sq ft '000	Pre-let %	Contracted rent £m	Yield on cost %
Committed					
Islip	Distribution	1,062	100%	5.3	6.8
Warrington	Distribution	690	100%	3.8	7.5
Leeds	Retail	120	52%	1.3	7.5
Loughborough	Retail	54	100%	1.5	5.3
Liverpool	Retail	29	100%	0.5	5.8
Coventry	Retail	15	100%	0.2	8.6
Ferndown	Retail	11	100%	0.3	5.2
Total committed		1,981	90%	12.9	7.1
Conditional					
Bedford	Distribution	750			
Stoke	Distribution	300			
Leicester	Retail	29			
Total conditional		1,079			

M&S Simply Food halls case study
see page 31
Kirkstall Bridge Shopping Park case study
see page 36

PRIMARK®

Islip mega-shed

LondonMetric is developing one of the biggest distribution warehouses in the UK:

- 70 acre site located off the A14 in Northamptonshire covering 1,062,000 sq ft with an additional 750,000 sq ft of mezzanine level space
- 78 loading docks, 540,000 sq ft of hardstanding with parking for 175 HGVs and 530 cars
- 11 month build programme

Significant statistics:

- Internal area equivalent to 74 olympic swimming pools side by side
- 3,500 tonnes steel frame and the combined vertical length of the steel columns would be greater than the height of Mt Kilimanjaro
- 40,000m³ of concrete used

Environmental factors:

- BREEAM Very Good
- Built on a former ironworks
- Neutral cut and fill involving 500,000m³ of earthworks with no material taken off site
- Foul drainage system on-site with dedicated treatment plant
- Installation of Solar panels covering c.30,000 sq ft and roof lighting covering c.100,000 sq ft

Kirkstall Bridge Shopping Park

We are on track to achieve BREEAM Very Good for our redevelopment at Kirkstall Bridge Shopping Park in Leeds

In 2014 we commenced the development of Kirkstall Bridge Shopping Park, which is located three miles north-west of Leeds city centre. The site was originally acquired by LondonMetric in 2011 and consisted of a stand-alone retail store and its surrounding site.

The redevelopment includes the demolition of the original store and will deliver 120,000 sq ft of quality retail and leisure space. Around 33,000 people live within a ten-minute drive of the seven-acre site, which will open in November 2015 and will include retailers such as Home Bargains, Costa, Marks and Spencer, Outfit and JD Sports. Our ambition, assisted by Rowney Sharman who are acting as our project manager, is to transform a tired and obsolete site into a vibrant and attractive development that will create a new heart within the centre of Kirkstall.

We have implemented a series of measures that will enhance the environmental performance of the site during construction and operation, and are working with partners to deliver benefits to the broader community through valuable employment opportunities.

Embedding sustainability into the design

Once complete, the site is set to achieve BREEAM Very Good and a number of features are being incorporated into the design of the units that will improve their sustainability. These include, for example, effective insulation and solar shading to reduce the need for mechanical heating, cooling and ventilation, the use of high-efficiency LEDs for external lighting, green walls and enhanced local habitat, the use of responsibly sourced materials (many of which are rated A or A+ by the BRE Green Guide), and the provision of an occupiers' fit-out guide to further enhance the environmental performance of the units. We are also taking steps to improve connections to the site through pedestrian and cycle routes, as well as public transport, and are working with our contractor to reduce construction site impacts (see below).

Embedding sustainability throughout the construction phase

In line with BREEAM requirements, one of our priorities is to ensure that environmental impacts are minimised during construction works. Our Company policy ensures that sustainable and renewable materials are used wherever possible and that services, workers, and supplies are procured as locally as possible. Materials from the building that once stood on the site have been crushed to form the piling mat for new units. This has reduced the amount of quarried stone required, with consequent savings on vehicle movements.

Our contractor, Leeds-based Caddick Construction, is using the SmartWaste online system to track the amount of waste going off site, and a target has been set to generate no more than 4.7 tonnes of waste per 100m^2 of site space. Kirkstall Bridge is also being used to test out a new biometric system that logs and monitors all CO_2 data on the site. This information is loaded onto Caddick's "Construct CO_2" system and is used to calculate the carbon footprint of the site and to highlight areas where reductions can be made.

The site is registered with the Considerate Constructors Scheme and has achieved an initial score under the scheme's environmental compliance section of 8 out of 10, which is rated as "very good".

Delivering positive socio-economic benefits during construction and site operation

We are also working with our partners and local Government to take a number of steps to promote local employment opportunities during both the construction and operational phase.

During construction we are supporting work by Caddick Construction and the regeneration charity Re'New to provide training and employment for young people. Targets have been agreed covering the employment of up to two apprentices, such as trainee site manager Kirsty Wood (pictured). Site visits are being organised for local students and our partners have committed to providing up to 30 weeks of work experience for individuals that includes job shadowing and, depending on ability, more hands-on experience.

To further boost education and workforce development, Caddick and Re'New have agreed to provide Level 2 and Level 3 qualifications for individuals completing a construction related NVQ qualification. Furthermore, short-term employment opportunities have been made available for eight job seekers from the local community and 12 from the wider Leeds area. To promote opportunities for local businesses, Caddick organised workshops to advertise possible subcontracting opportunities ranging from security to landscaping contracts.

Post construction, we will be working to connect Employment Leeds, Re'New and the future occupiers of the shopping park to ensure job opportunities are promoted through recruitment fairs and local advertising, particularly to attract young people in need of employment. For example, as part of LondonMetric's long-term support for the very popular annual Kirkstall Festival, together with partners we will be manning a recruitment stand, as well as supporting the Youth Stage.

Our ambition for the Kirkstall Bridge Shopping Park development is to create an environmentally conscious shopping and leisure destination with a community focus and to leave a positive legacy of skills for the future

Financial review

Reported profit
£159.5m

EPRA earnings
£40.9m

Dividend cover
94%

Martin McGann, Finance Director

The results reflect the intense level of investment and asset management activity during the year to improve income and capital yields and strengthen the core portfolio.

Since the year-end, we have considerably strengthened the balance sheet by completing a new £400 million unsecured revolving credit facility which increases our average debt maturity to 6.2 years and reduces our average debt cost to 3.4%.

EPRA earnings have increased to £40.9 million or 6.6p per share, a 57.1% increase on last year. EPRA NAV per share is 140.6p, an increase of 16.2% over 2014. Reported profit has increased by 27.3% to £159.5 million, predicated on a valuation uplift of £118.4 million.

The dividend has been maintained at 7.0p per share and the charge in the year is now 94% covered by EPRA earnings, up from 60% last year. The proposed final dividend is 3.5p per share.

In addition, a special dividend of 2.0p per share will be paid to distribute some of the gain realised on the redevelopment and sale of Carter Lane to shareholders.

Both dividends are subject to approval at the AGM and are payable on 20 July 2015 to ordinary shareholders on the register at the close of business on 12 June 2015.

Total accounting return, measured as the increase in EPRA NAV plus dividends is 21.7%, an increase of 520 bps over the previous year.

Management reviews the performance of the business on a proportionally consolidated basis, although the statutory results reflect the share of joint ventures using the equity accounting method. The commentary in this review is consistent with the proportionally consolidated approach.

EPRA earnings and other performance measures are used as alternatives to IFRS equivalent measures as they highlight the Group's underlying recurring performance. EPRA earnings is a key performance indicator, reflecting the recurring profit of the Group's property rental business and includes items such as changes in property valuations and movements in the fair value of derivatives.

EPRA earnings per share KPI
6.6p +57%

2015	6.6
2014	4.2

EPRA net assets per share
140.6p +16%

2015	140.6
2014	121.0

IFRS reported profit
£159.5m +27%

2015	159.5
2014	125.3

Total accounting return KPI
21.7% +520 bps

2015	21.7
2014	16.5

Carter Lane case study
see page 30

Income statement

EPRA earnings for the Group and its share of joint ventures are detailed as follows:

For the year to 31 March	**Group £m**	**JV £m**	**2015 £m**	Group £m	JV £m	2014 £m
Gross rental income	**60.2**	**13.8**	**74.0**	54.1	7.8	61.9
Property costs	**(2.6)**	**(0.5)**	**(3.1)**	(2.8)	(0.6)	(3.4)
Net rental income	**57.6**	**13.3**	**70.9**	51.3	7.2	58.5
Management fees	**2.2**	**(0.9)**	**1.3**	0.8	(0.8)	–
Administrative costs	**(12.5)**	**(0.1)**	**(12.6)**	(13.5)	(0.4)	(13.9)
Net finance costs	**(15.4)**	**(3.2)**	**(18.6)**	(15.4)	(2.9)	(18.3)
Other	**–**	**(0.1)**	**(0.1)**	0.1	–	0.1
EPRA earnings	**31.9**	**9.0**	**40.9**	**23.3**	**3.1**	**26.4**

Gross rental income increased 19.5% to £74.0 million.

Like-for-like gross rental income reported on a statutory basis increased by £14.1 million, driven by the impact of acquisitions in the previous year which contributed additional income of £13.4 million this year. In addition the Group increased its holding in the MIPP joint venture from 33% to 50%, resulting in additional income of £1.6 million.

Income lost as a result of disposals in the year of £11.3 million was offset in part by income of £9.7 million generated by acquisitions in the year.

Movements in net rental income are reflected in the table below:

Net rental income	**2015 £m**
Prior year net rental income	**58.5**
Like-for-like investment income	**14.1**
Income generated from acquisitions	**9.7**
Income lost on disposals	**(11.3)**
Income lost on developments	**(0.4)**
Property costs	**0.3**
Net rental income	**70.9**

Property costs in the year include £1.6 million of non recurring development feasibility costs written off.

On a like-for-like basis, property costs fell by £1.9 million, reflecting the strategic disposal of the wholly owned residential portfolio over the last two years.

Management fees increased to £1.3 million from only £43,000 last year, reflecting increased joint venture investment in MIPP and the LMP Retail Warehouse joint venture, which acquired a portfolio of DFS assets at the end of last year. In addition, there was a charge in the previous year of £0.8 million, reducing performance fees previously earned.

Excluding prior year one-off share based payments, administrative costs have decreased by 9% to £12.6 million after capitalising staff costs of £1.7 million (2014: nil) reflecting the increased development activity in the year. On a like for like basis administration costs have increased by £0.4 million and staff costs have remained stable.

EPRA cost ratio	**2015 %**	2014 %
EPRA cost ratio including direct vacancy costs	**19**	28
EPRA cost ratio excluding direct vacancy costs	**17**	25

The EPRA cost ratio for the year, including direct vacancy costs, was 19% compared with 28% last year. The ratio reflects total operating costs as a percentage of gross rental income. The full calculation is shown on page 130.

Net finance costs, excluding the costs associated with repaying debt and terminating hedging arrangements on sales and refinancing in the year were £18.6 million, an increase of £0.3 million over the previous year.

Interest capitalised in the year in respect of development properties was £1.6 million (2014: £2.2 million).

Net rental income

£70.9m

EPRA cost ratio

19%

The shape of our portfolio
see page 14
Investment review
see page 26
Development summary
see page 34
EPRA cost ratio and other EPRA measures
see Supplementary information on page 129

Valuation uplift
£118.4m

Profit on disposal
£13.9m

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

	£m	p
EPRA earnings 2014	26.4	4.2
Net rental income	12.4	2.0
Management fees	1.3	0.2
Administrative costs	1.3	0.2
Net finance costs	(0.3)	–
Taxation	(0.2)	–
EPRA earnings 2015	**40.9**	**6.6**

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

For the year to 31 March	**Group £m**	**JV £m**	**2015 £m**	Group £m	JV £m	2014 £m
EPRA earnings	**31.9**	**9.0**	**40.9**	23.3	3.1	26.4
Revaluation of investment property	**112.4**	**6.0**	**118.4**	87.5	8.4	95.9
Fair value of derivatives	**(7.5)**	**(1.1)**	**(8.6)**	8.4	2.8	11.2
Debt and hedging early close out costs	**(3.9)**	**(0.1)**	**(4.0)**	(6.2)	(2.1)	(8.3)
Profit on disposal	**13.4**	**0.5**	**13.9**	12.2	2.3	14.5
Other items[1]	**(1.1)**	**–**	**(1.1)**	(14.3)	(0.1)	(14.4)
IFRS reported profit	**145.2**	**14.3**	**159.5**	**110.9**	**14.4**	**125.3**

[1] Other items include amortisation of intangible assets, share based payments and deferred tax

The most significant contributors to IFRS reported profit are EPRA earnings of £40.9 million and the £118.4 million portfolio valuation, which reflects favourable yield compression as a consequence of a strong investment market, careful investment and value enhancing asset management initiatives.

Other movements in reported profit include profit on sale of properties of £13.9 million (2014: £14.5 million), principally relating to the sale of offices at Carter Lane, London, a decrease in the fair value of derivatives of £8.6 million (2014: £11.2 million increase) and debt and hedging break costs associated with property sales and refinancing of £4.0 million (2014: £8.3 million).

The unsecured debt refinancing which completed post-year end required us to fully amortise capitalised finance costs relating to facilities repaid of £3.1 million in the year to 31 March 2015.

Other items primarily relate to the amortisation of management contracts and deferred tax thereon and continue to flow through the income statement but at significantly reduced levels when compared to previous years.

In the current year other items relate to adjustments arising as a result of the merger of London & Stamford and Metric Property Investments in January 2013.

Our interest rate exposure is hedged by a combination of fixed and forward starting interest rate swaps and caps. Independent advice is given by J C Rathbone Associates.

The adverse derivative movement of £8.6 million on a proportionally consolidated basis reflects movements in future swap rates.

Asset Management review
see page 32

Balance sheet

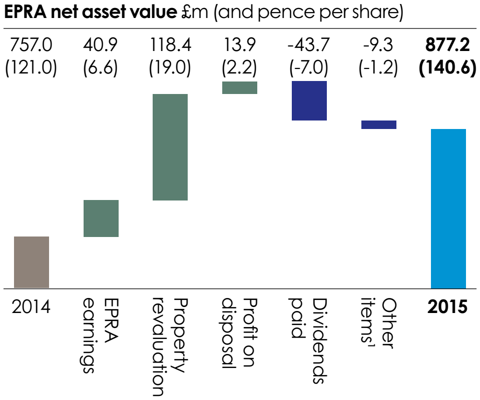
EPRA net assets for the Group and its share of joint ventures are as follows:

As at 31 March	Group 2015 £m	JV 2015 £m	2015 £m	Group 2014 £m	JV 2014 £m	2014 £m
Investment property	**1,164.1**	**236.3**	**1,400.4**	1,030.6	189.2	1,219.8
Gross debt	**(465.5)**	**(97.5)**	**(563.0)**	(415.5)	(57.5)	(473.0)
Cash	**50.6**	**13.0**	**63.6**	78.4	9.0	87.4
Other net liabilities	**(20.6)**	**(3.2)**	**(23.8)**	(45.4)	(31.8)	(77.2)
EPRA net assets	**728.6**	**148.6**	**877.2**	648.1	108.9	757.0

EPRA net assets at the year-end were £877.2 million, an increase of £120.2 million in the year. On a per share basis, net assets increased by 19.6p, or 16.2%, to 140.6p and the movement during the year on a proportionally consolidated basis is shown in the table below:

Movement in EPRA net asset value

EPRA net asset value £m (and pence per share)



[1] Other items include debt and hedging early close out costs, amortisation of intangible assets, deferred tax and treasury shares

The major contributor to EPRA NAV growth in the year was the £118.4 million valuation uplift.

Our dividend payment is now almost covered by EPRA earnings, giving rise to NAV leakage of only £2.8 million this year compared with £17.6 million last year.

IFRS reported net assets increased by £114.3 million or 15.1% in the year to £870.2 million.

Portfolio valuation

At 31 March 2015 the Group's portfolio was valued on a proportionally consolidated basis at £1,400.4 million, an increase of 14.8% over March 2014, reflecting the significant level of transactional activity and the valuation surplus in the year.

The core property portfolio of retail and distribution assets (including associated development) represented 90% of the total portfolio valuation at the year-end compared to 86% in March 2014 as reflected in the following segmental analysis:

As at 31 March	2015 £m	2014 £m
Retail	**567.8**	539.8
Distribution	**558.6**	336.0
Offices	**73.3**	75.9
Residential	**69.6**	96.2
Development	**131.1**	171.9
Property value	**1,400.4**	**1,219.8**

The movement in the portfolio valuation is explained in the table below:

	Total £m
Opening valuation 2014	1,219.8
Acquisitions	268.0
Capital expenditure	32.8
Disposals	(254.4)
Revaluation	118.4
Lease incentives	15.8
Closing valuation 2015	**1,400.4**

The Group spent £268.0 million on acquisitions and £32.8 million on capital expenditure in the year, the latter principally relating to the development expenditure at Kirkstall, Islip and Warrington.

The disposal of commercial and residential assets generating proceeds of £288.7 million reduced the carrying value of property by £254.4 million.

EPRA net assets
£877.2m

Portfolio value
£1,400.4m

Assets in core sectors
90%

Unsecured revolving credit facility
£400m

Loan to Value
36%

Cost of debt
3.7%

Hedging
80%

Financing

The proportionally consolidated key performance indicators at the year end are shown in the table below.

The Group and joint venture split is shown in Supplementary Note iii on page 129.

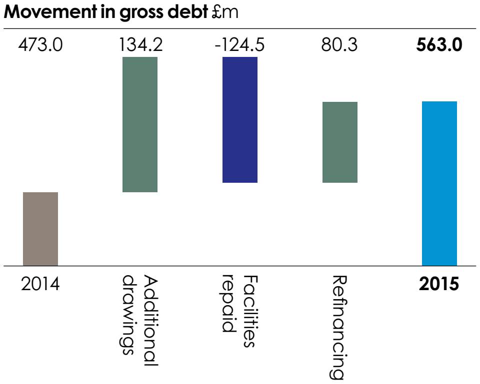
	2015 £m	2014 £m
Gross debt	**563.0**	473.0
Cash	**63.6**	87.4
Loan to Value	**36%**	32%
Cost of debt	**3.7%**	3.9%
Undrawn facilities	**83.4**	96.0
Hedging	**80%**	85%

We have had a very busy year with regard to our debt, which at the year-end stood at £563.0 million inclusive of joint ventures, an increase of £90 million over the previous year.

The loan to value at 31 March 2015 was 36% compared with 32% last year. The average cost of debt was 3.7% compared with 3.9% in March 2014.

We have hedged 80% of our exposure to interest rate fluctuations and have undrawn facilities of £83.4 million.

Movement in gross debt £m



We drew additional debt of £134.2 million to fund acquisitions and repaid £124.5 million following disposals.

During the year we refinanced three of our existing facilities and entered into one new facility as follows:

- The £80 million RBS revolving credit facility was extended by 2.5 years and utilised to finance three acquisitions in the year
- The Deutsche Pfandbrief MIPP joint venture loan was extended by two years and increased to £125 million as part of the equalisation of ownership between ourselves and USS, our joint venture partner. £22.5 million of the additional commitment (Group share: £11.3 million) remains available to draw to finance further acquisitions
- The Helaba facility secured against certain distribution assets was increased by £53.1 million and extended by three years, expiring November 2021
- New £71.8 million facility with M&G (Group share: £21.9 million) secured against the DFS portfolio which was acquired in March 2014

As a result of the new and extended facilities, our debt maturing at the year-end increased to 4.2 years from 3.7 years last year.

Post year-end we have completed a new £400 million unsecured revolving credit facility with a syndicate of five lenders, which can be increased to £500 million to provide additional firepower and is for a five-year initial term and can be extended by up to two years. The facility has a minimum margin of 130 bps. In April 2015 we repaid five existing secured facilities with drawn debt of £269.3 million and drew debt of £265 million under this new facility. The new facility has significantly simplified our debt arrangements; the £196.2 million seven-year Helaba facility remains in place and joint venture arrangements are unaffected. This refinancing incorporates increased flexibility into our facilities which is critical as we continue to recycle capital and actively manage our assets.

As at the date of this report our average debt maturity has increased to 6.2 years, our average cost of debt has fallen to 3.4% and there are available undrawn facilities of £154.5 million.

Risk management

The strategic priorities for the business are the delivery of sustainable, low risk, progressive earnings and long term capital growth.

The Group's approach to risk management is to identify those issues which might prevent the attainment of our priorities and to take action to reduce or remove the likelihood of such issues having a material impact.

Our appetite for risk is low where it prejudices the achievement of our strategic priorities.

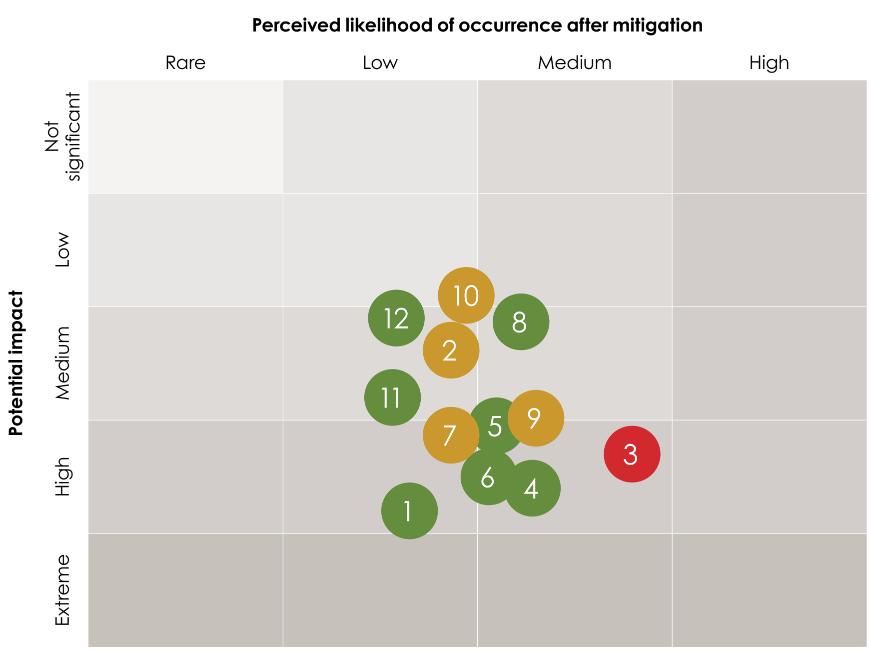
The Board has delegated responsibility for the assurance of the risk management process and the review of mitigating controls to the Audit Committee. A key part of the risk management process is the assessment of the impact and likelihood of risks occurring so that appropriate mitigation plans can be developed and implemented.

The Executive Committee is responsible for the identification of risks and the design, implementation and maintenance of the systems of internal controls. The Executive Committee is assisted by senior management in this process. The business operates from one office and has short reporting lines ensuring the Executive Committee's close involvement in day to day matters enabling early identification and mitigation of risks.

The Company has a detailed risk register which specifies risks, the impact of each risk, the likelihood of that risk occurring and the strength of the mitigating controls in place and how these are evidenced. The updated risk register was last presented to the Audit Committee and Board in March 2015 and has been reviewed at least annually in previous years. Recently in response to the 2014 update of the UK Corporate Governance Code and proposed changes, the Board has introduced a standing agenda item to evidence the more formal considerations of the principal risks and uncertainties facing the business and those which may manifest in the future, together with actions being taken to mitigate them on an ongoing basis. Effective risk management has however always been embedded within the culture of the business and decision making processes.

The matrix below illustrates the assessment of the impact and likelihood of our material risks taking into account the risk measures currently applied.

The risks identified are broadly the same as those reported last year. The rationale for perceived increases or decreases in the risks identified are contained within the commentary for each risk category.



- The Board consider this risk has increased since last year
- The Board consider this risk has reduced since last year
- The Board consider this risk has remained broadly unchanged from last year

Risk Management and **Internal Control** see Audit Committee report on page 73

The principal risks and uncertainties that follow are those risks identified as having the potential to cause material harm to the business and its ability to meet its strategic objectives.

Strategy and market risk

Key risk factor and impact	How is it managed?	Commentary
1 **Portfolio strategy** **The Company has an inappropriate strategy for the current stage of the property cycle and the economic climate.** *Impact*: Suboptimal returns for shareholders	The Board review and update strategy and objectives on a regular basis, adapting to changes in economic conditions and opportunities as they arise. The Executive Directors are closely involved in the day to day management of the Company which operates from one office location and has a flat organisational structure making it easier to identify market changes. Management have an entrepreneurial approach and extensive experience in real estate, particularly the retail sector. Research is commissioned into economic and occupational markets to assist in strategic decisions. Financial forecasts are updated in light of strategic changes and reported to the Board and Executive Committee regularly. The Group has a rolling three-year forecast. Management have a significant shareholding in the Company, amongst the highest in the industry, clearly aligning their interests with other shareholders. The Company's staffing plan is focused on experience and the expertise necessary to deliver its strategy.	The Group continued to reposition its portfolio during the year, with 90% now in the core sectors of retailer-led distribution and out of town and convenience retail. This repositioning together with the implementation of asset management initiatives built on strong relationships with retailers have enabled the Company to perform well against its key performance indicators. WAULT and EPRA vacancy rates are amongst the highest and lowest respectively in the industry. In March 2015 the Board held an off site Strategy Away Day to consider the development of the Group's long term strategy and business model. A new Finance Committee headed by the Finance Director was formed during the year to enhance the provision of information to the Executive Committee and Board.
2 **Economic and political outlook** **The economy falters.** *Impact*: Poorer than expected performance	External factors such as macro-economic conditions and political risks are outside of the Group's control, however the Group only invests in the UK, minimising exposure to weaker economies. The Company has a diversified portfolio which has been reshaped to take into account changes in longer term retailing trends. The Company does not invest in sectors which tend to be hit hardest during periods of economic downturn. Research is commissioned and evaluated to influence strategic decision making.	The UK property market has performed well over the last year, driven by strong investment interest and an improving economy. The Board considers that this risk has reduced due to the strengthening economic outlook and political stability post the UK election.

Market review
see Key growth drivers
on page 16
Key performance indicators
see page 24
Core portfolio repositioning
see Investment review
on page 26

Property and transactional risk

Key risk factor and impact	How is it managed?	Commentary
3 **Investment opportunities** **The Company is unable to source investment opportunities.** *Impact:* Ability to implement strategy by recycling capital into value and earnings accretive investments at risk	The extensive experience of management and their strong network of connections provide insight into the property market and investment opportunities. Management's relationship with retailers and its ability to develop and forward fund assets is an important factor in generating deal flow given the current difficulties in finding value in income generating assets due to yield compression within the market.	The Company transacted on £598 million of property, with a number of significant off market acquisitions. The Company's strategic focus has shifted away from income to a total return model supported by low risk, short-cycle development. The Board considers that the risk of identifying appropriately priced investment opportunities has increased given investor appetite in the market and continued yield compression. There is a conditional development pipeline of 1.1 million sq ft in Bedford, Leicester and Stoke.
4 **Valuation risk** **There is no certainty that property values will be realised. This risk is inherent to the property industry.** *Impact:* NAV growth pressure and pressure on loan covenants	The property cycle is continually monitored with investment and divestment decisions being made strategically in anticipation of changing market conditions. The property portfolio performance is regularly reviewed and assets are benchmarked on an individual basis. Focus on sustainable income, let to high quality tenants within a diversified portfolio of well located assets with increased weighted average lease lengths reduces the risk of negative movements in a downturn. Acquisitions which have opportunities to enhance value by undertaking asset management initiatives and playing to the strengths of the asset management team and their tenant relationships are favoured as well as assets which are considered to be mis-priced.	The valuation uplift in the year of £118.4 million was a consequence of yield compression in a strong investment market and value enhancing asset management initiatives and short cycle development activity. We have been working to assess and reduce our exposure to Minimum Energy Efficiency Standards (MEES) and now have less than 3% ERV from assets with F and G rated EPCs.
5 **Investment underperformance** **Investments may otherwise not meet their financial objectives.** *Impact:* Pressure on NAV and earnings and potentially loan covenants	Acquisitions are thoroughly evaluated by undertaking a detailed financial, legal and operational appraisal prior to Board approval. Asset management initiatives undergo cost-benefit analysis prior to implementation. External advisors are used to help ensure appropriate pricing of lease transactions.	Yield arbitrage of c.100 bps between acquisitions and disposals evidencing appropriate investment and divestment decisions.

Investment transactions
see Investment review page 26
Newark distribution centre case study, an off market acquisition
see page 27
Asset management transactions
see Asset Management review page 32
Valuation drivers
see Asset Management review page 32
Development summary and pipeline
see page 34

Property and transactional risk (continued)

Key risk factor and impact	How is it managed?	Commentary
6 **Development returns** **Development projects fail to deliver expected returns due to inconsistent timing with the economic cycle and adverse letting conditions or increased costs, planning or construction delays.** *Impact:* Poorer than expected performance	The Company only considers short-cycle and relatively derisked or forward funded development although management have significant experience of more complex development. Exposure to developments and phasing of projects is considered as part of the quarterly financial forecasting process for the Board. Standardised appraisals and cost budgets are prepared for developments with regular monitoring of expenditure against budget to highlight potential overruns at an early stage. The procurement process includes tendering and the use of highly regarded firms with track records of delivery to minimise uncertainty over costs. Developments are only undertaken where high occupier demand and significant pre-lets are secured before development work commences to de-risk projects. Where possible, development sites are acquired with planning in place.	90% of the development which the Company is currently undertaking has pre-lets in place. The Company has employed additional staff with development and project management expertise during the year given the increased development focus. Committed developments total 2.0 million sq ft and are 90% pre-let. In the year we forward funded the acquisition of a distribution warehouse in Warrington pre-let to The Hut Group. We are on track to complete in September our 1.1 million sq ft distribution development in Islip, Northamptonshire, pre-let to Primark.
7 **Funding risk** **The Company is unable to fund investment opportunities.** *Impact:* Implementation of strategy at risk	The Group ensures it has sufficient funds in place to take advantage of investment opportunities by selling assets which have achieved target returns and monitoring its cash flow closely. The Group nurtures its relationships with a diversified range of banks and alternative lenders and regularly reviews its loan facilities. The availability of debt on cost effective terms is considered as part of the analysis for each acquisition and development. The Company has joint venture arrangements with well funded partners particularly for larger acquisitions.	The Company has taken advantage of an improved debt market to refinance its Helaba loan extending the term to seven years with improved flexibility and pricing. Post year end the Company refinanced all Group debt, with the exception of joint venture arrangements and the Helaba loan, with an unsecured revolving credit facility of £400 million which can be increased by a further £100 million. This facility provides greater operational flexibility and alignment with the Group's real estate strategy. The Company extended its MIPP joint venture loan with Deutsche Pfandbrief by two years and £50 million and increased its joint venture interest to 50%. The MIPP joint venture arrangements with partner USS were extended by two years and £100 million. The Company has also extended its joint venture funding arrangements with its Middle Eastern partner, Green Park Investments, which were due to expire, by a further two years. Disposals totalled £288.7 million in the year demonstrating our ability to recycle capital out of non-core and mature investments. The Board considers the continued improvement in the debt market and the new unsecured revolving credit facility have decreased this risk from last year.

Recycling capital
see Investment review page 26
Warrington acquisition
see page 28
Short-cycle development
see page 34
Islip mega-shed case study
see page 35
Debt refinancing
see Financial review page 42

Financial risks

Key risk factor and impact	How is it managed?	Commentary
8 **Interest rates** **Adverse interest rate movements.** *Impact:* Increased financing costs on debt, reduced profitability and increased risk of a loan covenant breach	The Group uses interest rate derivatives to fix or cap its exposure to adverse interest rate movements. Hedging recommendations are received from J C Rathbones Associates, a specialist advisor.	At 31 March 2015 the Group had £451 million of hedges in place covering 80% of total debt including its share of joint venture arrangements.
9 **Loan covenants** **A breach of loan covenant could result from a substantial decline in property values, a material loss of rental income or increased borrowing costs.** *Impact:* Potential default and acceleration of loan. Ability to raise new finance affected	Headroom in loan covenants is actively monitored and incorporated into the Group's financial reporting. Non financial covenants are also closely monitored. Gearing levels are carefully considered and stress tested before entering into new arrangements. The Group maintains a modest level of gearing. The impact of disposals on loan facilities covering multiple assets are also considered as part of the strategic decision making process. The Group's loan facilities incorporate covenant headroom, appropriate cure provisions and sufficient flexibility to implement asset management initiatives.	The Group has complied with its financial covenants during the year. Increased diversification and scale under the new unsecured revolving credit facility should insulate the credit covenant of the Group from one-off shocks from any single property. The Board considers that the refinancing of debt undertaken, including the unsecured revolving credit facility, has decreased this risk from last year.

Operational risks

Key risk factor and impact	How is it managed?	Commentary
10 **Tenant default** **Tenant default and failure to let vacant units.** *Impact:* Loss of recurring net income and dividend cover. Pressure on loan covenants	Tenant covenant strength and concentration are assessed for all acquisitions and leasing transactions. The Group's dedicated and experienced property management team work closely with tenants and consider action for slow payers. Rent collection is closely monitored and reported to the asset management team to identify potential issues. The Group has a diversified tenant base and limited exposure to individual occupiers in bespoke properties.	The Group has a very low level of tenant default and high occupancy levels of 99.7% at the year end. The tenant base has been further diversified during the year and the covenant strength of the top tenants has increased. The Board considers that improvements in the economy and the increased diversification in the portfolio have decreased this risk.

Hedging
see Financial review page 42
Loan to Value
see Financial review page 42
New unsecured debt
see Financial review page 42
Top tenants
see Supplementary information page 129

Operational risks (continued)

Key risk factor and impact	How is it managed?	Commentary
11 **Staffing** **An inability to attract, motivate and retain high calibre skilled staff.** *Impact:* Pressure on the delivery of the Company's strategy.	The remuneration structure for all staff is aligned to the long-term key performance targets of the business with long-term share based incentive arrangements in place. Senior management has a substantial investment in the Company. Annual appraisals identify training requirements and assess performance. Specialist agencies are contracted where appropriate if there are perceived short-term skills shortfalls.	Consideration will be given to the position of Chairman, given the Chairman's current contract expires 31 March 2016. Two new Directors appointed internally to the Board in the year.
12 **Regulatory** **Increased regulations associated with planning, environmental, health and safety and tax amongst others.** *Impact:* Increased costs, impact on re-letting potential of an asset, damage to corporate reputation and investor demand in the Company	The Group is advised by external specialist advisors on sustainability and responsible business matters and has established a Responsible Business Strategy to manage sustainability performance. The Group is given specialist taxaxion advice on its transactions, REIT compliance and reporting.	Of the 26 targets we set ourselves over the two-year period to March 2016, 13 have been achieved, 7 are currently in progress and 6 are scheduled for next year. This year we saw a 37% reduction in total energy consumption across our portfolio.

Responsible business
see page 49
EPRA vacancy rate
see Supplementary information page 129
Top 10 occupiers
see Supplementary information page 129

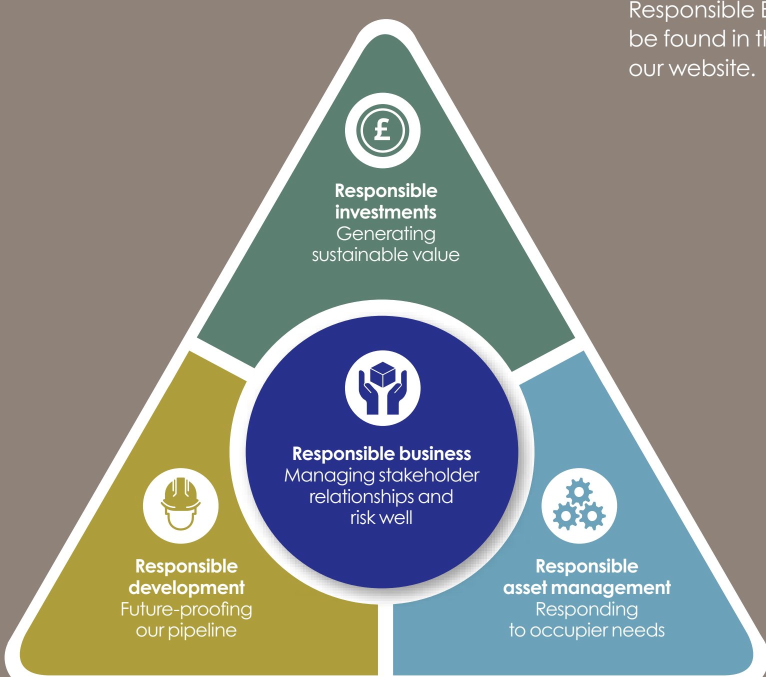
Responsible business

We have made considerable progress against our Responsible Business Roadmap in 2015. Our performance puts us firmly on the road to ensuring that the management of material sustainability risks and opportunities are embedded in our core business activities.

Marion Dillon
Responsible Business lead, LondonMetric

Our approach to responsible business

Our Responsible Business Strategy pulls together and summarises the approach we take across the business to managing our sustainability performance. It sets out our sustainability priorities across the four key areas that reflect our core activities: our business operations, our property investments, asset management and short-cycle developments. Our approach is supported by the foundations of good risk management and a focus on creating and maintaining excellent stakeholder relationships.



Responsible business framework

Within the scope of our Responsible Business framework as illustrated below we have developed a Responsible Business Policy, supported by our Responsible Business Roadmap which encompasses both short and medium-term targets. The Roadmap sets out a clear strategic framework designed to deliver added value to each of our core activities within the context of: increasing legislative pressure on environmental issues; growing demand from investors for sustainability disclosure; and the potential long-term risks to asset value associated with less resource-efficient assets.

Of the 26 targets we set ourselves over the two-year period to March 2016, 13 have already been achieved, 7 are currently in progress and the remainder are scheduled for next year. For more detailed information on our targets, please see our annual Responsible Business report which can be found in the Responsibility section of our website.

Responsible business report
www.londonmetric.com

In 2015 the Company made charitable donations of £24,820. In addition £26,583 was raised by six employees who rowed across the Channel

Our progress

Responsible business

Under our Responsible Business Strategy we are undertaking actions at a corporate level to reduce sustainability risks throughout our operations and effectively engage with key stakeholders. Our areas of focus include legislative compliance through environmental monitoring and risk assessments, managing human resource issues such as staff attraction, retention and diversity, working with our supply chain to improve sustainability performance and increasing awareness of our Responsible Business Policy with joint venture partners. We also maintain a wider commitment to society through a programme of sponsorships and charitable donations aimed at the local communities in which we operate.

Our priorities for 2015 on legislative risk management have included mapping out our expected financial liabilities having qualified for Phase 2 of the UK Government's CRC Energy Efficiency Scheme, ongoing portfolio risk assessment and mitigation in line with the new Minimum Energy Efficiency Standards (MEES) for commercial property, and implementing a plan to manage the mandatory energy auditing scheme ESOS introduced this year. For more on our performance and approach, see pages 52 to 54.

We have implemented a staff training programme covering these and other sustainability issues material to the business and the new procedures that have been introduced to manage these issues effectively.

Staff development, satisfaction and wellbeing is very important to the business; we aim to attract, retain and motivate high performing individuals, and recognise the importance of employee wellbeing. To achieve this aim we actively promote healthy living and encourage volunteering and sponsorship activities including support for local organisations close to our assets and head office, plus ongoing support for national charities with a property focus. This includes direct financial contributions and in-kind support such as pro bono services, which provide benefits both to the charities and to the team members involved.

Responsible investment

We aim to ensure that material sustainability risks and opportunities are integrated into the way we buy and sell assets – with specific attention paid to energy and carbon liabilities, flood risk and transport infrastructure.

During 2015 we updated our pre-acquisition due diligence and decision-making process to ensure that all material sustainability factors are appropriately addressed and considered. Risks assessed include energy efficiency and energy costs, CRC liabilities, EPC risks, vulnerability to flooding and other extreme weather events, and site accessibility. As part of asset preparation for sale, we review sustainability performance indicators to ensure that the key benefits and opportunities of the asset are communicated effectively to the market.

Our sustainability risk profile has altered significantly following the disposal of the majority of our office portfolio in this year. As a result our direct energy consumption has reduced as the majority of our portfolio is now comprised of retail and distribution warehouses with minimal landlord-controlled energy consumption.

Responsible asset management and development

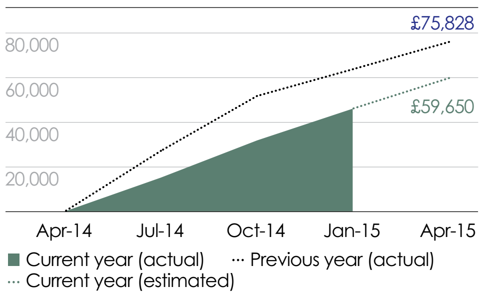
To ensure our buildings continue to be fit for purpose, we engage in practical measures with occupiers to understand and mitigate material risks and take advantage of win-win opportunities such as the installation of low carbon energy sources. By doing so, we respond to the needs of occupiers, promote the long-term sustainability of our assets and enhance their value.

During 2015, actions included establishing baselines and benchmarks for the environmental performance of our portfolio. We now collect and report comprehensive data on energy, carbon, water and waste on a quarterly basis and have set internal performance targets to drive further reductions in resource use. For information on our carbon footprint, in line with the UK government's mandatory carbon reporting requirements, please see the "How we performed" section on page 52.

Having qualified for Phase 2 of the UK Government's CRC Energy Efficiency Scheme in 2012/13, our quarterly data collection and reporting programme has allowed us to map out our expected liabilities which for the year are expected to be c.£60,000 in CRC Allowance costs.

Following the sale of offices at Forest House, Crawley and Carter Lane, London this year, total energy consumption for the year to 31 March 2015 dropped by 37% compared with the previous year, and our total GHG emissions fell by 42% over the same period. As the majority of our portfolio now comprises retail and distribution warehouses our carbon footprint is mainly based on external car park lighting.

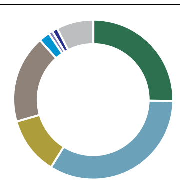
Forecast CRC liabilities for 2015 £



The newly legislated Minimum Energy Efficiency Standards (MEES) reinforced the need for a comprehensive review of our portfolio EPC ratings, an exercise that began in 2013.

As part of our annual asset management plans, we have started to review and develop risk management solutions for the assets in our portfolio with EPC ratings below the required 2018 standard.

EPC ratings by ERV (estimated rental value)



B	25.46%
C	33.62%
D	11.74%
E	17.73%
F	2.28%
G	0.58%
Missing EPC	1.10%
Unknown EPC	7.49%

Partly in response to the Government's Energy Savings Opportunity Scheme (ESOS) requirements, we have commissioned energy audits across our retail parks and identified areas where we can deliver significant reductions in future energy use. Under ESOS, we are required to report the findings of our energy audits to the Environment Agency by December 2015 and intend to action all the cost-effective recommendations.

Core to our development activities is the creation of flexible assets that meet changing economic, environmental and social demands. In line with our goal to achieve a minimum BREEAM Very Good certification for all new developments and major refurbishments, we are on track at our redevelopment of Kirkstall Bridge Shopping Park in Leeds. We have put in place a series of measures that will enhance its environmental performance during both construction and operation, while working with local partners to deliver benefits to the broader community through ongoing employment opportunities.

We are also working with contractors to enhance the management of sustainability issues covering health and safety, supply chain, energy and waste by incorporating minimum requirements into construction contracts.

Projected energy savings identified by our external lighting audits of retail warehouses total 30% of their annual lighting bills

BREEAM – Very Good certifications on track for development projects covering 2.4m sq ft

This year we saw a 37% drop in total energy consumption across our portfolio compared to 2014

Kirkstall Bridge Shopping Park case study
see page 36

During the year we have achieved 13 and progressed 7 of our 26 two-year targets

How we performed

Performance against responsible business targets

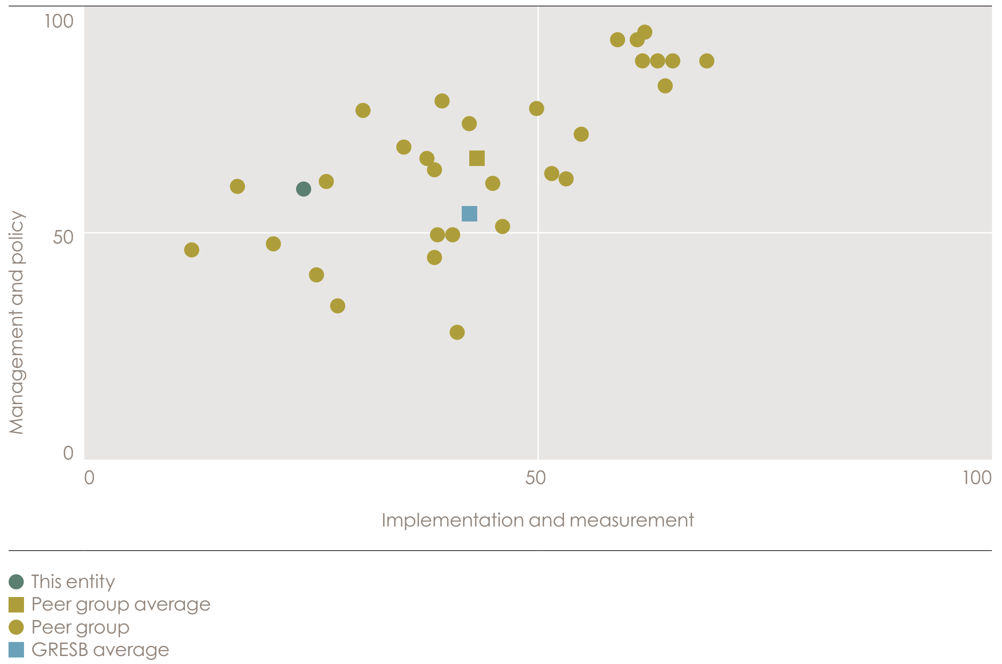
Within the scope of our Responsible Business framework we have developed a Target Roadmap which encompasses both short and medium-term targets. The Roadmap sets out a clear strategic framework designed to deliver added value to each of our core activities within the context of: increasing legislative pressure on environmental issues; growing demand from investors for sustainability disclosure; and the potential long-term risks to asset value associated with less resource-efficient assets. Of the 26 targets set for the two-year period April 2014 – March 2016, during this first year we have already achieved 13 and made good progress on 7.

For more detailed information on our targets, see the Responsibility section of our website.

2014 Global Real Estate Sustainability Benchmark (GRESB) results

During the year, as in previous years, we took part in a survey carried out by GRESB, an investor-backed organisation that assesses the sustainability performance of property companies and property investment funds. The 2014 survey results showed a significant improvement in both our score and our peer ranking compared to 2013, particularly on the Management and Policy theme where we achieved a 60% score. Overall we achieved a score of 34%, exceeding our target of 30%. We are hopeful that the past year's worth of implementation and measurement activities will allow us to improve our overall score sufficiently to meet our target for the 2015 survey of 50%.

Performance in 2014 GRESB Survey %



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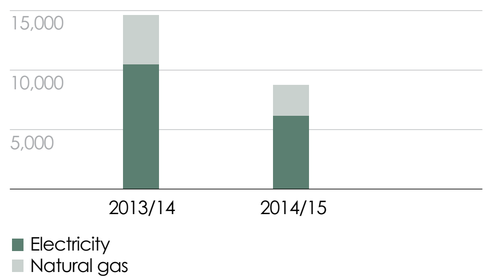
Performance data

Energy and greenhouse gas (GHG) emissions

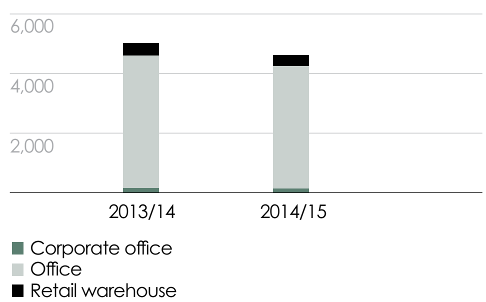
Our office portfolio accounts for the vast majority of our energy and carbon footprint, therefore the sale of offices at Forest House, Crawley and Carter Lane, London in the year has dramatically reduced our exposure. Total energy consumption dropped by 37% in 2015 and our total GHG emissions fell by 42% over the same period (excluding residential asset).

Next year we expect to see further reductions in landlord-controlled energy use as we continue to reshape our portfolio. We also hope to see significant savings in like-for-like energy consumption across our retail warehouse portfolio as we implement the recommendations identified in the external lighting audits carried out this year.

Total energy consumption MWh



Like-for-like energy consumption by asset type MWh



Energy consumption
↓37%

GHG emissions
↓42%

Water consumption
↓12%

Mandatory GHG emissions reporting

		Year to 31 March 2015	Year to 31 March 2014
Direct greenhouse gas emissions in tonnes of CO_2e (combustion of fuel and operation facilities)	Scope 1	**576**	766
Indirect greenhouse gas emissions in tonnes of CO_2e (purchased electricity, heat, steam and cooling)	Scope 2	**1,857**	3,448
Total carbon footprint in tonnes of CO_2e		**2,433**	4,214
Scope 1 and 2 intensity (tonnes of CO_2e per £m net income after administration costs)		**52**	160

Data qualifying notes

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

We have used the main requirements of ISO14064 Part 1 and the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) for our methodology, using energy consumption data from our owned and occupied properties. We have chosen to report greenhouse gas emissions under our operational control. These sources fall within our consolidated financial statements. We do not have responsibility for any emissions sources that are not included in our consolidated financial statements.

Emissions factors are taken from the latest the UK Government (DEFRA) conversion factors for company reporting (2014).

Data for the year to 31 March 2014 has been restated, including associated intensity metrics, as additional energy consumption data has been obtained since the previous report was published.

Landlord-controlled emissions in the year to 31 March 2014 from the wholly-owned residential portfolio are not included in this disclosure as they were not material to our total carbon footprint (represent <2% of total emissions). This portfolio was substantially sold in the year to 31 March 2014. Emissions from our joint venture residential property at Moore House, London have been included for the year to 31 March 2015. No data was available for the previous year.

Scope 1 data does not include refrigerant emissions as these have been determined to not be material (represent <2% of total emissions); owned fleet does not apply.

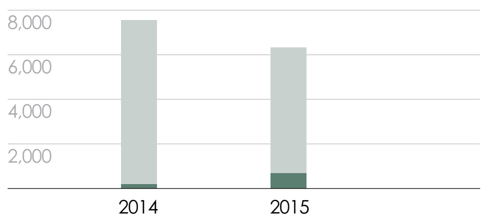
Waste diverted from landfill

100%

Water consumption

During 2015 the total water consumption from our investment portfolio fell by 12%, partly due to disposals. We also saw a 23% decrease at our remaining office asset, Marlow International, which now accounts for 89% of our total water footprint (including our corporate office).

Total water consumption m³

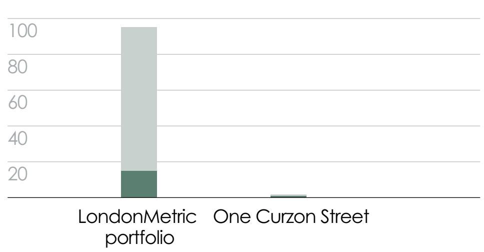


■ Corporate office
■ Office

Waste management

During 2015 we began recording non-construction waste data for the first time. 98% of our waste is generated from our office portfolio with our corporate office accounting for the remaining 2%. All landlord-controlled waste is diverted from landfill.

Total waste by disposal method tonnes



■ Incineration (with energy recovery) facility
■ Recycling facility

See our annual Responsible Business update report on our website for our full reporting against the sustainability KPIs required to be reported under EPRA Best Practice Reporting recommendations.

Employee gender diversity

Indicator	2015	
The number of persons of each sex who were Directors of the Company	1	10
The numbers of persons of each sex who were senior managers of the Company (other than persons identified as Directors)	3	7
The number of persons of each sex who were employees of the Company	17	24

Human rights concerns

Our operations are based solely in the UK and are very low risk in relation to human rights issues. No human rights concerns have arisen within our direct operations or our supply chain during 2015.

Responsible business report
www.londonmetric.com

Governance

Introduction from the Chairman

"Good governance is embedded into the way we manage the business."

The Board remains committed to upholding the high standards of corporate governance that underpin the successful management of the business and its long-term success. Good governance is embedded into the way we manage the business to create a culture of appropriate decision making, risk assessment and transparency at all levels in the organisation. The high level of involvement of the Executive Directors in the day to day business operations promotes good governance practices beyond the Boardroom, supporting the successful delivery of strategic objectives.

The Corporate Governance report which follows demonstrates how the Board is committed to the principles and provisions of the UK Corporate Governance Code (the "Code") and the steps it has taken this year to improve compliance, which include my role as a Non-Executive Chairman and the retirement of Humphrey Price as a Non-Executive Director. The Board would like to thank Humphrey for his dedication, commitment and valuable contribution to the Board as a Non-Executive Director of the Company.

This year the Nomination Committee led the first externally facilitated Board evaluation, a process the Board is committed to undertake every three years. The findings of the evaluation were very positive and concluded that the individual Directors, the Board and its Committees continue to operate effectively.

There were significant changes to the regulatory regime last year with more on the agenda for next year. The Board continues to monitor and respond to these changes and the Audit Committee report on page 70 incorporates improvements to the process undertaken to assess and support the statement that the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable.

In September 2014 the Financial Reporting Council published latest revisions to the Code which will become effective next year. The Board has considered these revisions and has taken steps to improve the review and reporting of risks at Board meetings as further discussed in the Audit Committee Report on page 70.

Patrick Vaughan
Chairman

2 June 2015

Statement of Compliance
The Board has considered the Company's compliance with the main principles and provisions of the UK Corporate Governance Code (the "Code") published by the Financial Reporting Council in September 2012, publicly available at www.frc.org.uk. The Board considers that the Company has complied with the main principles set out in the Code throughout the year under review and to the date of this report.

Governance at work

The Board is committed to upholding the principles of good governance and adhering to the requirements of the UK Corporate Governance Code.

This report sets out the Company's governance policies and practices and explains how it complies with the four main provisions of the Code.

Leadership

The Board is collectively responsible to the Company's shareholders for creating and delivering the long term success of the business. The Directors seek to achieve this through effective leadership having regard to the interests of the Company's employees, the impact on the communities within which it operates and the environment.

On 1 October 2014 the Chairman became a Non-Executive Director of the Company.

Rosalyn Wilton was appointed Chairman of the Audit Committee in November 2014.

On 31 March 2015 Humphrey Price retired as a Non-Executive Director of the Company.

Our Board's leadership
see page 60

Effectiveness

In January 2015, the Board commissioned Law Debenture to facilitate the evaluation of its own performance and that of its Committees. The process involved completion of an online questionnaire followed by one to one interviews and observation at a Board meeting.

Our Board's effectiveness
see page 64

Accountability

The Board is responsible for establishing and maintaining the Group's system of risk management and internal controls and for reviewing its effectiveness.

The Audit Committee improved the process undertaken to assess and support the statement that the Annual Report and Accounts is fair, balanced and understandable.

The Board has considered revisions to the Code which will become effective next year and has taken steps to improve the reporting of risks at meetings.

Our Board's accountability
see page 70

Remuneration

The role of the Remuneration Committee is to determine and maintain a fair reward structure that incentivises Directors to deliver the Group's strategic objectives whilst maintaining stability in the management of its long term business.

There are no changes proposed to the Remuneration Policy for the year ahead.

Our Board's remuneration
see page 76

Board of Directors

From left: Andrew Varley, Mark Stirling, Rosalyn Wilton, Valentine Beresford, Patrick Vaughan, Andrew Jones, Martin McGann, Philip Watson, Alec Pelmore, James Dean, Charles Cayzer and Humphrey Price (retired 31 March 2015)

Patrick Vaughan
Chairman

Appointed 13 January 2010

Skills and experience Patrick has been involved in the UK property market since 1970. He was a co-founder and CEO of Arlington, of Pillar, and of London & Stamford, leading all three of the companies to successful listings on the FTSE main market. Upon completion of London & Stamford's merger with Metric in January 2013, he was appointed Chairman, becoming Non-Executive Chairman on 1 October 2014. Patrick also served as an Executive Director of British Land 2005 to 2006, following its acquisition of Pillar.

Other appointments None

Board Committees Nomination Committee

Valentine Beresford
Investment Director

Appointed 3 June 2014

Skills and experience Valentine was co-founder and Investment Director of Metric from its inception in March 2010 until its merger with London & Stamford in January 2013. He joined the Board of LondonMetric on 3 June 2014 as Investment Director. Prior to setting up Metric Valentine was on the Executive Committee of British Land and was responsible for all their European retail developments and investments. Valentine joined British Land in July 2005, following the acquisition of Pillar, where he also served on the Board as Investment Director.

Other appointments None

Board Committees Executive Committee

Andrew Jones
Chief Executive

Appointed 25 January 2013

Skills and experience Andrew was a co-founder and CEO of Metric from its inception in March 2010 until its merger with London & Stamford in January 2013. On completion of the merger, Andrew became Chief Executive of LondonMetric. Andrew was previously Executive Director and Head of Retail at British Land. Andrew joined British Land in 2005 following the acquisition of Pillar and served on the main Board with responsibilities for shopping centres, retail park investment and asset management.

Other appointments Andrew is a Non-Executive Director of The Unite Group Plc

Board Committees Executive Committee

Mark Stirling
Asset Director

Appointed 3 June 2014

Skills and experience Mark was co-founder and Asset Management Director of Metric from its inception in March 2010 until its merger with London & Stamford in January 2013. He joined the Board of LondonMetric on 3 June 2014 as Asset Management Director. Prior to the setting up of Metric, Mark was on the Executive Committee of British Land and as Asset Management Director and was responsible for the planning, development and asset management of the retail portfolio. Mark joined British Land in July 2005 following the acquisition of Pillar where he was Managing Director of Pillar Retail Parks Limited from 2002 until 2005.

Other appointments None

Board Committees Executive Committee

Martin McGann
Finance Director

Appointed 13 January 2010

Skills and experience Martin joined London & Stamford as Finance Director in September 2008 until its merger with Metric in January 2013, when he became Finance Director of LondonMetric. Between 2005 and 2008, Martin was a Director of Kandahar Real Estate. From 2002 to 2005 Martin worked for Pillar, latterly as Finance Director. Prior to joining Pillar, Martin was Finance Director of the Strategic Rail Authority. Martin is a qualified Chartered Accountant, having trained and qualified with Deloitte.

Other appointments None

Board Committees Executive Committee

Charles Cayzer
Senior Independent Director

Appointed 29 July 2010

Skills and experience Charles has considerable experience of merchant banking, commercial banking and corporate and project finance from his career at Baring Brothers, Cayzer Irvine and Cayzer Limited and was appointed a Director of Caledonia Investments in 1985.

Other appointments Charles is Chairman of The Cayzer Trust Company Ltd and The Sloane Club, and a Non-Executive Director of Quintain Estates & Development Plc

Board Committees Nomination Committee (Chairman), Audit Committee and Remuneration Committee

Alec Pelmore
Independent Director

Appointed 25 January 2013

Skills and experience Alec joined the Board of Metric at the Company's inception in March 2010. He has been a member of the Supervisory Board of Unibail-Rodamco SE, Europe's largest property company, since 2008 and is currently 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, where his teams were voted number one for property in Europe by the Institutional Investor European Property Research Survey for 12 out of 13 years from 1995 to 2007.

Other appointments Member of the Supervisory Board of Unibail-Rodamco SE

Board Committees Nomination Committee and Audit Committee

Andrew Varley
Independent Director

Appointed 25 January 2013

Skills and experience Andrew joined the Board of Metric at the Company's inception in March 2010. He was Group Property Director and an Executive Director of NEXT from 1990 until his retirement in May 2014, with the responsibility for property, franchise, corporate responsibility and code of practice related issues. His previous experience includes 12 years in retail and commercial property. From 1999 to 2007, Andrew was a non-executive member of the British Heart Foundation's Shops Committee.

Other appointments None

Board Committees Audit Committee and Remuneration Committee

Rosalyn Wilton
Independent Director

Appointed 25 March 2014

Skills and experience Rosalyn is a Non-Executive Director of Axa UK Ltd where she acts as Chairman of the Risk Committee. Until 2009, she was Chairman of Ipreo Holdings LLC, the US-based financial data and solutions group formed following the merger of i Deal LLC and Hemscott Group Ltd. Before the merger, Rosalyn was Chief Executive Officer of Hemscott plc. Prior to this, she worked for Reuters Group, leaving the Company as Managing Director, Reuters Information in 1999. Rosalyn has held Non-Executive Directorship positions with Scottish Widows,the London International Financial Futures Exchange and Optos Plc. She has previously served as a Senior Advisor to 3i Investments and Providence Equity Partners.

Other appointments Non-Executive Director of AXA UK Ltd

Board Committees Audit Committee (Chairman)

Philip Watson
Independent Director

Appointed 25 January 2013

Skills and experience Philip joined the Board of Metric at the Company's inception in March 2010. He is the Chief Investment Officer of Mirabaud Asset Management Limited. Philip joined Hill Samuel in 1971 and then Robert Fleming in 1972 on the UK desk, where he worked as an investment analyst and fund manager. Philip left Robert Fleming in 1982 to found TWH Asset Management Limited (now Mirabaud Asset Management Limited) in which he and his partners sold a controlling interest to Mirabaud Pereire Holdings Limited in 1991.

Other appointments Chief Investment Officer of Mirabaud Asset Management Limited

Board Committees Nomination Committee and Remuneration Committee

James Dean
Independent Director

Appointed 29 July 2010

Skills and experience James is a Chartered Surveyor and has worked with Savills plc since 1973, serving as a Director from 1988 to 1999.

Other appointments James is a Non-Executive Director of Branston Holdings and Chairman of Pearlcrown Ltd, London & Lincoln Properties Ltd and Patrick Dean Ltd

Board Committees Remuneration Committee (Chairman)

Leadership

The Role of the Board

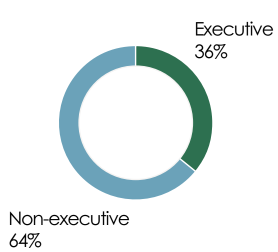
The Board is collectively responsible to its shareholders for the long-term success of the business. It seeks to achieve this through effective leadership, strategy development and delivery, and the management and control of its resources.

There is a division of responsibility between the Chairman and Chief Executive which has been approved by the Board. The Chairman is responsible for leading the Board and monitoring its effectiveness and the Chief Executive, supported by the Executive Board is responsible for the day to day management of the Group and the implementation and delivery of its agreed strategic objectives. The Chairman is responsible for ensuring a constructive relationship between Executive and Non-Executive Directors and for encouraging and fostering a culture of Boardroom challenge and debate.

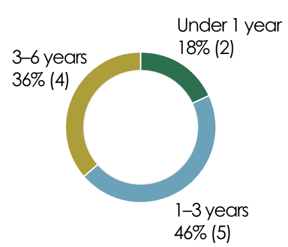
Each of the Non-Executive Directors, other than the Chairman, is considered by the Board to be independent. Committees comprise only independent Non-Executive Directors, other than the Nominations Committee as permitted by the Code. The Board's current composition meets the Code's requirement that at least half of its members, excluding the Chairman, are independent Non-Executive Directors.

A balanced Board

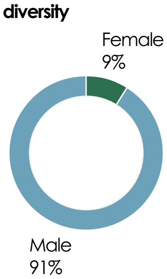
Composition



Tenure



Gender diversity



How we divide up our responsibilities

Title	Responsibilities
Chairman Patrick Vaughan	• Leads the Board and ensures it operates effectively • Promotes Boardroom debate and builds relationships between Executive and Non-Executive Directors
Chief Executive Andrew Jones	• Manages dialogue and communication with shareholders • Recommends and implements strategy approved by the Board • Day to day management of the business operations assisted by the Executive team
Non-Executive Directors Charles Cayzer James Dean Alec Pelmore Andrew Varley Philip Watson Rosalyn Wilton	• Constructively challenge the Executive Directors in determining and implementing strategy
Senior Independent Director Charles Cayzer	• Available as a communication channel for shareholders if other means are not appropriate

Changes to the Board

Board member	Change
Patrick Vaughan	Appointed as Executive Chairman of the Company following the merger with Metric Property Investments Plc in 2013. Although this did not comply with Provision A.3.1 of the Code, the Board considered it appropriate to maintain continuity of leadership and to facilitate the successful combination of two businesses given his long working relationship with the newly appointed Chief Executive, Andrew Jones, and given his relationship with key joint venture partners. In October 2014 following the successful merger of the two former businesses, the Chairman became a Non-Executive Director of the Company.
Rosalyn Wilton	Appointed to the Board and Audit Committee in March 2014, becoming Chairman of the Committee in November 2014.
Valentine Beresford	Promoted to the Executive Board in June 2014.
Mark Stirling	Promoted to the Executive Board in June 2014.
Humphrey Price	Retired from the Board in March 2015. Humphrey has had a long and successful working relationship with the Executive Board, who would like to thank him for the valuable contribution he has made.

Governance framework

The Board

Chairman: Patrick Vaughan

Comprises: 4 Executive and 7 Non-Executive Directors

Role: Responsible to the shareholders for the long-term strategy, control and leadership of the Group

Biographies see page 58, **Business Model** see page 20, **Strategy in action** see page 21

Board Committees

Audit Committee

Chairman: Rosalyn Wilton

Comprises: 4 Non-Executive Directors

Role: Oversees corporate reporting, risk management and internal control and the external audit process

Audit Committee report see page 70

Remuneration Committee

Chairman: James Dean

Comprises: 4 Non-Executive Directors

Role: Determines a reward structure to incentivise the Executive Directors

Remuneration Committee report see page 76

Nomination Committee

Chairman: Charles Cayzer

Comprises: 4 Non-Executive Directors

Role: Evaluates Board appointments, composition, effectiveness, succession and diversity

Nomination Committee report see page 66

Executive Committee

Chairman: Andrew Jones

Comprises: 4 Executive Directors

Role: Implementation of strategy, achievement of targets, day to day management of the business

Strategic report see page 2

Management Committees

Investment Committee

Chairman: Valentine Beresford

Comprises: 4 Executive Directors and senior management

Role: Reviews investment and divestment opportunities

Investment review see page 26

Asset Management Committee

Chairman: Mark Stirling

Comprises: 4 Executive Directors and senior management

Role: Reviews value enhancing activities and development opportunities

Asset Management review see page 32

Finance Committee

Chairman: Martin McGann

Comprises: 4 Executive Directors and senior management

Role: Reviews budgets and forecasts, achievement of targets, funding requirements and liquidity.

Finance review see page 38

Board Committees

The Board has three Committees of Non-Executive Directors; the Audit, Remuneration and Nomination Committees, each operating within defined terms of reference which are reviewed annually by the Board and which are available on written request and on the Company's website: www.londonmetric.com.

The Audit and Remuneration Committees are composed entirely of Independent Non-Executive Directors. The Nomination Committee includes the Chairman who is not considered to be independent but his attendance is permitted by the Code. The Company Secretary acts as secretary to each Committee. The Chairman of each Committee reports the outcome of meetings to the Board.

Board and committees membership and attendance

The Board has a regular schedule of meetings together with further ad hoc meetings as required to deal with transactional matters. Non-Executive Directors are encouraged to communicate directly with the Executive Directors and senior management between scheduled Board meetings, as part of each Director's contribution to the delivery of strategy.
The following table shows Directors' attendance at Board and Committee meetings they were eligible to attend during the year:

Name	Appointed	Independent (Y/N)	Board	Audit Committee	Remuneration Committee	Nomination Committee
Chairman						
Patrick Vaughan	13 January 2010	N/A[3]	6 (6)			2 (2)
Executive Directors						
Andrew Jones	25 January 2013	N	6 (6)			
Martin McGann	13 January 2010	N	6 (6)			
Valentine Beresford	3 June 2014	N	5 (5)			
Mark Stirling	3 June 2014	N	5 (5)			
Non-Executive Directors						
Charles Cayzer	29 July 2010	Y	6 (6)	5 (5)	3 (3)	2 (2)
James Dean	29 July 2010	Y	6 (6)		3 (3)	
Humphrey Price[1]	29 July 2010	N	6 (6)	4 (4)		
Andrew Varley	25 January 2013	Y	6 (6)	5 (5)	3 (3)	
Alec Pelmore	25 January 2013	Y	6 (6)	5 (5)		2 (2)
Philip Watson	25 January 2013	Y	6 (6)		3 (3)	2 (2)
Rosalyn Wilton	25 March 2014	Y	6 (6)	5 (5)		
% Independent[2]			60%	100%	100%	100%

1 Retired from Audit Committee on 18 November 2014 and from the Board on 31 March 2015 and attended all meetings eligible to attend
2 As at the date of this report
3 Provision B.1.1 of the Code regarding independence is not appropriate in relation to the Chairman
Bracketed numbers indicate the number of meetings the member was eligible to attend.

Board activities

Day to day management of the Group is delegated to the Executive Directors, subject to formal delegated authority limits. Certain matters are reserved for consideration by the full Board, which are reviewed and updated annually and include the following:

- Setting and monitoring of overall strategy
- Ensuring there are adequate resources to meet objectives
- Approving significant property and corporate acquisitions and disposals
- Approving major capital expenditure and development projects
- Approving interim and annual financial statements and dividends
- Reviewing property valuations
- Reviewing treasury and financing arrangements
- Internal control and risk management
- Reviewing corporate governance arrangements and succession planning
- Evaluating the performance of the Board and Committees
- Executive performance, retention and remuneration
- Approval of annual budgets

Board priorities in 2015/16

Implementation of business objectives in line with strategy to promote the long term success of the Company

Consider the revisions to the Code relating to the longer term going concern assumption and the requirement for a Viability Statement

Continue to improve the identification, review and reporting of business risk and mitigation strategies

Consider the provision of interim management statements

Set a base EPS target for the 2015 LTIP awards and annual bonus for the year to 31 March 2016

Succession planning for the Chairman

Keep under review appropriateness of Remuneration policy

All Directors are expected to attend all meetings of the Board and of the Committees on which they serve, and to devote sufficient time to the Company's affairs to enable them to fulfil their duties as Directors. Where Directors are unable to attend meetings, papers will be provided in advance and their comments are provided to the Board prior to the meeting.

In addition to the scheduled meetings, the Board held a dedicated off site strategy away day in March 2015 to consider the development of the Group's long term strategy and business model.

The Board delegates authority to its Committees to assist in meeting its business objectives and to maintain a sound system of internal control and risk management.

The Executive Committee meets monthly to discuss property investment/divestment, development and asset management activities and the operational management of the Group. The Executive Committee supports the Chief Executive in the delivery of strategy, the achievement of financial and operating targets and the assessment and management of business risks. There are informal meetings between the Executive Directors at other times and they are involved in all significant business discussions and decisions due to the size of the organisation.

The Executive Committee has established three sub Committees; the Investment Committee, chaired by Valentine Beresford, the Asset Management Committee, chaired by Mark Stirling and the Finance Committee, chaired by Martin McGann. These Committees comprise Executive Directors and members of the senior management team and meet at least monthly.

Non-Executive Directors

The Non-Executive Directors are a diverse group with a wide range of experience encompassing property, finance, fund management, investment and risk management and retailing. They provide a valued role by challenging aspects of executive decisions and bring independent and objective scrutiny and judgement to all matters raised and considered, ensuring that no one individual has unfettered decision making powers.

Charles Cayzer is a Non-Executive Director of Caledonia Investments Plc, a shareholder of the Company holding a 1.96% interest as at the date of this report. Charles Cayzer himself is not a shareholder in the Company and the Board is satisfied that there are procedures in place at Caledonia Investments to address this potential conflict. The Board does not believe Charles Cayzer's independence is compromised by his position and is satisfied that he is able to carry out his function as Senior Independent Director effectively. The Chairman and other Non-Executive Directors meet regularly without the Executive Directors present. During the year the Chairman met with the Non-Executive Directors individually and collectively to discuss their contribution, business matters and succession planning.

The outcome of these discussions is conveyed to the Executive Directors by the Senior Independent Director. The Senior Independent Director acts as an intermediary to the Executive Directors for the Non-Executive Directors and shareholders as required. He is available to meet with shareholders at their request to address concerns or, if other communication channels fail, to resolve queries raised. No such requests were received from shareholders in the year. The Senior Independent Director also leads the annual performance appraisal of the Chairman.

Positions held by the Non-Executive Directors are set out in their biographies on pages 58 to 59. On appointment they are advised of the likely time commitment to fulfil the role. The ability of individual Directors to allocate sufficient time to discharge their responsibilities is considered as part of the annual evaluation process undertaken by the Nomination Committee. The Board is satisfied that each of the Non-Executive Directors is able to devote sufficient time to the Company's business.

The Board delegates authority to its Committees to assist in meeting its business objectives

Non-executive directors' biographies
see page 58

Effectiveness

All Directors will stand for re-election at the forthcoming Annual General Meeting

Professional development

Training and information updates in relation to the Group's business and regulatory responsibilities is provided to the Directors through Board briefing papers, reports and seminars from advisors, presentations by senior executives and property visits. Each Director is expected to maintain his or her professional skills and take responsibility for identifying their individual training needs to ensure they are adequately informed about the Group's strategy, business and responsibilities.

Non-Executive Directors are encouraged to familiarise themselves with the Group's business through regular communications with the Executive Directors and senior management.

Re-election of Directors

All Directors are subject to election by the shareholders at the first Annual General Meeting following their appointment and in accordance with the Code and on the recommendation of the Nomination Committee all Directors will stand for re-election at the forthcoming AGM.

Governance in action: Board strategy away day

In March 2015 the Directors and certain key advisors held an off-site strategy 'away day' to consider and develop the Group's longer term business model and plan. It was also an opportunity to address succession planning and development of the senior management team below Board level.

Information flow

The Chairman, together with the Company Secretary, ensure that the Directors receive clear information on all relevant matters on a timely basis. Comprehensive reports and briefing papers are circulated one week prior to Board and Committee meetings to give the Directors time to thoroughly digest the information provided and promote an informed Boardroom debate.

The Board papers contain property, financial and risk updates as well as other specific papers relating to agenda items. The Board receives other ad hoc papers of a transactional nature at other times, circulated by e-mail, for their review and approval.

Key events throughout the year

June 2014

- Mark Stirling and Valentine Beresford promoted to the Executive Board
- Investor presentations and roadshow following full year results

September 2014

- Investor perception study undertaken by an independent research organisation on behalf of the Company

October 2014

- The Chairman became a Non-Executive Director of the Company

November 2014

- Rosalyn Wilton appointed Chairman of Audit Committee, succeeding Humphrey Price

December 2014

- Investor presentations and roadshows follow Half Year results

January 2015

- Externally facilitated Board and Committee performance evaluation

March 2015

- Humphrey Price retired as a Non-Executive Director
- Board strategy away day
- Considered 'Fair, Balanced and Understandable' assertion
- Full review of Risk Matrix and Internal Controls

Independent advice

All Directors have access at all times to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and governance regulations are complied with. The Directors may, in the furtherance of their duties, take independent professional advice at the expense of the Company. None of the Directors sought such advice in the year.

Relations with shareholders

Communication with investors is given very high priority and the Company undertakes regular dialogue with its shareholders, institutional fund managers and private wealth managers and brokers. The Chief Executive and Finance Director are the Company's principal representatives and hold meetings with institutional investors, analysts, fund managers and other interested parties throughout the year. These include results presentations, roadshows, one to one meetings, panel discussions and investor tours. The Senior Independent Director is available for shareholders to contact if other channels of communication with the Company are not available or appropriate.

During the past financial year the Company held meetings with 125 shareholders, analysts and potential investors predominantly as part of its full and half year results roadshows. The meetings comprised one to one and group meetings and included investors seen at five investor conferences.

Feedback from meetings is provided to the Board, together with any published analyst comments.

In September 2014, an investor perception study was undertaken by an independent research organisation on behalf of the Company. A select number of key investors and analysts were interviewed and feedback from the survey was considered positive and consistent with other feedback received.

Shareholders are kept informed of the Company's progress through results statements and other announcements released through the London Stock Exchange. Company announcements are made available on the website affording all shareholders full access to material information. The website is an important source of information for shareholders and includes a comprehensive investor relations section containing all RNS announcements, share price information, investor presentations and annual reports available for downloading.

Individual shareholders can raise questions directly with the Company at any time through a facility on the website and are encouraged to participate in the Annual General Meeting of the Company.

The whole Board attends and is available to answer shareholder questions at the Company's Annual General Meeting, which provides a forum for communication with both private and institutional shareholders alike. The annual report is sent to all shareholders at least 20 working days before the AGM and details of the resolutions to be proposed can be found in the Notice of Meeting on page 136. Details of the number of proxy votes for, against and withheld for each resolution will be disclosed at the meeting and in the AGM RNS announcement.

During the past financial year the Company held meetings with 125 shareholders, analysts and potential investors

Notice of Annual General Meeting
see page 136

Nomination Committee report

Charles Cayzer
Chairman,
Nomination Committee

The Committee is responsible for reviewing the size, structure and composition of the Board, including the balance of skills, knowledge, experience and independence of Board members.

Achievements

Appointment of Patrick Vaughan as a Non-Executive Chairman
Considered the reappointment of Directors at the 2015 AGM
Externally facilitated Board and Committee performance evaluation in January 2015

Member	Date appointed	Meetings attended
Patrick Vaughan	1 November 2012	2 (2)
Charles Cayzer	1 November 2012	2 (2)
Alec Pelmore	25 January 2013	2 (2)
Philip Watson	25 January 2013	2 (2)

Bracketed numbers indicate the number of meetings the member was eligible to attend.

The main area of focus for the Committee this year has been the externally facilitated Board evaluation process which took place in January 2015.

The Committee considers succession planning for Directors and other senior executive positions and reviews the leadership of the Company. It is responsible for identifying and approving candidates to fill Board vacancies using external search consultants where appropriate and for ensuring that the process is formal, rigorous and transparent. Recommendations on Committee membership changes are made to the Board.

On appointment, the Company arranges a tailored induction programme for all new Directors to help them develop an understanding of the business including its strategy, processes, people, assets, finances, risks and controls. The induction includes the provision of a detailed Company information pack, site visits and introductions to and meetings with Senior Management and advisors.

Principal responsibilities of the Nomination Committee:

- Review and evaluation of the size, structure and composition of the Board
- Make recommendations to the Board regarding Board and Committee membership changes
- Succession planning for Directors and other Senior Executives
- Identify candidates to fill Board vacancies as they arise
- Assess the time commitment required from Non-Executive Directors
- Consider the annual re-election of Directors to the Board

Composition of the Committee

Throughout the year the Committee comprised the Chairman and three independent Non-Executive Directors and was chaired by Charles Cayzer.

Meetings and activities during the year

The Committee met twice during the year to consider and make recommendations to the Board in respect of the following:

- Independence and the appointment of Patrick Vaughan as a Non-Executive Chairman
- Composition of the Board
- The results of the externally facilitated Board evaluation
- The reappointment of Directors at the 2015 AGM
- Its own effectiveness, Terms of Reference, constitution and performance

Succession planning

Last year the Committee recommended the appointment of one new Non-Executive Director and two internally promoted Executive Directors to the Board.

Following the appointment of Patrick Vaughan as Non-Executive Chairman and the retirement of Humphrey Price as a Non Executive Director, the Committee considered and discussed the size of the Board, the balance of skills and split of Executive and Non-Executive Directors. It concluded that the remaining Non-Executive Directors had the necessary complement of skills to ensure there was appropriate debate and challenge at Board meetings and the composition met the requirements of the Code.

Diversity

The Nomination Committee acknowledges all aspects of diversity including gender, ethnic origin, age, business skills and experience throughout the Company at every level of recruitment.

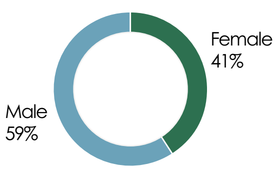
The Board is committed to a culture that attracts and retains talented individuals to deliver outstanding results and as part of this it promotes diversity across a range of criteria including skills, knowledge, experience, gender and ethnicity.

All appointments to the Board and Senior Management team are made on merit alone. The Board believes that an appointment on any other basis would not be in the best long-term interests of the Company.

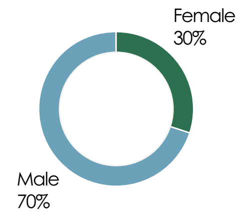
It supports the Davies Report recommendations to promote greater female representation. It does not consider, given the size of the Company and Board, that diversity quotas are appropriate in determining its composition and has not set targets. However, there is an ongoing commitment to strengthen female representation at Board level which will be kept under review in light of the requirements for Board succession and development.

The Company supports flexible working practices for employees on a case by case basis, as utilised by 5 of the total 34 employees at the year end excluding Non-Executive Directors.

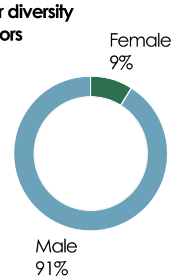
Gender diversity – employees



Gender diversity – senior management



Gender diversity – directors



Governance

The Board commissioned Law Debenture to facilitate its performance review in January 2015

Board performance and evaluation

Last year the Board committed to undertake an externally facilitated evaluation of its performance and of its Committees to ensure each continues to operate effectively.

The Board commissioned Law Debenture to facilitate its performance review in January 2015 following a formal tender process in which three firms were short listed and made written submissions and presentations to the Chairman and Financial Director. Law Debenture had no former connection with the Company.

The Nomination Committee considered the submissions and recommended the appointment of Law Debenture to the Board.

The process involved the Directors and Company Secretary completing an online questionnaire followed by a series of one to one interviews and the observation of a full Board meeting. The findings were fed back to the Board and were tabled at the Nomination Committee and Board meetings in March 2015.

The questionnaire and subsequent discussions centred around the components of good governance and reflected the following key themes and findings:

Theme	Findings
Board administration	
Agenda, time allocation, provision of information, schedule of meetings, unexpected business	• Agendas prioritise the right topics • Sufficient preparation time • Comprehensive, thorough and succinct Board papers • Excellent response to ad hoc transactional issues dealt with outside of scheduled meetings
Board composition	
Committees, balance of skills, diversity, size, appointment process, contribution of directors, succession, tenure	• Appropriate size and mix of skills • Future consideration of appropriate skills for changing nature of business • Long working relationships of Directors • Sufficient diversity, committed to promoting diversity at all levels of recruitment
Style of the Board	
Challenge, balance of power, opinions of Directors, issues addressed, leadership of the Chairman	• High degree of mutual respect amongst Board members • No inhibitions to individual contributions • Issues tackled head on • Successful and constructive challenge by Non-Executive Directors of Executive proposals, viewed in a positive light • Appropriate allocation of time to key issues • Good facilitation and summation of Boardroom debate by Chairman
Relationship with management	
Contact with and support from management team, communication between meetings	• Informal meetings with the Executive team and senior management are encouraged and seen as helpful • Good governance on formal decision making • Chairman keeps abreast of developments between Board meetings • Board is updated on regulatory issues
Relationships with shareholders	
	• Regular and open communications with shareholders • Chief Executive devotes a considerable amount of time to ensuring shareholders are engaged and informed

Overall the report produced by Law Debenture judged the Board to be well led and administered with the timely delivery of information and the necessary complementary skills required to monitor performance, challenge management, promote debate and develop strategy.

The Chairman was commended for good leadership both in and out of meetings, for ensuring all Board members contributed to discussions and effectively summarising debate and decisions. The atmosphere in Board meetings was considered respectfully constructive and appropriately challenging of Executive proposals.

The Directors were unanimous in their view that the Board was operating effectively, was the right size and had the required balance of skills and expertise and operated within a climate of trust and transparency.

Potential areas for consideration in 2015/16 highlighted in the report included the following:

- Succession planning for the Chairman
- Consideration of skills required for new appointments given the changing nature of the business and customer base
- Continue to promote diversity at all levels
- Consider the ongoing independence of Non-Executive Directors

In addition to the Board evaluation, the Chairman's performance review was undertaken by the Senior Independent Director who concluded that the Chairman's leadership was of a high standard.

The Board is committed to undertake an annual internal review of its performance and an externally facilitated review every three years.

Re-election of Directors

Following the Board evaluation and appraisal process the Committee concluded that each of the Directors seeking re-election continues to make an effective contribution to the Board and has the necessary skills, knowledge and experience to enable them to discharge their duties properly.

The Committee specifically considers the time commitment required and other external appointments and commitments they already have. Before taking on any additional external commitments Directors must seek prior agreement of the Board to ensure possible conflicts of interest are identified and to confirm they will continue to have sufficient time available to devote to the business of the Company.

The Board, following the advice of the Committee, recommends the re-election of each Director at the forthcoming AGM.

Charles Cayzer
Chairman, Nomination Committee

2 June 2015

Overall the report produced by Law Debenture judged the Board to be well led and administered

Audit Committee report

Rosalyn Wilton
Chairman of Audit Committee

The role of the Audit Committee is to monitor and report to the Board on financial reporting, the system of internal controls and risk management and the performance, independence and effectiveness of the external audit process. The Committee follows an annual programme to ensure it gives thorough consideration to matters of particular importance.

Achievements

Appointed Rosalyn Wilton as Chairman of the Committee in November 2014 following the retirement of Humphrey Price, the former Chairman

Heightened its review of the procedures in place to ensure that the Annual Report is fair, balanced and understandable

Considered amendments to the Code governing the ongoing monitoring and management of risk

Members of Committee

Members	Date appointed	Meetings attended
Humphrey Price[1]	1 October 2010	4 (4)
Charles Cayzer	1 October 2010	5 (5)
Andrew Varley	25 January 2013	5 (5)
Alec Pelmore	25 January 2013	5 (5)
Rosalyn Wilton	25 March 2014	5 (5)

[1] Retired on 18 November 2014
Bracketed numbers indicate the number of meetings the member was eligible to attend.

Biographies of Committee members
see page 58
Directors' responsibilities statement
see page 94

This year the Committee has heightened its review of the procedures in place to ensure that the Annual Report and Accounts is fair, balanced and understandable and has considered the amendments to the Code governing the ongoing monitoring and management of risk which will become mandatory next year.

The Board asked the Committee to advise on the statement by the Directors that the annual report, when read as a whole, is fair, balanced and understandable and provides the requisite information for shareholders to assess the Group's performance and business strategy.

To provide additional support to the Board in making this statement the Committee monitored an enhanced review and verification process of the Annual Report and Accounts undertaken by senior management and provided confirmation to the Board that this process was both followed and effective. Further details of this process are provided on page 73. The Committee was satisfied that taken as a whole the 2015 report is fair, balanced and understandable and confirmed this to the Board, whose statement in this regard is set out on page 94.

Membership

The Committee currently comprises four Non-Executive Directors and is chaired by Rosalyn Wilton. Humphrey Price was an additional member and chaired the Committee until his resignation in November 2014.

Members have no day to day involvement with the Company or links with the external auditor.

The Board is satisfied that Rosalyn Wilton brings recent and relevant financial experience as required by the UK Corporate Governance code as Chairman of the Risk Committee at AXA UK Limited and former Remuneration Committee Chairman of Optos Plc. Humphrey Price was the nominated member during his time as Chairman of the Committee. Biographies of the Committee members which set out the relevant knowledge and experience they bring can be found on pages 58 to 59.

Activities during the year

During the year, the work undertaken by the Committee has included the following:

- Considered and discussed with the external auditors at the audit planning meeting the key accounting treatments and significant reporting judgements in advance of the preparation of interim and annual results
- Reviewed interim and annual financial statements prior to submission to the Board, including consideration of key accounting issues and areas of significant judgement, compliance with statutory obligations and accounting standards and consistency throughout the report
- Reviewed management systems in place to ensure the integrity of the financial information
- Reviewed the processes undertaken to ensure that the Board is able to confirm that the annual financial statements are "fair, balanced and understandable"
- Met the independent property valuers to discuss the interim and annual portfolio valuations on a property by property basis
- Assessed the effectiveness of the external auditor which included reviewing their independence, objectivity, terms of engagement, the scope of their audit, remuneration, tenure and effectiveness of the audit process
- Reviewed the performance of the external auditor and recommended their reappointment to the Board
- Monitored the level of non audit fees and the scope of non audit services provided in the year
- Considered the need for an internal audit function and concluded it was unnecessary at present, given the size and complexity of the business, but agreed to keep the matter under regular review
- Reviewed and challenged the Group's internal controls and risk management systems, whistle-blowing arrangements and procedures for detecting and preventing fraud and bribery
- Considered the appropriateness of the going concern assumption
- Reviewed its own effectiveness, Terms of Reference, constitution and performance
- Reviewed and approved the Audit Committee Report

The Committee met five times last year, with meetings aligned to the Company's financial reporting timetable

Meetings

The Committee met five times last year, with meetings aligned to the Company's financial reporting timetable. Meetings are attended by the Committee members and, by invitation, the Group's external auditor, independent property valuers (CBRE Ltd and Savills Advisory Services Limited), the Finance Director and senior management. Time is allocated for the Committee to meet the external auditor and property valuers without management present. In addition, the Committee Chairman has separate and ad hoc meetings with the audit partner. Members' attendance at meetings is set out in the table on page 70.

The May and November meetings are scheduled to precede the approval and issue of the full and half year financial reports. Separate meetings are held, without management present, with the Company's property valuers to challenge the valuation process and review their independence. At the March meeting the Committee reviewed risk management and internal control processes and considered the year-end audit plan.

The Committee is satisfied that it receives sufficient, reliable and timely information from management to allow it to fulfil its obligations.

Audit Committee attendance
see page 70

The Committee monitors the integrity of the financial information published in the interim and annual statements and considers the extent to which suitable accounting policies have been adopted, presented and disclosed

Financial reporting and significant judgements

The Committee monitors the integrity of the financial information published in the interim and annual statements and considers the extent to which suitable accounting policies have been adopted, presented and disclosed. It pays particular attention to matters it considers to be important by virtue of their size, complexity, level of judgement and potential impact on the financial statements. The significant areas of focus considered by the Committee, discussed with the external auditor and addressed during the year were as follows:

(1) Property valuations

All of the Group's investment properties are externally valued by independent property valuers. The property valuation is a critical and significant part of the Group's reported performance and is therefore a key area of focus. Property valuations are inherently subjective and require significant judgement. The Committee met twice with the property valuers without management present to discuss the interim and annual valuations and to assess the integrity of the valuation process. The key judgements applied to individual valuations and any issues raised with management were considered and discussed.

The ERV growth and yield compression assumptions on individual buildings were challenged and supporting market evidence was provided to enable the Committee to conclude that the assumptions applied were appropriate. They also discussed current market conditions and recent market transactions that had an impact on the valuation.

As part of their audit work, Deloitte use valuation specialists and also met with the valuers without management present. An open dialogue and exchange of information between the independent advisors took place in the year before the publication of both the interim and annual accounts. A summary of this review is provided as part of their report to the Audit Committee.

(2) Property transactions

Significant property acquisitions and disposals were reviewed to the extent that there were unusual terms and conditions of judgement in relation to timing.

The accounting treatment for corporate acquisitions was considered to ensure compliance with IFRS 3 (Business Combinations) in relation to the purchase of the Eddie Stobart Distribution Unit at Goresbrook Park in Dagenham and the Newark Distribution Unit and the sale of One Carter Lane in London. The transactions were considered to be property acquisitions and disposals in accordance with IFRS 3.

(3) Investments in joint ventures

Following the adoption of new and revised accounting standards IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, the Committee considered the existing accounting treatment for the Group's joint venture arrangements and concluded that the equity method of accounting remained appropriate given the degree of joint control and influence demonstrated by the investment partners within each arrangement at Board meetings and throughout the decision making process.

(4) Going concern

The Committee reviewed the appropriateness of the going concern assumption in the preparation of these results. It considered the Group's three-year profit and cash flow forecasts, the availability of committed debt facilities and anticipated compliance with lenders' financial covenants. All of this information is presented to the Board at each meeting as part of the Finance Director's review. In light of this review, the Committee made a recommendation to the Board that it was appropriate for the financial statements to be prepared on a going concern basis.

(5) Revenue recognition

The Committee considered the timing of recognising rental income arising on assets under development and concluded that income is appropriately recognised on completion of each development phase. The Group is currently building a distribution warehouse in Thrapston and a retail park at Kirkstall, Leeds, both of which were under development at the year-end and as such no rental income has been reflected in these financial statements.

The Group is funding a development in Warrington that accrues a return throughout the development phase which has been reflected as interest receivable.

A number of other judgements made by management were considered appropriate, including the recoverability of financial assets and the presentation of recurring and exceptional items in the income statement.

Management confirmed that they were not aware of any material mis-statements and the auditor confirmed they had not found any material mis-statements in the course of their work.

After reviewing reports from management and following its discussions with the auditor and valuers, the Committee is satisfied that the key financial judgements and estimates have been appropriately and adequately addressed by the Executive Directors, reviewed by the external auditor and reported in these financial statements.

The Committee is also satisfied that the processes used for determining the value of the assets and liabilities have been appropriately reviewed, challenged and are sufficiently robust.

Risk Management and Internal controls

The Board is responsible for establishing and maintaining the Group's system of risk management and internal control and for ensuring risk is effectively managed. It recognises that effective risk management is critical to the achievement of the Group's strategic objectives.

The principal risks and uncertainties identified by the Board and the processes in place to manage and mitigate such risks are summarised in the Risk Management section on page 43.

The system is designed to give the Board confidence that the risks are managed or mitigated as far as possible. However, it should be noted that no system can eliminate the risk of failure to achieve the Group's objectives entirely and can only provide reasonable but not absolute assurance against material mis-statement or loss.

The key elements of the internal control framework are as follows:

- A defined schedule of matters reserved for the Board's attention
- A comprehensive system of financial budgeting and forecasting
- Short-term cash flow forecasting that is updated, reviewed and considered weekly in light of investment and development opportunities
- A formal whistle-blowing policy
- An organisational structure with clearly defined roles, responsibilities and limits of authority that enable effective and efficient decision making
- Close involvement of the Executive Directors in day to day operations including regular meetings with senior management on all operational aspects of the business
- Monthly meetings of the Executive, Investment, Asset Management and Finance Committees, which assess and monitor strategic and operational risk
- The maintenance of a risk register and a financial reporting procedures memorandum, both of which identify key financial and other internal controls
- A documented appraisal and approval process for all significant capital expenditure

The Committee is satisfied that the key financial judgements and estimates have been appropriately and adequately addressed by the Executive Directors, reviewed by the external auditor and reported in these financial statements

Risk management
see page 43

The Committee has considered the proposed amendments to the Code which will become mandatory next year

The Board has delegated responsibility for reviewing the effectiveness of the risk management framework and internal control to the Audit Committee.

The Company has established processes and procedures to identify, assess and manage the significant risks it faces. The Executive Directors and Senior Management review and document the key strategic, economic, transactional and financial risks facing the business in a risk register which identifies the likelihood and impact of the risk along with movements in the Group's exposure to the risk since the last review. The key controls in place to manage and minimise such risks are reviewed and documented.

The Committee conducted its review in March 2015 and considered reports provided by the Finance Director, senior management and the external auditor.

A detailed internal control evaluation questionnaire and risk assessment matrix was completed by management and reviewed by the Committee. The risk register identified key risks and the management and operational framework in place to address, monitor and minimise the key risks. The Committee reported their findings to the Board.

The requirement for a dedicated internal control function was reviewed by the Audit Committee during the year and was not felt to be necessary or appropriate given the size and structure of the Group and close day to day involvement of the Executive Directors. This is kept under regular review.

The Audit Committee is satisfied that there are no material weaknesses in the Group's internal control structure and an effective risk management system is in place.

The Committee has considered the proposed amendments to the Code which will become mandatory next year relating to the monitoring of risk and has recommended the introduction of a standing agenda item at future Board meetings to consider the principal risks facing the business and review the risk dashboard.

Fair, balanced and understandable

At the request of the Board, the Audit Committee considered whether the 2015 Annual Report and Accounts was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Group's performance, business model and strategy. The Audit Committee is satisfied that the Annual Report and Accounts meet this requirement. In reaching this decision the Committee assessed the well established and robust reporting process which consisted of the following:

- Clear guidance was issued to all contributors at the start of the process
- Regulatory updates were provided by and discussed with the external auditor as part of a technical briefing workshop attended by relevant staff in January
- Individual sections of the annual report were drafted by appropriate senior management, who met regularly to review consistency
- Draft sections were reviewed by the relevant Executive Directors who were closely involved in the initial drafting process
- A full verification exercise to ensure factual accuracy was undertaken
- The final draft report was reviewed by the Audit Committee and discussed with the Finance Director and Senior Management before being presented for Board approval
- Final sign off was given by the Board of Directors

External audit

Deloitte LLP was appointed as external auditor following a formal tender process in 2013. Current UK regulations require rotation of the lead audit partner every five years and a formal tender of the auditor every ten years. The Committee is supportive of these regulatory requirements.

The Committee has assessed the performance, independence and objectivity of the external auditor through discussions with the Finance Director and senior management team and through a review of the audit deliverables.

In making this assessment the Committee considers the qualifications, expertise and resources of the audit partner and team as well as the quality of the audit deliverables. It reviewed the extent to which the audit plan was met, the level of independent challenge provided and the depth of understanding and review of key accounting judgements. The Committee also considered the interaction with senior management in the audit process, focusing on the early identification and resolution of issues and judgements and the quality and timely provision of draft accounts for review. It recognises the importance of auditor objectivity and has reviewed the level of non audit fees as noted in the table below to ensure their independence was not compromised. It took into account the fact that taxation services and advice is provided separately by PwC and corporate due diligence work is undertaken by BDO LLP.

Audit and non-audit fees to Deloitte

Year to 31 March	**2015 £000**	2014 £000
Audit fees including related assurance services	**183**	203
Non-audit fees	**2**	20
Total	**185**	223

The Company's policy governing the provision of non-audit services considers each appointment on a case by case basis. Taxation, valuation, due diligence and remuneration services are generally provided by other agencies but other advisory services, including but not limited to taxation, REIT compliance and regulatory and shareholder circulars, may be undertaken by the external auditor given their knowledge of the Group's business. The Executive Directors can authorise an engagement up to a fee limit of £100,000, above which the engagement is referred to the Audit Committee for review and approval. Deloitte LLP has confirmed to the Audit Committee that they remain independent and have maintained internal safeguards to ensure the objectivity of the engagement partner and audit staff is not impaired.

Having undertaken its review, in the opinion of the Audit Committee, the relationship with the auditor works well, the audit process is effective and the auditor remains independent and objective. It has recommended to the Board that a resolution is proposed at the forthcoming AGM to re-appoint Deloitte LLP as the Company's and Group's auditor.

Rosalyn Wilton

Rosalyn Wilton
Chairman of the Audit Committee

2 June 2015

The relationship with the auditor works well, the audit process is effective and the auditor remains independent and objective

Remuneration Committee Report

James Dean
Chairman of the Remuneration Committee

The role of the Remuneration Committee is to determine and maintain a fair reward structure that incentivises Directors to deliver the Group's strategic objectives whilst maintaining stability in the management of its long-term business.

Members of Committee

Member	Date appointed	Meetings attended
James Dean	1 October 2010	3 (3)
Charles Cayzer	1 October 2010	3 (3)
Philip Watson	25 January 2013	3 (3)
Andrew Varley	30 May 2013	3 (3)

Bracketed numbers indicate the number of meetings the member was eligible to attend.

Total remuneration for Executive Directors

	Salary £000	Benefits £000	Pension £000	Bonus £000	Total £000
Patrick Vaughan	203	20	31	161	415
Andrew Jones	490	24	74	579	1,167
Martin McGann	322	27	48	317	714
Valentine Beresford	336	24	50	334	744
Mark Stirling	336	24	50	334	744

For further details see page 83

Annual bonus outcome – financial targets

	Payout target			Actual Performance	% awarded
	25%	50%	100%		
Adjusted EPRA EPS	7.06p	7.13p	7.25p	7.45p	100%
TPR	16.6%	18.3%	19.9%	17.5%	39%

For further details see page 83

Annual bonus outcome – bonus payments

	Bonus % of maximum	Bonus % of salary	Total bonus £000
Patrick Vaughan	78%	78%	161
Andrew Jones	78%	118%	579
Martin McGann	78%	98%	317
Valentine Beresford	78%	98%	334
Mark Stirling	78%	98%	334

For further details see page 85

LTIPs awarded

	Number of shares	Face value of award £000
Andrew Jones	575,102	787
Martin McGann	294,852	404
Valentine Beresford	310,491	425
Mark Stirling	310,491	425

For further details see page 85

Chairman's introduction

Last year for the first time under the new regulations on Directors' remuneration, the Company's remuneration policy which sets out the framework for executive remuneration was tabled for approval by shareholders at the AGM in July 2014 and received 99% of votes in favour of the proposals.

There are no changes proposed to the policy for the year ahead.

Overview of Policy

A summary of the policy table is set out on pages 78-81 and the full policy is available on the Company's website.

The overriding objective is to operate a fair and transparent remuneration policy which motivates and retains individuals of the highest calibre and rewards the delivery of the Group's key strategic priorities, long-term growth and attractive shareholder returns.

The principles which underpin the Company's Remuneration Policy ensure that Executive Directors' remuneration:

- Is aligned to the business strategy and achievement of business goals
- Is aligned with the interests of shareholders by encouraging high levels of share ownership
- Attracts, motivates and retains high calibre individuals
- Is competitive in relation to other comparable property companies
- Is set in the context of pay and employment conditions of other employees

Performance during 2015

This has been another successful year for the Company with growth in the key strategic metrics of EPRA earnings and EPRA net asset value. EPRA earnings per share has increased by 57% to 6.6p and EPRA NAV per share by 16% to 140.6p. Group like-for-like net rental income increased by 2.9% and the Group's total property return of 17.5% outperformed the IPD Quarterly Universe Index reweighted to the Group's core assets of 16.6% by 0.9%.

Shareholders are starting to see the benefits of the Group's repositioning away from offices and Central London residential into the retailer-led distribution sector which has led to a strong growth in earnings. Non core assets have been divested as well as assets from the core retail portfolio where initiatives have completed to take advantage of strong liquidity in the out of town retail sector.

Sales proceeds have been recycled into new investment opportunities in core sectors and through the development pipeline.

This strong performance has been taken into account when considering the variable elements of remuneration. The Committee has calculated annual bonuses for the Executive Directors to be at 78% of their respective maximum levels.

Delivery of long-term growth in shareholder value is rewarded through the Group's LTIP arrangements and the Executive Directors already hold and are encouraged to retain significant shareholdings to align their interests with those of shareholders (see table on page 87. LTIP awards over 1,490,936 shares were granted to the Executive Directors in the year. None of the LTIP awards or deferred bonus shares were due to vest in the year under review.

The Chairman became a Non-Executive Director on 1 October 2014 and his remuneration was reduced to a fee of £320,000 per annum, fixed to 31 March 2016. His bonus in the year relates to his performance in an executive capacity in the first six months of the year.

Implementation of policy for 2016

The Committee approved salary increases of 2% for the Executive Directors, effective from 1 June 2015 which are lower than the increases for employees generally.

The Annual Remuneration Report which follows on pages 82 to 90 is subject to an advisory vote at the 2015 Annual General Meeting.

James Dean

James Dean
Chairman

2 June 2015

Summary of Remuneration policy

The remuneration policy for the Group was approved by the shareholders at the 2014 AGM. There have been no changes to the policy this year. For information purposes only a summary of the Remuneration Policy is represented with changes made to reflect page references and irrelevant prior year information.

It should be noted that the Chairman ceased to be executive on 1 October 2014, at which time he became a Non-Executive Chairman.

The full report is available on the Company's website at www.londonmetric.com.

Executive Directors' remuneration

Base salary	
Purpose and link to strategy	Provide a competitive level of fixed pay to attract and retain Directors of the required calibre to deliver the Group's strategy. Level of pay reflects individuals' skills, seniority and experience and complexity of the role.
Operation	Normally reviewed annually with changes effective from 1 June, with reference to inflation, responsibilities, performance and market rates. In determining the base salary, consideration is given to pay increases for other employees and for other comparable property companies.
Maximum opportunity	The Committee considers average wage increases across the Group, prevailing rates of inflation, the Directors' development, performance and role, and comparable market data. In normal circumstances the Directors' salaries will not increase by more than the range offered to the wider workforce. However, larger increases may be offered if there is a material change in the size and responsibilities of the role (which covers significant changes in Group size and/or complexity) or if it is necessary to remain competitive to retain a Director.
Performance measures	The Directors are subject to an annual performance assessment, the outcome of which is taken account of in setting base salaries.

Annual bonus	
Purpose and link to strategy	Incentivise the achievement of annual financial targets consistent with the Group's business plan for the relevant financial year with particular focus on total property return (TPR) and EPRA earnings per share as well as the delivery of agreed personal objectives. Partial award in shares aligns interests with shareholders.
Operation	Annual performance targets are set by the Committee at the start of the financial year linked to the Group's long-term strategy of growth in EPRA earnings per share and TPR. At least half of the bonus will be linked to the key property and financial metrics. Non financial targets are set to measure individual personal performance and contribution to the achievement of portfolio management initiatives and other operational management objectives. The annual bonuses for the Chief Executive and other Executive Directors will be paid 50% in cash and 50% in deferred shares, which will vest in three equal instalments over three years and will be subject to continued employment, save as in the leaver circumstances described in the Payment for loss of office section of this policy. The bonus for the Executive Chairman will be paid 100% in cash due to his existing substantial shareholding in the Group. No further performance conditions apply and dividend equivalents are paid out at the end of each vesting period. The Committee has the discretion to exercise standard clawback provisions to share-based elements of the bonus in the event of gross misconduct or material mis-statement in the accounts.
Maximum opportunity	The maximum bonus limit is capped at 200% of base salary. Within this limit, the following individual limits currently apply: • 100% of salary for the Executive Chairman role • 150% of salary for the Chief Executive • 125% of salary for the other Executive Directors If the Committee wishes to increase these within the maximum bonus limit, then it would first consult with leading shareholders and their representative bodies.
Performance measures	The Committee will set challenging annual targets consistent with the Group's business strategy that are appropriately stretching, but achievable. Performance is assessed against target financial and non financial measures which may vary each year depending on the annual priorities of the business. At least half of the bonus payment is subject to financial and/or property performance targets. There is no payment in respect of TPR if it is negative. The Committee retains discretion to amend the vesting level where it considers it to be appropriate but not so as to exceed the maximum bonus potential.

Long-term incentives

Purpose and link to strategy	Incentivise and reward the delivery of long-term Group performance and sustained growth in line with business strategy, thereby building a shareholding in the Group and aligning Directors' interests with shareholders'.
Operation	The LTIP rules were approved by the shareholders at the 2013 AGM. Awards made are discretionary and vesting is dependent upon the achievement of performance conditions over three years starting at the beginning of the financial year in which the award is made. If employment ceases during the vesting period, awards will normally lapse, save in the leaver circumstances as described in the Payment for loss of office section of this policy. Awards granted are subject to clawback conditions in the event of gross misconduct or material mis-statement in the accounts. Awards include dividend equivalent (in cash or shares) in lieu of dividends forgone between the day of grant and the vesting of the award based on the number of shares which have vested.
Maximum opportunity	Maximum overall limit on LTIP awards of 200% of salary. Within this limit, the following current individual caps apply: • 175% of basic salary for the Chief Executive • 140% of basic salary for other Executive Directors. If the Committee wishes to increase these within the maximum policy limit then it would first consult with leading shareholders and their representative bodies The Chairman has a very significant shareholding in the Company and will not receive awards under the LTIP.
Performance measures	The Committee will review the appropriateness of performance measures on an annual basis and set challenging targets consistent with the business strategy. This review may result in changes to weightings or the introduction of new measures which are more closely aligned to the Group's business strategy at the time. At present, two measures apply as follows: 75% of any award is subject to a total shareholder return (TSR) exceeding the index of the FTSE 350 Real Estate Companies TSR and 25% of any award is on the basis of EPRA EPS growth versus RPI. The Committee retains the discretion to amend the performance conditions and/or weightings of each of the future awards.

Pension

Purpose and link to strategy	Provide a competitive post-retirement benefit to attract and retain individuals.
Operation	The pension allowance is a 15% monthly contribution to the Executive Director's individual personal pension plan or taken as a cash equivalent. Salary sacrifice arrangements can apply.
Maximum opportunity	The maximum contribution is 15% of salary. No element other than base salary is pensionable.
Performance measures	None.

Benefits

Purpose and link to strategy	Provide a comprehensive and competitive benefit package to aid recruitment and the retention of high quality executives.
Operation	Each Executive Director receives the following: • Car allowance • Private medical insurance • Life insurance • Permanent health insurance The Committee may wish to offer Executive Directors other benefits on broadly similar terms as other employees.
Maximum opportunity	Car allowance is £20,000 per annum for each Executive Director. Other benefits are provided at the market rate and therefore the cost will vary from year to year based on the cost from third party providers (e.g. reflecting changes in insurance premiums).
Performance measures	None.

Non-Executive Directors' remuneration

Fees and benefits

Purpose and link to strategy	To attract and retain suitably qualified Non-Executive Directors by ensuring fees are competitive. Non-Executive Directors are not eligible to receive benefits other than travel, hospitality related or other incidental benefits linked to the performance of their duties as a Director.
Operation	Normally, fees payable are reviewed annually by the Board and reflect the time commitment and responsibility taken by them. Where appropriate, the Board considers fees paid by comparative companies of similar scale.
Maximum opportunity	Increases may be greater than those of Company employees in a particular year (in percentage terms) given the periodic nature of increases and changes in responsibilities or time commitments. The maximum level of fees set out in the Articles of Association for Non-Executive Directors is currently £1,000,000 per annum.

Notes: The Committee will operate the Company's incentive plans according to their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards. These include making awards and setting performance criteria each year, dealing with leavers, adjustments to awards and performance criteria following acquisitions, disposals, changes in share capital and to take account of the impact of other M&A activity.

The Committee also retains discretion within the policy to adjust the targets, set different measures and/or alter weightings for the annual bonus plan and, in exceptional circumstances, under the rules of the long-term incentive plan to adjust targets to ensure that the awards fulfil their original purposes. All assessments of performance are ultimately subject to the Committee's judgement.

Any discretion exercised (and the rationale) will be disclosed in the annual remuneration report.

Recruitment remuneration arrangements

The Committee will seek to apply the same remuneration policy and principles when setting the remuneration package for a new Executive Director as listed in the policy table on pages 78 to 79.

Salary will be set at a level appropriate to the role, the experience of the Director being appointed and their current salary, and may initially be set below the perceived market rate, with phased multi-year increases (which may be above those offered to wider employees) to bring it into line with the market subject to their continued development in the role. Ongoing benefits and pension provision will be no more than that offered to Executive Directors.

The Committee may make awards on hiring an external candidate to buy out remuneration packages forfeited on leaving a previous employer. This may take the form of cash and/or share awards. The maximum payment under any such arrangement, which would be in addition to the normal variable remuneration, should be no more than the Committee considers is required to provide reasonable compensation to the incoming Director and would not exceed an estimate of the expected value being forfeited, taking into account the time period to expected vesting and any relevant performance criteria. The Committee may therefore rely on exemption 9.4.2 of the Listing Rules which allow for the grant of awards to facilitate, in exceptional circumstances, the recruitment of a Director. If an external appointment requires a Director to relocate, a relocation payment can be paid at the discretion of the Committee which it feels is reasonable and appropriate.

The maximum level of ongoing variable remuneration granted to newly appointed Directors would be in line with the existing level of variable remuneration granted to the current Executive Directors. Depending on the timing and nature of the appointment, the Committee may wish to set different annual bonus performance measures and targets to those of current Executive Directors, although this will only be in respect of the bonus year in which he/she is appointed.

The emphasis on linking pay with performance through the Company's LTIP will continue so as to align the Directors' and shareholders' interests.

In the case of an internal appointment, any pre-existing remuneration commitments would be honoured in accordance with their terms. Otherwise the policy will be consistent with that for external appointees.

New Non-Executive Directors will be appointed through letters of appointment and fees set at a competitive market level and in line with the other existing Non-Executive Directors. Letters of appointment are normally for an initial term of three years and are subject to a notice period of three months by either party.

Service contracts and payment for loss of office

The service contracts for the Executive Directors were reviewed and revised following the merger in 2013. Service contracts are terminable by either party with notice of 12 months. The Committee considers this appropriate for all existing and newly appointed Directors.

Provision for payments on termination are contained in the Directors' service contracts which stipulate that compensation is based on what would be earned by way of salary, pension entitlement and other contractual benefits over the notice period. Non-Executive Directors' appointments are normally for an initial three-year term and may be terminated on three months' notice without compensation.

The Committee will exercise discretion when calculating termination payments and will take into consideration individual and Group performance, mitigation of loss and the length of service undertaken. It believes discretion on such payments is required to recruit and retain the highest calibre Directors.

If a claim is made against the Group in relation to a termination (e.g. for unfair dismissal), the Committee retains the right to make an appropriate payment in settlement of such claims as considered in the best interests of the Group. Additional payments in connection with any statutory entitlements (e.g. in relation to redundancy), departing Directors' legal fees and out placement services may be made as the Committee deems reasonable and as required.

If the departing Director is deemed a "good leaver", i.e. if he or she dies or leaves employment through illness, injury or disability, retirement, sale of the Company, or for any other reason approved by the Committee, a discretionary bonus may be payable for the period worked, subject to the achievements of the relevant performance condition. Deferred shares which have not vested shall vest although the vesting of share awards under the Group's LTIP is not automatic and the Committee would retain discretion to allow partial vesting depending on the extent to which performance conditions had been met and the length of time the awards had been held.

Shareholding guidelines

The remuneration policy places significant importance on aligning the long-term interests of shareholders with those of management by long-term incentives and share awards. The share ownership guidelines for the Executive Directors encourage them to build up a shareholding in the Company over a five-year period equivalent to at least four years' salary.

Other directorships

Executive Directors are permitted to accept external, non-executive appointments with the prior approval of the Board where such appointments are not considered to have an adverse impact on their role within the Group. Fees earned may be retained by the Director. There were no new appointments in the year. Andrew Jones is a Non Executive Director of Unite Plc and earned fees of £43,275 in the year to 31 March 2015.

Annual remuneration report

Set out below is the Annual Remuneration Report for the year ending 31 March 2015 which provides details of how the remuneration policy was applied. It is subject to an advisory vote at the forthcoming AGM and complies with UK Corporate Governance Code, Listing Rules and the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations.

The role of the Remuneration Committee

The Committee determines Directors' remuneration in accordance with the approved policy and its terms of reference, which are reviewed annually by the Board and are available on the Company's website: www.londonmetric.com.

The Committee's responsibilities include the following:

- Setting and reviewing the Group's overall remuneration policy and strategy
- Determining and reviewing individual remuneration packages
- Determining and reviewing the rules for the Long-Term Incentive Plan (LTIP) and Deferred Bonus Plan arrangements
- Approving salaries, bonuses and share awards for the Executive Directors

The Board recognises that it is ultimately accountable for executive remuneration but has delegated this responsibility to the Committee. All Committee members are Non-Executive Directors of the Company, which is an important pre-requisite to ensure Executive Directors' and senior executives' pay is set by Board members who have no personal financial interest in the Company other than as potential shareholders. The Committee meets regularly without the Executive Directors being present and is independently advised by New Bridge Street (a trading name of Aon plc), a signatory of the Remuneration Consultants' Code of Conduct and who has no connection with the Group other than in the provision of advice on executive and employee remuneration matters. For the financial year under review, total fees paid to New Bridge Street were £39,265 (including design, operation and administration of remuneration policy). No Executive Director is involved in the determination of his own remuneration and fees for Non-Executives are determined by the Board as a whole.

The Company Secretary acts as secretary to the Committee and the Chief Executive and Finance Director attend meetings by invitation but not meetings at which their own pay is being discussed.

The Chairman reports to the Board on proceedings and outcomes following each Committee meeting. The Committee met on three occasions during the year.

Activities during the year

The main activities of the Committee during the year and to the date of this report were as follows:

- Reviewed the remuneration policy set last year to ensure no changes were required
- Reviewed emerging best practice with remuneration advisor
- Approved Executive Directors' share awards under the LTIP following the announcement of the Company's results for the year ended 31 March 2014.
- Set a base EPS target for the 2014 LTIP awards and annual bonus for the year to 31 March 2015
- Assessed the performance of Executive Directors against targets set and determined annual bonuses for the year
- Reviewed and approved annual salary increases effective from 1 June 2015 and reviewed against pay increases within the wider workplace
- Reviewed its own effectiveness, Terms of Reference, constitution and performance
- Reviewed and approved the Remuneration Committee Report

Single total figure of remuneration for each Director (audited)

	Salary and fees		Taxable benefits[1]		Pension benefits[2]		Annual bonus[3]		Total	
Director	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Executive										
Patrick Vaughan[6]	**203**	400	**20**	20	**31**	60	**161**	362	**415**	842
Andrew Jones	**490**	480	**24**	24	**74**	72	**579**	720	**1,167**	1,296
Martin McGann[4]	**322**	315	**27**	27	**48**	39	**317**	332	**714**	713
Valentine Beresford[5]	**336**	–	**24**	–	**50**	–	**334**	–	**744**	–
Mark Stirling[5]	**336**	–	**24**	–	**50**	–	**334**	–	**744**	–
Non-Executive										
Patrick Vaughan[6]	**160**	–	**–**	–	**–**	–	**–**	–	**160**	–
Charles Cayzer	**60**	60	**–**	–	**–**	–	**–**	–	**60**	60
James Dean	**60**	59	**–**	–	**–**	–	**–**	–	**60**	59
Alec Pelmore	**50**	50	**–**	–	**–**	–	**–**	–	**50**	50
Humphrey Price[7]	**57**	60	**–**	–	**–**	–	**–**	–	**57**	60
Andrew Varley	**54**	50	**–**	–	**–**	–	**–**	–	**54**	50
Philip Watson	**50**	50	**–**	–	**–**	–	**–**	–	**50**	50
Rosalyn Wilton[8]	**53**	1	**–**	–	**–**	–	**–**	–	**53**	1

1 Taxable benefits include the provision of a car allowance and private medical insurance
2 Pension contribution is 15% of salary (excluding any salary sacrifice) and may be taken partly or entirely in cash
3 Annual bonus payable in respect of the financial year ending 31 March 2015 paid 50% in cash and 50% in deferred shares except for Patrick Vaughan's bonus which was paid fully in cash
4 Salary sacrifice arrangements in place in 2014 whereby additional pension contributions are paid in lieu of salary
5 Appointed to the Board on 3 June 2014. The remuneration disclosed represents earnings for the full year to 31 March 2015
6 Patrick Vaughan was Executive Chairman until 30 September 2014 and received total remuneration of £415,000 in respect of that period. For the remainder of the financial year he was a Non-Executive Chairman and received total remuneration of £160,000 in respect of that period
7 Retired from the Board on 31 March 2015 and from the Audit Committee on 18 November 2014
8 Appointed to the Board on 25 March 2014. Audit Committee Chairman from 18 November 2014

Annual bonus outcome for the year ended 31 March 2015

The annual bonus performance targets set for the year to 31 March 2015 and the assessment of actual performance achieved is set out in the table below.

The proposed bonus is included in the single figure of remuneration and the 50% cash element will be paid in June 2015.

Bonus awards are based 70% on the Company's financial performance and 30% on the individual's contribution in the year. The financial performance element measures growth in adjusted EPRA EPS and Total Property Return relative to the IPD Quarterly Universe Index re-weighted to the Company's core portfolio. In determining the base EPRA EPS target, the Committee looks to maintain consistency with longer term incentive targets but is mindful of shorter term strategic priorities and responses to changing market conditions. The Committee exercised its discretion to take into account development income earned but not fully flowing in the calculation of adjusted EPRA EPS.

Group financial targets

Performance Measure	Weighting	Basis of Calculation		Range		Maximum	Actual performance	% awarded
			(0%)	(25%)	(50%)	(100%)		
Adjusted EPRA EPS	35%	Growth in EPRA EPS against a challenging base target	7.0 p – Base target plus RPI	7.06p – Base target plus RPI plus 1%	7.13p – Base target plus RPI plus 1%	7.25p – Base target plus RPI plus 2.67%	7.45p	100%
Total property return (TPR)	35%	Growth in TPR against IPD Quarterly Universe index for the core portfolio	0% – Positive growth	16.6% – TPR matches index	18.3% – TPR is 1.1 times index	19.9% – TPR is 1.2 times index	17.5%	39%

Governance

Individual non financial targets

Executive Directors' non financial targets accounted for 30% of the maximum bonus award. Personal objectives were aligned to the delivery of the Group's key strategic objectives. The Committee felt that all Executive Directors had fully achieved their individual personal objectives and approved the maximum level of payout.

The table below outlines the key personal objectives set and the Committee's assessment for each of the Executive Directors for the 2014/15 annual bonus:

Director	Objective	Assessment
Patrick Vaughan	Manage the evolution of the Board post merger to ensure its continued efficiency and effectiveness and manage personal transition to Non-Executive Chairman	Significant Board changes implemented in the year
Andrew Jones	Transition to a total return model Sell down of non core assets Continue to lengthen and strengthen our income profile Continued improvement in the personnel to ensure team is fit for purpose Improve and strengthen relationships with key stakeholders – shareholders, joint venture partners, analysts Position Company as leading investor and 'partner of choice' in logistics	90% invested in core sectors Contracted income increased by £7.6 million Held meetings with 125 shareholders, analysts and potential investors
Martin McGann	Secure longer term and cheaper financing with increased asset management flexibility Deliver the Risk Management/Corporate Governance agenda to the increasing satisfaction of stakeholders Deliver on target financial results Ensure fit for purpose corporate, financial and funding support to our investment, development and asset management activities Enhanced property/financial integration	New unsecured debt finance of £400 million completed in April 2015 increasing maturity to 6.2 years and lowering cost to 3.4% Strong financial results achieved with a 57% increase in EPRA earnings per share
Valentine Beresford	Reposition portfolio into core sectors – distribution and out of town retail Sell down of non core and underperforming assets Further integration of team Maximise yield arbitrage between acquisitions and disposals Increase the Company's development exposures Position Company as 'partner of choice' amongst vendors and agents	90% invested in core sectors. £182.4 million non core sales c.100 bps yield arbitrage between acquisitions and sales
Mark Stirling	Continue to grow our contracted rental income through active asset management programme Increased focus on developments and delivery Continue to lengthen and strengthen the income profile Maintain high occupancy Sell down of core assets that are likely to underperform Position Company as "partner of choice" amongst key retailers	Contracted income increased by £2.6 million through initiatives Committed developments of 2.0 million sq ft Occupancy of 99.7% WAULT increased to 13.1 years

Based on the performance assessments above, the resulting 2015 annual bonus payments are as follows:

	Financial objectives	Individual objectives	Total bonus	Bonus % of maximum	Bonus % of salary	Total bonus £000
Patrick Vaughan[1]	48%	30%	78%	78%	78%	161
Andrew Jones	48%	30%	78%	78%	118%	579
Martin McGann	48%	30%	78%	78%	98%	317
Valentine Beresford	48%	30%	78%	78%	98%	334
Mark Stirling	48%	30%	78%	78%	98%	334

1 For the six months to 30 September 2014 and his role as Executive Chairman

In accordance with the remuneration policy, 50% of the annual bonuses of the Executive Directors excluding the Chairman will be deferred and paid by way of shares in the Group in three equal instalments over three years and are subject to continued employment.

Deferred Bonus Plan

Half of the Executive Directors' annual bonus is taken in deferred shares which must be held for three years in an employee benefit trust subject only to continued employment. The shares vest equally over three years and dividend equivalents accrue on shares held. Income tax and employees' national insurance liabilities are payable on release based on the market value of the shares at that date.

Outstanding deferred bonus shares held by the Executive Directors are set out in the table below:

			Entitlement to Ordinary shares			
	Date of grant	Face value on grant[1] £000	At 1 April 2014	Awarded in the year	Released in the year	**At 31 March 2015**
Andrew Jones	19 June 2014	360	–	263,004	–	**263,004**
Martin McGann	19 June 2014	166	–	121,302	–	**121,302**
Valentine Beresford	19 June 2014	197	–	143,830	–	**143,830**
Mark Stirling	19 June 2014	197	–	143,830	–	**143,830**

1 Face value is the weighted average share price over the five business days immediately preceding the date of the award of 136.9p

One-third of the shares held at 31 March 2015 are expected to vest on 19 June 2015. Further shares representing 50% of the Executive Directors' bonus entitlement for the ended 31 March 2015 will be awarded in June 2015.

Long-Term Incentive Plan

Awards granted in the year to 31 March 2015 are summarised in the table below.

Director	**Basis of award (% of salary)**	**Date of grant**	**Share awards number**	**Face value per share**	**Face value of award £000**
Andrew Jones	160%	19 June 2014	575,102	136.9p	787
Martin McGann	125%	19 June 2014	294,852	136.9p	404
Valentine Beresford	125%	19 June 2014	310,491	136.9p	425
Mark Stirling	125%	19 June 2014	310,491	136.9p	425

The face value is based on a weighted average price per share, being the average share price over the five business days immediately preceding the date of the award. Awards will vest after three years subject to continued service and the achievement of performance conditions as approved by shareholders in July 2013 and as set out below:

Performance condition	Vesting Level
TSR measured against FTSE 350 Real Estate Index (75% of Award)	
TSR less than index over 3 years	0%
TSR equals index over 3 years[1]	25%
TSR between 1 and 1.5 times index over 3 years[1]	Pro rata on a straight-line basis between 25% and 100%
TSR is 1.5 times index over 3 years[1]	100%
EPRA EPS growth against a base target plus RPI (25% of award)	
Less than base plus RPI plus 3% over 3 years	0%
Base plus RPI plus 3% over 3 years	25%
Base plus RPI plus between 3% and 8% over 3 years	Pro rata on a straight-line basis between 25% and 100%
Base plus RPI plus 8% over 3 years	100%

[1] TSR must be positive over 3 years

Outstanding LTIP awards held by the Executive Directors are set out in the table below:

			Number of shares under award				
Director	Date of grant	Face value on grant	At 1.4.14	Granted in year	Vested in year	**At 31.3.15**	Performance Period
Andrew Jones	21.8.2013	114.3p	839,895	–	–	**839,895**	1.4.2013 to 31.3.2016
	19.6.2014	136.9p	–	575,102	–	**575,102**	1.4.2014 to 31.3.2017
Martin McGann	27.11.2013	131.3p	167,885	–	–	**167,885**	1.4.2013 to 31.3.2016
	19.6.2014	136.9p	–	294,852	–	**294,852**	1.4.2014 to 31.3.2017
Valentine Beresford	21.8.2013	114.3p	454,724	–	–	**454,724**	1.4.2013 to 31.3.2016
	19.6.2014	136.9p	–	310,491	–	**310,491**	1.4.2014 to 31.3.2017
Mark Stirling	21.8.2013	114.3p	454,724	–	–	**454,724**	1.4.2013 to 31.3.2016
	19.6.2014	136.9p	–	310,491	–	**310,491**	1.4.2014 to 31.3.2017

The adjusted EPRA EPS base target for the three-year performance period commencing 1 April 2013 has been set at 6.3p and for the three year performance period commencing 1 April 2014 at 7.0p. The Group's three-year financial forecast was taken into account when setting these targets along with consideration of strategic goals and priorities, proposed investment and development plans as well as previous years' results. Targets are considered challenging yet achievable in order to adequately incentivise management and are in line with the Company's strategic aim of delivering long-term growth for shareholders.

Payments to past Directors and for loss of office

There have been no payments made to retiring Directors or for loss of office in the year.

Directors' shareholdings and share interests

The beneficial interests in the ordinary shares of the Group held by the Directors and their families who were in office during the year or at the date of this report are set out below:

	31 March 2015 Ordinary shares of 10p each	31 March 2014 Ordinary shares of 10p each
Executive Directors		
Andrew Jones	**2,243,479**	2,243,479
Martin McGann	**2,341,585**	2,341,585
Valentine Beresford	**2,114,036**	2,114,036
Mark Stirling	**1,618,574**	1,592,117
Non-Executive Directors		
Patrick Vaughan	**15,277,500**	16,337,997
Charles Cayzer	**–**	–
James Dean	**20,000**	20,000
Alec Pelmore	**120,500**	120,500
Humphrey Price	**2,015,733**	2,015,733
Andrew Varley	**47,000**	47,000
Philip Watson	**174,000**	174,000
Rosalyn Wilton	**50,000**	–

There were no movements in Directors' shareholdings between 31 March 2015 and the date of this report. The shareholding guidelines recommend Executive Directors build up a shareholding in the Company at least equal to four times salary. All Executive Directors complied with this requirement at 31 March 2015 as shown in the table below and as at the date of this report. No Director had any interest or contract with the Company or any subsidiary undertaking during the year.

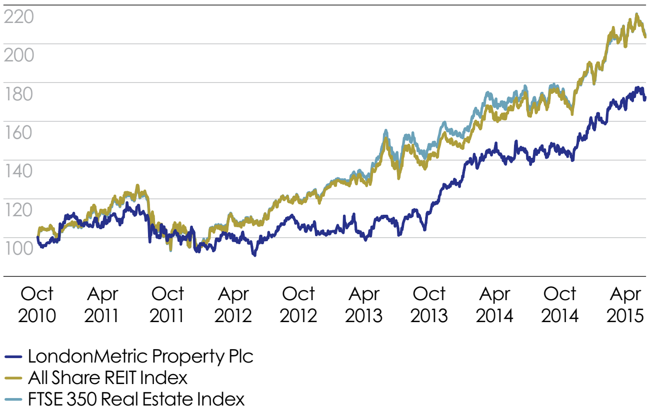
	Overall Beneficial Interest	LTIP shares subject to performance conditions	Deferred bonus shares	**Total interests as at 31 March 2015**	Share ownership as % of salary[1]	Shareholding guideline met
Andrew Jones	2,243,479	1,414,997	263,004	**3,921,480**	738%	Yes
Martin McGann	2,341,585	462,737	121,302	**2,925,624**	1173%	Yes
Valentine Beresford	2,114,036	765,215	143,830	**3,023,081**	1006%	Yes
Mark Stirling	1,618,574	765,215	143,830	**2,527,619**	770%	Yes

[1] Based on the Company's share price at 31 March 2015 of 161.8p and the beneficial interests of the Directors

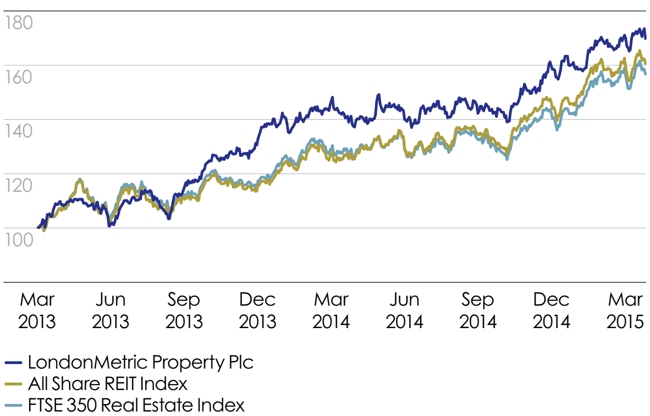
Performance graph

The graph on page 88 shows the Group's total shareholder return (TSR) for the period from 1 October 2010, when the Company listed on the Main Market of the London Stock Exchange, to 31 March 2015, compared to the FTSE All Share REIT Index and the FTSE 350 Real Estate Index. These have been chosen by the Committee as in previous years as they are considered the most appropriate and relevant benchmarks against which to assess the performance of the Company. The starting point required by the remuneration regulations was close to the bottom of the property cycle where a number of property companies launched rights issues while the Company did not. The Company's share price had not fallen as much as the average share price of the FTSE Real Estate sector prior to this starting point, thereby setting a higher initial base price for this graph.

Total shareholder return measures share price growth with dividends deemed to be reinvested on the ex-dividend date.



The Company's share price over the period since merger in 2013 has outperformed both indices as shown in the graph below.



Chief Executive's remuneration table

The table below details the remuneration of the Chief Executive for the period from the Company's listing on the main market of the London Stock Exchange on 1 October 2010 to 31 March 2015.

Year to 31 March:	Total remuneration £000	Annual bonus (as a % of the maximum payout)	LTIP vesting (as a % of the maximum opportunity)
2015	1,167	78	–
2014	1,296	100	–
2013 (Andrew Jones)[1]	166	100	–
2013 (Patrick Vaughan)[1]	583	100	–
2012	664	100	–
2011[2]	323	100	–

1 Andrew Jones became Chief Executive and Patrick Vaughan became Chairman on 25 January 2013 following the merger of the Company with Metric Property Investments plc

2 For the six months from the Company's listing on 1 October 2010 to 31 March 2011

Percentage change in Chief Executive remuneration

The percentage change in the Chief Executive's remuneration from the previous year compared to the average percentage change in remuneration for all other employees is as follows:

	% change		
	Salary and fees	Taxable benefits	Annual bonus
Chief Executive	2%	0%	-20%
Other employees (excluding Chief Executive)	11%	–9%	-15%

Relative importance of spend on pay

The table below shows the expenditure and percentage change in spend on employee remuneration compared to other key financial indicators:

	2015 £000	2014 £000	% change
Employee costs[1]	**9,515**	9,857	-3%
Dividends paid[2]	**43,749**	43,964	–

1 Figures taken from note 4 Administration Expenses on page 109 and are stated before any amounts capitalised and exclude share scheme costs

2 Figures taken from note 7 Dividends on page 111

Statement of voting at AGM

At the AGM on 17 July 2014, the Annual Remuneration Report and the Remuneration Policy Report received the following votes from shareholders representing 68% of the issued share capital of the Company.

	Annual Remuneration Report		Remuneration Policy Report	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	369,881,402	94.81	415,767,605	98.82
Against	20,229,244	5.19	4,948,010	1.18
Withheld	37,582,265		6,977,296	
Total	**427,692,911**		**427,692,911**	

Statement of implementation of remuneration policy for the year ending 31 March 2016

Base salary

On 5 May 2015 the Committee approved increases of 2.0% for the Executive Directors with effect from 1 June 2015. The average base salary increase for other employees was 6.5%.

The salaries for the year ahead are therefore as follows:

Executive Director	Base salary from 1 June 2015	Base salary from 1 June 2014/date of appointment	% increase
Andrew Jones	£501,840	£492,000	2.0
Martin McGann	£329,333	£322,875	2.0
Valentine Beresford	£346,800	£340,000	2.0
Mark Stirling	£346,800	£340,000	2.0

There are no changes to the pension contributions and other benefits which are described in the summary policy table on page 78.

Annual Bonus Plan

The table below details the performance conditions and composition of targets for the annual bonus:

Performance measure	Weighting	Target
Growth in EPRA EPS	35%	Growth in Company's EPRA EPS against a range of challenging targets
Growth in total property return (TPR)	35%	Growth in Company's TPR against IPD Quarterly Universe Index Full payout if growth is 120% of the Index 50% payout if growth is 110% of the Index 25% payout if growth matches the Index Straight-line interpolation between limits No payout if TPR is negative
Personal objectives	30%	Vary between individuals and include portfolio management metrics, financial and people management Investor relations and regulatory compliance

In the opinion of the Committee, the annual bonus performance targets and individual objectives for the year ahead are commercially sensitive and accordingly are not disclosed. These will be reported and disclosed retrospectively in order for shareholders to assess the basis for any payouts.

LTIP Awards

The following performance measures apply to awards to be granted in 2015 as well as all outstanding awards granted in 2013 and 2014:

Performance measure (over three years)	Measured Against	% of Award	Vesting Level	Start of Measurement Period
Total Shareholder Return (TSR)	FTSE 350 Real Estate Sector	75%	25% – performance equals index 100% – performance 1.5 times index Straight-line interpolation between limits No payout if TSR is negative	1 April 2015
EPRA EPS growth	Base target plus RPI	25%	25% – performance equals RPI plus 3% over three years 100% – performance equals RPI plus 8% over three years Straight-line interpolation between limits	1 April 2015

The Committee has resolved that grants to Andrew Jones, Martin McGann, Valentine Beresford and Mark Stirling will be at the levels of 175%, 140%, 140% and 140% of salary respectively for 2015/16. Last year LTIP awards were made at levels below the normal anticipated grants set out as caps within the Remuneration Policy. The individual caps are below the 200% of salary limit within the policy. LTIPs granted last year reflected the development of the business and the individuals at that time.

During the year certain key strategic objectives have been achieved, including but not limited to increasing the dividend cover from 60% of EPRA earnings to 94% and recycling capital into the core portfolio which now represents 90% of the total.

Reflecting these developments, the Committee concluded that awards should be made at the normal levels for all Directors.

Illustration of potential remuneration for Executive Directors

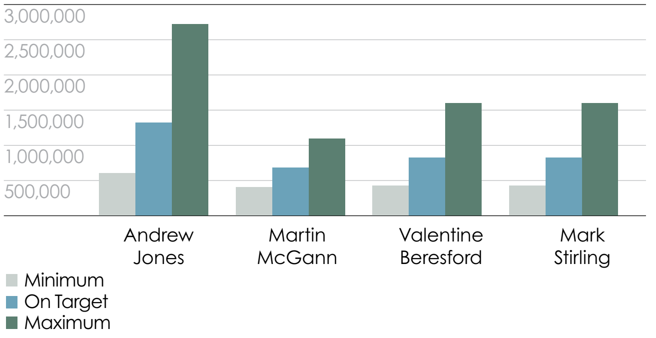
The chart sets out the potential remuneration receivable by the Executive Directors for the year to 31 March 2016 reflecting base salaries proposed for the year commencing 1 April 2015 as reflected on page 89 and as increased from 1 June 2015.

The minimum scenario reflects fixed remuneration of salary, pension and benefits only as the other elements are linked to future performance. Base salary is that to be paid in 2015/16. Benefits are as shown in the single figure remuneration table for 2014/15 on page 83.

The on-target scenario reflects fixed remuneration as above plus 50% of the maximum annual bonus entitlement and the threshold level of vesting for the LTIP awards, being 25% for both the TSR and EPS performance requirements.

The maximum scenario reflects the fixed remuneration plus the maximum payout of all other incentive arrangements.

Director emoluments £



Non-Executive Directors' fees

The fees for Non-Executive Directors are determined and reviewed by the Board. The base fee for the forthcoming year has increased by 2.0% of the base fee for all Non-Executive Directors, except the Chairman whose fee of £320,000 is fixed until 31 March 2016. Total fees payable are as follows:

	Base Fee £000	Senior Independent Director Fee £000	Committee Chair Fee £000	Committee Member Fee[1] £000	Total Fee £000
Patrick Vaughan	320	–	–	–	320
Charles Cayzer	46	5	–	10	61
James Dean	46	–	10	5	61
Alec Pelmore	46	–	–	5	51
Andrew Varley	46	–	–	10	56
Philip Watson	46	–	–	5	51
Rosalyn Wilton	46	–	10	5	61

[1] Fee relates to membership of Remuneration and Audit Committee

Non-Executive Directors are not eligible for performance-related bonuses, participation in the staff incentive plan, pensions or any other benefits from the Company other than travel, hospitality-related benefits or other incidental benefits linked to the performance of their duties as a Director.

James Dean

James Dean
Chairman of Remuneration Committee

Report of the Directors

Martin McGann
Finance Director

The Directors present their report together with the audited financial statements for the year ended 31 March 2015.

The principal activity of the Group continues to be property investment and development, both directly and through joint venture arrangements.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held at the Connaught, Carlos Place, Mayfair, London W1K 2AL at 10 am on 16 July 2015.

The Notice of Meeting on pages 136 to 140 sets out the proposed resolutions and voting details.

The Board considers the resolutions will promote the success of the Company and are in the best interests of the Company and its shareholders. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 24,006,674 shares representing approximately 3.8% of the existing issued ordinary share capital of the Company as at 1 June 2015.

Substantial shareholders

The Directors have been notified that the following shareholders have a disclosable interest of 3% or more in the ordinary shares of the Company at the date of this report:

	Number of shares	%
Rathbones	42,929,309	6.84
Ameriprise Finance Inc	37,903,414	6.04
Blackrock Inc	37,491,384	5.97
J O Hambro Capital Management	25,149,768	4.00
Troy Asset Management	23,400,626	3.73
Aberdeen Asset Management	23,067,057	3.67

Principal activities and business review

The purpose of the annual report is to provide information to the members of the Company which is a fair, balanced and understandable assessment of the Group's performance, business model and strategy. A detailed review of the Group's business and performance during the year, its principal risks and uncertainties and its business model and strategy is contained in the Strategic report on pages 2 to 54 and should be read as part of this report.

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.

Results and dividends

The Group reported a profit for the year of £159.5 million (2014: £125.3 million). An interim dividend for 2015 of 3.5p per share was paid on 19 December 2014 and the Directors propose a final dividend of 3.5p per share, resulting in a total dividend of 7.0p per share for the year to 31 March 2015 (2014: 7.0p per share). The final dividend will be paid following approval at the Annual General Meeting on 16 July 2015 to ordinary shareholders on the register at the close of business on 12 June 2015.

The Directors propose a final dividend of 3.5p per share, resulting in a total dividend of 7.0p per share for the year to 31 March 2015

In addition a special dividend of 2.0p per share will be paid to share some of the realised gain arising following the redevelopment and sale of offices at Carter Lane

As disclosed in note 7, 2.0p of the final dividend payment will comprise a Property Income Distribution (PID) which is paid, as required by REIT legislation, after deduction of withholding tax at the basic rate of income tax. The balance of 1.5p will be paid as an ordinary dividend which is not subject to withholding tax.

In addition a special dividend of 2.0p per share will be paid to share some of the realised gain arising following the redevelopment and sale of offices at Carter Lane.

Both are subject to shareholder approval at the AGM and will be paid on 20 July 2015.

Investment properties

A valuation of the Group's investment properties at 31 March 2015 was undertaken by CBRE Limited and Savills Advisory Services Limited on the basis of fair value which amounted to £1,164.1 million as reflected in note 9 to these accounts.

Share capital

As at 31 March 2015, there were 628,043,905 ordinary shares of 10p in issue, each carrying one vote and all fully paid. There is only one class of share in issue and there are no restrictions on the size of a holding or on the transfer of shares. None of the shares carry any special rights of control over the Company. There were no persons with significant direct or indirect holdings in the Company other than those listed as substantial shareholders on page 91.

There were no changes to the Company's share capital during the year or since the year-end.

The rules governing appointments, replacement and powers of Directors are contained in the Company's Articles of Association, the Companies Act 2006 and the UK Corporate Governance Code. These include powers to authorise the issue and buy back of shares by the Company. The Company's Articles can be amended by Special Resolution in accordance with Companies Act 2006.

Purchase of own shares

The Company was granted authority at the Annual General Meeting in 2014 to purchase its own shares up to an aggregate nominal value of 10% of the issued nominal capital. That authority expires at this year's AGM and a resolution will be proposed for its renewal. No ordinary shares were purchased under this authority during the year.

Directors

The present membership of the Board and biographical details of Directors are set out on pages 58 to 59.

The interests of the Directors and their families in the shares of the Company are set out in the Remuneration Committee report on page 87.

Humphrey Price retired from the Board on 31 March 2015.

In accordance with the UK Corporate Governance Code, all of the Directors will retire and offer themselves for re-election at the forthcoming AGM on 16 July 2015.

Directors' and Officers' liability insurance

The Company has arranged Directors' and Officers' liability insurance cover in respect of legal action against its Directors, which is reviewed and renewed annually and remains in force at the date of this report.

Suppliers

The Group aims to settle supplier accounts in accordance with their individual terms of business.

The number of creditor days outstanding for the Group at 31 March 2015 was 17 days (2014: 19 days).

Provisions on change of control

Under the Group's credit facilities, the lending banks may require repayment of the outstanding amounts on any change of control.

The Group's Long Term Incentive Plan and Deferred Share Bonus Plan contain provisions relating to the vesting of awards in the event of a change of control of the Group.

Essential contracts

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

Financial instruments

Details of the financial instruments used by the Group and financial risk management policies can be found in note 15 and in the review of Risk Management on page 43.

Charitable and political contributions

During the year, the Group made charitable donations of £24,820 (2014: £24,080). No political donations were made during the year (2014: £nil).

Going concern

The principal risks and uncertainties facing the Group's activities, future development and performance are on pages 43 to 48. The Group's borrowings, undrawn facilities, hedging and liquidity are described in note 15 to 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 Group has considered its cash balances, its debt maturity profile, including undrawn facilities, and the long-term nature of tenant leases.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Viability statement

In accordance with provision C.2.2 of the 2014 revision of the Code, the Directors have assessed the prospect of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board conducted this review for a period of three years to coincide with its review of the Group's financial budgets and forecasts. This period is also consistent with the short-cycle nature of the Group's developments and asset management initiatives.

The Board considered the Group's cash flows, income profile, loan to value and other key financial metrics as well as the level of capital recycling and reinvestment likely to occur.

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

Post-balance sheet events

Details of the Group's post-balance sheet events are reflected in note 20 to these financial statements on page 124.

Employees

The Group currently has 41 employees. The Group's employment and environmental policies are summarised in the Responsible Business section on pages 49 to 54.

Greenhouse gas reporting

In accordance with Schedule 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, information regarding the Company's greenhouse gas emissions can be found on page 53.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Deloitte LLP is willing to be reappointed as the external auditor to the Company and Group. Their reappointment has been considered by the Audit Committee and recommended to the Board. A resolution will be proposed at the AGM on 16 July 2015.

On behalf of the Board

Martin McGann

Martin McGann
Finance Director

2 June 2015

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 period.

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

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

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

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy

By order of the Board

Martin McGann

Martin McGann
Finance Director

2 June 2015

Andrew Jones
Chief Executive

2 June 2015

Financial statements

In this section:

Auditor's report

Opinion on financial statements of LondonMetric Property Plc

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 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

The financial statements comprise the Group income statement, the Group and Parent Company balance sheets, the Group statement of changes in equity, the Group cash flow statement, and the related notes 1 to 20 for the Group Financial Statements and the related notes i to vii for the parent company financial statements. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the directors' statement contained on page 93 that the group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Our assessment of risks of material mis-statement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Property valuation (see note 9) The Group owns a portfolio of predominantly retail and distribution property assets, which is valued at £1,400.4 million, including share of joint venture properties, as at 31 March 2015. The valuation of the portfolio is a significant judgement area and is underpinned by a number of assumptions including (i) capitalisation yields (ii) future lease income and (iii) with reference to development properties, costs to complete. The Group uses professionally qualified external valuers to fair value the Group's portfolio at six-monthly intervals. The portfolio (excluding development properties) is valued by the investment method of valuation with development properties valued by the same methodology with a deduction for all costs necessary to complete the development together with an allowance for remaining risk. The valuation exercise also relies on the accuracy of the underlying lease and financial information provided to the valuers by management. Refer to page 72 (Audit Committee report), page 105 (accounting policy) and note 9 on page 114 (financial disclosures).	• We assessed management's process for reviewing and assessing the work of the external valuer and development appraisals. • We obtained the external valuation reports and met with the external valuers of the portfolio to discuss the results of their work. We assessed the valuation process, performance of the portfolio and significant assumptions and critical judgement areas, including lease incentives, future lease income and yields. • We assessed the competence, objectivity and integrity of the external valuer. • We tested a sample of properties through benchmarking of yields, understanding the valuation methodology and wider market analysis together with testing the integrity of a sample of the information provided to the external valuer by agreeing that information to underlying lease agreements. • We tested a sample of the costs to complete in relation to the development properties via agreement to supporting documentation
Property transaction accounting (see note 9) The Group has undertaken a large number of property acquisitions for a total consideration of £308.9 million and disposals for total proceeds of £288.7 million (including share of joint ventures), including the disposal of One Carter Lane. These transactions can include complexities such as rental top-up payments, conditionality and deferred completion mechanics or joint venture contractual obligations, requiring judgement as to the appropriate accounting to be applied. Refer to page 72 (Audit Committee report), page 105 (accounting policy) and note 9 on page 14 (financial disclosures).	• We assessed the fair value of consideration and confirmed key transaction terms by reference to acquisition or disposal agreements and other external evidence for all significant acquisitions and disposals in the year. • We considered the date at which the transactions completed based on the timing of the transfer of risks and rewards of ownership per the acquisition or disposal agreements, and considered the impact of these transactions on revenue recognition. • We considered the adequacy of the disclosure of the transactions in the financial statements. • We recalculated the profit or loss on disposals based on the terms of the transaction.
Revenue recognition (see note 3) Accounting for unusual or more complex items including rent free periods and capital incentives is complex, requiring an understanding of specific terms and conditions which vary between contracts. Refer to page 73 (Audit Committee report), page 106 (accounting policy) and note 3 on page 109 (financial disclosures).	As part of our audit of revenue, we focused on any unusual and complex adjustments to revenue, agreeing the lease incentives for a sample of items to the underlying leases. We recalculated the required adjustment to the annual rent in relation to these items to determine whether the correct amount of revenue had been recognised in the year.

Last year our report included one other risk which is not included in our report this year: impairment of intangible assets (a significant proportion of the intangible asset was written off in the prior year and the remaining intangible asset balance is no longer material to the group financial statements).

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £16.0 million (2014: £15.2 million) which, as in 2014, is below 2% of shareholders' equity. In addition to net assets, we consider EPRA Earnings as a critical performance measure for the group and we applied a lower threshold of £2.0 million (2014: £1.3 million) based on 5% of that measure, as in 2014, for testing of all balances and classes of transactions which impact that measure, primarily transactions recorded in the income statement other than fair value movements on investment property, development property and derivatives.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.3 million (2014: £0.3 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

The Audit Committee has asked us to report on the level of unadjusted misstatements identified during our audit. We did not identify any unadjusted misstatements for reporting matters to the Audit Committee.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. The Group is audited by one audit team, led by the Senior Statutory Auditor, responsible for the audit of the Company and each of its subsidiaries and joint ventures. Our audit work on subsidiaries and joint ventures is carried out to a materiality which is lower than, and in most cases substantially lower than, Group materiality as set out above. Our audit also included testing of the consolidation process and group-wide controls.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and 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

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- 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 are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Remuneration Committee report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate governance statement

Under the Listing Rules we are also required to review the part of the corporate governance statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the annual report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

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.

We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Claire Faulkner
Senior Statutory Auditor (FCA)

For and on behalf of Deloitte LLP, statutory auditor
London
United Kingdom
2 June 2015

Group income statement

For the year ended 31 March

	Note	2015 £000	2014 £000
Gross rental income	3	**60,192**	54,061
Property operating expenses		**(2,582)**	(2,789)
Net rental income		**57,610**	51,272
Property advisory fee income		**2,211**	799
Net proceeds from sales of trading properties	3	**–**	499
Net income		**59,821**	52,570
Administrative costs	4	**(12,502)**	(17,274)
Amortisation of intangible asset	11	**(347)**	(8,794)
Acquisition costs		**–**	(189)
Total administrative costs		**(12,849)**	(26,257)
Profit on revaluation of investment properties	9	**112,393**	87,519
Profit on sale of investment properties and subsidiaries		**13,395**	11,682
Share of profits of joint ventures	10	**14,303**	14,424
Operating profit		**187,063**	139,938
Finance income		**356**	162
Finance costs	5	**(27,104)**	(13,411)
Profit before tax		**160,315**	126,689
Taxation	6	**(864)**	(1,352)
Profit for the year and total comprehensive income		**159,451**	125,337
Earnings per share			
Basic and diluted	8	**25.5p**	20.0p
EPRA	8	**6.6p**	4.2p

All amounts relate to continuing activities.

The notes on pages 104 to 124 form part of these financial statements.

Group balance sheet

As at 31 March

	Note	2015 £000	2014 £000
Non current assets			
Investment properties	9	**1,164,140**	1,030,553
Investment in equity accounted joint ventures	10	**148,366**	108,990
Intangible assets	11	**497**	844
Other tangible assets		**435**	451
Deferred tax assets	6	**–**	829
		1,313,438	1,141,667
Current assets			
Trade and other receivables	12	**7,241**	44,050
Cash and cash equivalents	13	**50,568**	78,357
		57,809	122,407
Total assets		**1,371,247**	1,264,074
Current liabilities			
Trade and other payables	14	**31,971**	96,839
		31,971	96,839
Non current liabilities			
Borrowings	15	**462,255**	409,938
Derivative financial instruments	15	**6,870**	1,443
		469,125	411,381
Total liabilities		**501,096**	508,220
Net assets		**870,151**	755,854
Equity			
Called up share capital	17	**62,804**	62,804
Capital redemption reserve		**9,636**	9,636
Other reserve		**223,061**	225,420
Retained earnings		**574,650**	457,994
Equity shareholders' funds		**870,151**	755,854
Net asset value per share	8	**139.4p**	120.8p
EPRA net asset value per share	8	**140.6p**	121.0p

The financial statements were approved and authorised for issue by the Board of Directors on 2 June 2015 and were signed on its behalf by:

Martin McGann

Martin McGann
Finance Director

Registered in England, No 7124797

The notes on pages 104 to 124 form part of these financial statements.

Financial statements

Group statement of changes in equity

For the year ended 31 March

	Note	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Total £000
At 1 April 2014		**62,804**	**9,636**	**225,420**	**457,994**	**755,854**
Profit for the year and total comprehensive income		**–**	**–**	**–**	**159,451**	**159,451**
Purchase of shares held in trust		**–**	**–**	**(2,359)**	**–**	**(2,359)**
Share-based awards		**–**	**–**	**–**	**954**	**954**
Dividends paid	7	**–**	**–**	**–**	**(43,749)**	**(43,749)**
At 31 March 2015		**62,804**	**9,636**	**223,061**	**574,650**	**870,151**

	Note	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Total £000
At 1 April 2013		62,804	9,636	227,920	376,309	676,669
Profit for the year and total comprehensive income		–	–	–	125,337	125,337
Purchase of shares held in trust		–	–	(2,500)	–	(2,500)
Share-based awards		–	–	–	311	311
Dividends paid	7	–	–	–	(43,963)	(43,963)
At 31 March 2014		62,804	9,636	225,420	457,994	755,854

The notes on page 104 to 124 form part of these financial statements.

Group cash flow statement

For the year ended 31 March

	2015 £000	2014 £000
Cash flows from operating activities		
Profit before tax	**160,315**	126,689
Adjustments for non cash items:		
Profit on revaluation of investment properties	**(112,393)**	(87,519)
Profit on sale of investment properties and subsidiaries	**(13,395)**	(11,682)
Share of post-tax profit of joint ventures	**(14,303)**	(14,424)
Share-based payment	**954**	4,101
Amortisation of intangible asset	**347**	8,794
Net finance costs	**26,748**	13,249
Cash flows from operations before changes in working capital	**48,273**	39,208
Change in trade and other receivables	**419**	777
Movement in lease incentives	**(11,600)**	(7,881)
Change in trade and other payables	**6,439**	(2,610)
Disposal of trading properties	**–**	3,837
Cash flows from operations	**43,531**	33,331
Interest received	**356**	162
Interest paid	**(13,763)**	(12,722)
Tax received/(paid)	**215**	(114)
Financial arrangement fees and break costs	**(5,533)**	(10,436)
Cash flows from operating activities	**24,806**	10,221
Investing activities		
Purchase of investment properties and subsidiaries	**(279,740)**	(263,871)
Purchase of other tangible assets	**(25)**	(257)
Capital expenditure on investment properties	**(32,102)**	(26,157)
Sale of investment properties and subsidiaries	**248,356**	422,171
Investments in joint ventures	**(12,476)**	(52,597)
Distributions from joint ventures	**19,524**	46,829
Cash flow from investing activities	**(56,463)**	126,118
Financing activities		
Dividends paid	**(43,749)**	(43,963)
Purchase of shares held in trust	**(2,359)**	(2,501)
New borrowings	**166,379**	292,870
Repayment of loan facilities	**(116,403)**	(341,960)
Cash flows from financing activities	**3,868**	(95,554)
Net (decrease)/increase in cash and cash equivalents	**(27,789)**	40,785
Opening cash and cash equivalents	**78,357**	37,572
Closing cash and cash equivalents	**50,568**	78,357

The notes on pages 104 to 124 form part of these financial statements.

Notes forming part of the Group financial statements

For the year ended 31 March 2015

1 Accounting policies

a) General information

LondonMetric Property Plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 141. The principal activities of the Company and its subsidiaries ("the Group") and the nature of the Group's operations are set out in the Strategic Report on pages 2 to 54.

b) Statement of compliance

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

c) Basis of preparation

The functional and presentational currency of the Group is sterling. The financial statements are prepared on the historical cost basis except that investment and development properties and derivative financial instruments are stated at fair value.

The accounting policies have been applied consistently in all material respects. The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Report of the Directors on pages 91 to 93.

i) Estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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

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

ii) Adoption of new and revised standards

Standards and interpretations effective in the current period

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

Name	Description
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting

Standards and interpretations in issue not yet adopted

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

Name	Description
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27 (amendments)	Equity Method in Separate Financial Statements
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to IFRSs: 2010–2012	Amendments to: IFRS 2 Share-based Payments, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets.
Annual Improvements to IFRSs: 2011–2013	Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property.
Annual Improvements to IFRSs: 2012–2014 Cycle	Amendments to: IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments – Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting.

1 Accounting policies (continued)

The Directors do not expect that the adoption of the Standards listed on page 104 will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

d) Basis of consolidation

i) Subsidiaries

The consolidated financial statements include the accounts of the Company and its subsidiaries using the purchase method. Subsidiaries are those entities controlled by the Group. Control is assumed when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair value at the acquisition date. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

ii) Joint ventures and associates

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

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

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

iii) Intangible assets

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

iv) Goodwill

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

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

e) Property portfolio

i) Investment properties

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

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

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

Investment property is recognised as an asset when:

- It is probable that the future economic benefits that are associated with the investment property will flow to the Group

1 Accounting policies (continued)

- There are no material conditions precedent which could prevent completion
- The cost of the investment property can be measured reliably

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

ii) Assets held for sale

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

iii) Trading properties

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

iv) Tenant leases

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

v) Net rental income

Revenue comprises rental income.

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

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

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

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

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

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

vi) Surplus on sale of investment properties

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

f) Financial assets and financial liabilities

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

i) Loans and receivables

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

ii) Other financial assets

These comprise deposits held with banks where the original maturity was more than three months.

iii) Equity instruments

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

iv) Other financial liabilities

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

1 Accounting policies (continued)

v) Derivative financial instruments

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

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

g) Finance costs

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

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

h) Finance income

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

i) Dividends

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

j) Tax

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

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

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

The following differences are not provided for:

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

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

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

k) Share-based payments

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

l) Shares held in Trust

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

m) Capital management policy

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

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

n) Operating lease commitments

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

2 Segmental information

As at 31 March	2015			2014		
Property value	**100% owned £000**	**Share of JV £000**	**Total £000**	100% owned £000	Share of JV £000	Total £000
Retail	**422,405**	**145,406**	**567,811**	437,745	102,045	539,790
Distribution	**534,220**	**24,386**	**558,606**	322,800	13,200	336,000
Offices	**73,300**	**–**	**73,300**	75,900	–	75,900
Residential	**3,120**	**66,453**	**69,573**	22,223	73,960	96,183
Development	**131,095**	**–**	**131,095**	171,885	–	171,885
	1,164,140	**236,245**	**1,400,385**	1,030,553	189,205	1,219,758

For the year to 31 March	2015			2014		
Gross rental income	**100% owned £000**	**Share of JV £000**	**Total £000**	100% owned £000	Share of JV £000	Total £000
Retail	**28,340**	**8,714**	**37,054**	27,921	2,880	30,801
Distribution	**24,443**	**3,515**	**27,958**	10,659	2,923	13,582
Offices	**7,045**	**–**	**7,045**	12,679	–	12,679
Residential	**4**	**1,615**	**1,619**	2,618	1,970	4,588
Development	**360**	**–**	**360**	184	–	184
	60,192	**13,844**	**74,036**	54,061	7,773	61,834

For the year to 31 March	2015			2014		
Net rental income	**100% owned £000**	**Share of JV £000**	**Total £000**	100% owned £000	Share of JV £000	Total £000
Retail	**26,701**	**8,711**	**35,412**	27,044	2,876	29,920
Distribution	**24,379**	**3,559**	**27,938**	10,180	2,929	13,109
Offices	**6,285**	**–**	**6,285**	12,499	–	12,499
Residential	**(76)**	**1,067**	**991**	1,383	1,368	2,751
Development	**321**	**–**	**321**	166	–	166
	57,610	**13,337**	**70,947**	51,272	7,173	58,445

An operating segment is a distinguishable component of the Group that engages in business activities, earns revenue and incurs expenses, whose results are reviewed by the Group's chief operating decision makers and for which discrete financial information is available. Gross rental income represents the Group's revenues from its tenants and net rental income is the principal profit measure used to determine the performance of each sector. Total assets are not monitored by segment. However, property assets are reviewed on an ongoing basis. The Group operates almost entirely in the UK and no geographical split is provided in information reported to the Board.

3 Net income

For the year to 31 March	2015 £000	2014 £000
Gross rental income	**60,192**	54,061
Property operating expenses	**(2,582)**	(2,789)
	57,610	51,272
Proceeds from sales of trading properties	**–**	4,426
Cost of sales of trading properties	**–**	(3,927)
	–	499

No single tenant contributed more than 10% of the Group's gross rental income in either the current or previous year. Included within property operating expenses in the year to 31 March 2015 is £1.6 million development feasibility costs relating to aborted projects which is not expected to recur.

4 Administration expenses

a) Total Administration expenses

For the year to 31 March	2015 £000	2014 £000
Staff costs	**8,807**	13,958
Auditor's remuneration	**190**	223
Depreciation	**88**	105
Other administrative expenses	**3,417**	2,988
	12,502	17,274

b) Staff costs

For the year to 31 March	2015 £000	2014 £000
Employee costs, including those of Directors, comprise the following:		
Wages and salaries	**8,122**	8,188
Less staff costs capitalised	**(1,662)**	–
	6,460	8,188
Social security costs	**981**	1,143
Other pension costs	**412**	526
Share scheme costs:		
– share-based payment under LSI Acquisition Agreement	**–**	3,790
– share-based payment of current LTIP scheme	**954**	311
	8,807	13,958

The emoluments and pension benefits of the Directors are set out in detail within the Remuneration Committee report on page 76.

A share-based payment prepayment was created in 2011 for £39.5 million of the total purchase consideration payable under the LSI Acquisition Agreement. This was based on a total of 34,346,378 Consideration Shares issued to the members of the former Property Advisor (LSI Management LLP) at the market price on the date of its acquisition of 115p per share, of which 6,244,796 were subject to clawback provisions. Bad leaver provisions and lock-in arrangements prohibiting the disposal of such Consideration Shares applied for the three years to September 2013. The share-based payment prepayment was amortised over the three-year period to September 2013. The share-based payment charge in the previous year was £3.8 million.

4 Administration expenses (continued)

The long-term share incentive scheme that was created following the merger in 2013 allows Executive Directors and eligible employees to receive an award of shares, held in trust, dependent on performance conditions based on the earnings per share and total shareholder return of the Group over a three-year vesting period. The Group expenses the estimated number of shares likely to vest over the three-year period based on the market price at the date of grant. In the current year the charge was £1.0 million (2014: £0.3 million).

The Company awarded 1,905,956 LTIP shares during the year, 1,490,936 of which were awarded to Executive Directors as shown in the Remuneration Committee report on page 85. The cost of acquiring the shares expected to vest of £2.4 million has been charged to reserves.

Employee costs of £1.7 million (2014: nil) have been capitalised in respect of time spent on development projects.

c) Staff numbers

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

	2015 Number	2014 Number
Head office and property management	**36**	35

d) Auditor's remuneration

For the year to 31 March	**2015 £000**	2014 £000
Audit services:		
Audit of the Group and Company financial statements, pursuant to legislation	**62**	60
Audit of subsidiary financial statements, pursuant to legislation	**95**	118
Audit related assurance services	**26**	25
Other fees:		
Other advisory services	**2**	20
Total fees for audit and other services	**185**	223

In addition to the above audit fees totalling £37,000 (2014: £46,000) were due to the Group's auditor in respect of its joint venture operations (excluding LMP Retail Warehouse JV Property Unit Trust).

5 Finance costs

For the year to 31 March	**2015 £000**	2014 £000
Interest payable on bank loans and related derivatives	**15,410**	14,947
Debt and hedging early close out costs	**3,891**	6,228
Amortisation of loan issue costs	**1,428**	2,035
Commitment fees and other finance costs	**509**	816
Total borrowing costs	**21,238**	24,026
Less amounts capitalised on the development of properties	**(1,607)**	(2,232)
Net borrowing costs	**19,631**	21,794
Fair value loss/(gain) on derivative financial instruments	**7,473**	(8,383)
Total finance costs	**27,104**	13,411

As a result of the refinancing of the Group's bank facilities in April 2015, £3.1 million of unamortised arrangement costs associated with the existing facilities repaid were written off to the income statement in the year to 31 March 2015 and are included within debt and hedging early close out costs. In accordance with EPRA guidance, these costs have been excluded from EPRA earnings.

6 Taxation

For the year to 31 March	**2015 £000**	2014 £000
The tax charge comprises:		
Current tax		
UK tax charge/(credit) on profit	**35**	(130)
Deferred tax		
Change in deferred tax	**829**	1,482
	864	1,352

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

For the year to 31 March	**2015 £000**	2014 £000
Profit before tax	**160,315**	126,689
Tax at the standard rate of corporation tax in the UK of 21% (2014: 23%)	**33,666**	29,138
Effects of:		
Expenses not deductible for tax purposes	**74**	2,938
Tax effect of income not subject to tax	**(30,701)**	(28,758)
Share of post-tax profit of joint ventures	**(3,004)**	(3,318)
Temporary differences	**829**	1,482
Prior year tax adjustments	**–**	(130)
UK tax charge on profit	**864**	1,352

Deferred tax asset

	Intangible assets £000
Opening balance	829
Charged during the year	(829)
At 31 March 2015	**–**

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

7 Dividends

For the year to 31 March	**2015 £000**	2014 £000
Ordinary dividends paid		
2013 Final dividend: 3.5p per share	**–**	21,982
2014 Interim dividend: 3.5p per share	**–**	21,981
2014 Final dividend: 3.5p per share	**21,903**	–
2015 Interim dividend: 3.5p per share	**21,846**	–
	43,749	43,963
Proposed for approval by shareholders at Annual General Meeting		
2015 Final dividend: 3.5p per share	**21,843**	–
Special dividend: 2.0p per share	**12,482**	–
	34,325	–

7 Dividends (continued)

The proposed final and special dividends were approved by the Board on 1 June 2015 and are subject to approval at the Annual General Meeting on 16 July 2015. Neither have been included as liabilities nor deducted from retained earnings as at 31 March 2015. The proposed final dividend is 3.5p per share, which includes 2.0p per share as a Property Income Distribution. The dividends are payable on 20 July 2015 to ordinary shareholders on the register at the close of business on 12 June 2015 and will be recognised as an appropriation of retained earnings in 2016.

8 Earnings and net assets per share

Adjusted earnings and net assets per share are calculated in accordance with the Best Practice Recommendations of The European Public Real Estate Association (EPRA). The EPRA earnings measure highlights the underlying recurring performance of the property rental business.

The earnings per share calculation uses the weighted average number of ordinary shares during the year and excludes the average number of shares held by the Employee Benefit Trust for the year.

The net asset per share calculation uses the number of shares in issue at the year-end and excludes the actual number of shares held by the Employee Benefit Trust at the year-end.

a) EPRA Earnings

EPRA earnings for the Group and its share of joint ventures are detailed as follows:

For the year to 31 March	**Group £000**	**JV £000**	**2015 £000**	Group £000	JV £000	2014 £000
Gross rental income	**60,192**	**13,844**	**74,036**	54,061	7,773	61,834
Property costs	**(2,582)**	**(507)**	**(3,089)**	(2,789)	(600)	(3,389)
Net income	**57,610**	**13,337**	**70,947**	51,272	7,173	58,445
Management fees	**2,211**	**(949)**	**1,262**	799	(756)	43
Administrative costs	**(12,502)**	**(141)**	**(12,643)**	(13,484)	(456)	(13,940)
Net finance costs	**(15,384)**	**(3,238)**	**(18,622)**	(15,404)	(2,905)	(18,309)
Other	**(35)**	**–**	**(35)**	130	–	130
EPRA earnings	**31,900**	**9,009**	**40,909**	23,313	3,056	26,369

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

For the year to 31 March	**Group £000**	**JV £000**	**2015 £000**	Group £000	JV £000	2014 £000
EPRA earnings	**31,900**	**9,009**	**40,909**	23,313	3,056	26,369
Revaluation of investment property	**112,393**	**5,982**	**118,375**	87,519	8,360	95,879
Fair value of derivatives	**(7,473)**	**(1,105)**	**(8,578)**	8,383	2,838	11,221
Debt and hedging early close out costs	**(3,891)**	**(58)**	**(3,949)**	(6,228)	(2,121)	(8,349)
Profit on disposal	**13,395**	**475**	**13,870**	12,181	2,291	14,472
Amortisation of intangible assets	**(347)**	–	**(347)**	(8,794)	–	(8,794)
Share-based payments	–	–	–	(3,790)	–	(3,790)
Acquisition costs	–	–	–	(189)	–	(189)
Deferred tax	**(829)**	–	**(829)**	(1,482)	–	(1,482)
IFRS reported profit	**145,148**	**14,303**	**159,451**	110,913	14,424	125,337

8 Earnings and net assets per share (continued)

b) Earnings per ordinary share

For the year to 31 March	**2015 £000**	2014 £000
Basic and diluted earnings	**159,451**	125,337
EPRA adjustments [1]	**(118,542)**	(98,968)
EPRA earnings	**40,909**	26,369

[1] Adjustments shown in table reconciling EPRA profit with IFRS reported profit

For the year to 31 March	**2015 Number of shares '000**	2014 Number of shares '000
Opening ordinary share capital	**628,044**	628,044
Average number of shares held in employee trust	**(3,509)**	(1,147)
Weighted average number of ordinary shares	**624,535**	626,897
Basic and diluted earnings per share	**25.5p**	20.0p
EPRA earnings per share	**6.6p**	4.2p

c) Net assets per share

As at 31 March	**2015 £000**	2014 £000
Equity shareholders' funds	**870,151**	755,854
Fair value of derivatives	**6,870**	1,443
Fair value of joint ventures' derivatives	**205**	(115)
Cost of derivatives	**–**	(212)
EPRA net asset value	**877,226**	756,970

As at 31 March	**2015 Number of shares '000**	2014 Number of shares '000
Opening ordinary share capital	**628,044**	628,044
Number of shares held in employee trust	**(3,964)**	(2,247)
Number of ordinary shares	**624,080**	625,797
Basic net asset value per share	**139.4p**	120.8p
EPRA net asset value per share	**140.6p**	121.0p

Further EPRA performance measures are reflected in the supplementary information on pages 129 to 134.

9 Investment properties

a) Investment property

As at 31 March	2015			2014		
	Completed £000	**Under development £000**	**Total £000**	Completed £000	Under development £000	Total £000
Opening balance	**858,668**	**171,885**	**1,030,553**	904,169	82,624	986,793
Acquisitions	**188,988**	**19,955**	**208,943**	318,313	17,015	335,328
Other capital expenditure	**10,545**	**21,557**	**32,102**	7,663	19,671	27,334
Disposals	**(219,510)**	**(11,941)**	**(231,451)**	(410,911)	(3,391)	(414,302)
Transfer between completed investment and property under development	**106,310**	**(106,310)**	**–**	(26,535)	26,535	–
Revaluation movement	**76,398**	**35,995**	**112,393**	58,088	29,431	87,519
Movement in tenant incentives and rent-free uplifts	**11,646**	**(46)**	**11,600**	7,881	–	7,881
	1,033,045	**131,095**	**1,164,140**	858,668	171,885	1,030,553

Investment properties are held at fair value as at 31 March 2015 based on external valuations performed by professionally qualified valuers CBRE Limited ("CBRE") and Savills Advisory Services Limited ("Savills"). The valuation of property held for sale at 31 March 2015 was £16.0 million (2014: £22.2 million).

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2014 on the basis of fair value. Fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. There has been no change in the valuation technique in the year. The total fees earned by CBRE and Savills from the Company represent less than 5% of their total UK revenues. CBRE and Savills have continuously been the signatory of valuations for the Company since October 2007 and September 2010 respectively.

Long-term leasehold values included within investment properties amount to £107.7 million (2014: £240.3 million). All other properties are freehold.

b) Valuation technique and quantitative information

			ERV		Net initial yield		Reversionary yield	
Asset type	**Fair value 2015 £000**	**Valuation technique**	**Weighted average (£ per sq ft)**	**Range (£ per sq ft)**	**Weighted average %**	**Range %**	**Weighted average %**	**Range %**
Retail	**422,405**	Yield capitalisation	15.37	9.01–27.50	5.7	2.9–7.8	5.5	4.2–7.8
Distribution	**534,220**	Yield capitalisation	5.36	3.71–8.73	5.3	4.5–6.8	5.4	4.4–7.5
Office	**73,300**	Yield capitalisation	20.67	20.67	6.0	6.0	6.1	6.1
Residential	**3,120**	Comparison	n/a	n/a	n/a	n/a	n/a	n/a
Development – retail	**5,780**	Yield capitalisation	19.50	16.64–27.00	4.7	4.5–5.3	4.7	4.5–5.3
Development – distribution	**93,450**	Yield capitalisation	5.20	5.00–5.50	4.8	4.4–6.2	4.9	4.5–6.4
Development – other	**31,865**	Residual	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
	1,164,140							

[1] Capitalised market rental values calculated using estimated rentals and market capitalisation rates derived from prior transactions and for comparable transactions in the market

9 Investment properties (continued)

All of the Group's properties are categorised as Level 3 in the fair value hierarchy as defined by IFRS 13 Fair Value Management. There have been no transfers of properties between Levels 1, 2 and 3 during the year ended 31 March 2015. The fair value at 31 March 2015 represents the highest and best use.

i) Technique

The valuation techniques described below are consistent with IFRS 13 and use significant "unobservable" inputs. There have been no changes in valuation techniques since the prior year.

Yield capitalisation – for commercial investment properties, market rental values are capitalised with a market capitalisation rate. The resulting valuations are cross-checked against the net initial yields and the fair market values per square foot derived from recent market transactions.

Residual – for certain investment properties under development, the fair value of the property is calculated by estimating the fair value of the completed property using the yield capitalisation technique less estimated costs to completion and a risk premium.

Comparison – for residential properties the fair value is calculated by using data from recent market transactions.

ii) Sensitivity

An increase or decrease in ERV will increase or decrease the fair value of the Group's investment properties.

An increase or decrease to the net initial yields and reversionary yields will decrease or increase the fair value of the Group's investment properties.

An increase or decrease in the estimated costs of development will decrease or increase the fair value of the Group's investment properties under development.

There are interrelationships between the unobservable inputs as they are determined by market conditions; an increase in more than one input could magnify or mitigate the impact on the valuation.

iii) Process

The valuation reports produced by CBRE and Savills are based on:

- Information provided by the Group, such as current rents, lease terms, capital expenditure and comparable sales information, which is derived from the Group's financial and property management systems and is subject to the Group's overall control environment
- Assumptions applied by the valuers such as ERVs and yields which are based on market observation and their professional judgement

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

Included within the investment property valuation is £20.8 million (2014: £9.2 million) in respect of lease incentives and rent-free periods.

The historical cost of all of the Group's investment properties at 31 March 2015 was £984.7 million (2014: £946.7 million).

Capital commitments have been entered into amounting to £82.8 million (2014: £56.0 million) which have not been provided for in the financial statements.

10 Investment in joint ventures

At 31 March 2015 the following principal property interests, being jointly-controlled entities, have been equity accounted for in these financial statements:

	Country of Incorporation or Registration	Property Sector	Group Share
Metric Income Plus Partnership	England and Wales	Retail	50.0%
LMP Retail Warehouse JV PUT	Guernsey	Retail	30.5%
LSP London Residential Investments	Guernsey	Residential	40.0%
LSP Green Park Distribution Holdings	Guernsey	Distribution	50.0%

The principal activity of all joint venture interests is property investment in the UK in the sectors noted in the table above, which complements the Group's operations and contributes to the achievement of its strategy.

As part of the Company's strategy to become an equal shareholder in the Metric Income Plus Partnership ("MIPP") the Company increased its interest from 33% to 50% during the year at a cost of £30.4 million. MIPP also acquired six assets in the year for £59.6 million (Group share: £26.7 million). MIPP disposed of one property in Londonderry in the year for gross proceeds of £18.0 million (Group share: £9.0 million).

The Group also disposed of five properties for £20.8 million (Group share: £6.4 million) through its 30.5% interest in LMP Retail Warehouse JV PUT and 23 residential flats for £19.8 million (Group share: £7.9 million) through its 40% interest in LSP London Residential Investments in the year.

Capital commitments have been entered into by MIPP amounting to £0.6 million (Group share: £0.3 million) which have not been provided for in these financial statements.

At 31 March 2015, the freehold and leasehold investment properties were externally valued by Royal Institution of Chartered Surveyors (RICS) Registered Valuers of CBRE Limited and Savills Advisory Services Limited. The valuation of property held for sale at 31 March 2015 was £50.1 million (Group share: £25.0 million).

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

As at 31 March	**2015 £000**	2014 £000
Opening balance	**108,990**	120,919
Additions at cost	**44,597**	20,476
Share of profit in the year	**14,303**	14,424
Disposals	**–**	(43,968)
Profit distributions received	**(19,524)**	(2,861)
	148,366	108,990

10 Investment in joint ventures (continued)

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

	Metric Income Plus Partnership £000	LMP Retail Warehouse JV PUT £000	LSP London Residential Investments £000	LSP Green Park Distribution Holdings £000	LSP Green Park Trust £000	2015 £000	2015 £000
Summarised income statement	100%	100%	100%	100%	100%	**100%**	**Group share**
Net rental income	11,953	12,736	2,668	6,297	–	**33,654**	**13,337**
Administration expenses	(122)	(22)	(130)	(4)	(100)	**(378)**	**(141)**
Management fees	(874)	(493)	(538)	(260)	(213)	**(2,378)**	**(949)**
Revaluation gain	7,020	7,821	400	2,457	–	**17,698**	**5,982**
Finance income	18	8	4	1	–	**31**	**13**
Finance cost	(3,283)	(1,863)	(2,559)	(585)	–	**(8,290)**	**(3,251)**
Movement in derivatives	(1,683)	(390)	(352)	21	–	**(2,404)**	**(1,105)**
(Loss)/profit on disposal	(427)	1,916	(595)	–	1,089	**1,983**	**417**
Tax	–	–	–	(62)	–	**(62)**	**–**
Profit/(loss) after tax	**12,602**	**19,713**	**(1,102)**	**7,865**	**776**	**39,854**	**14,303**
EPRA adjustments							
Revaluation gain	(7,020)	(7,821)	(400)	(2,457)	–	**(17,698)**	**(5,982)**
Movement in derivatives	1,683	390	352	(21)	–	**2,404**	**1,105**
Loss/(profit) on disposal	427	(1,916)	595	–	(1,089)	**(1,983)**	**(475)**
Debt and hedging early close out costs	–	–	146	–	–	**146**	**58**
EPRA earnings	**7,692**	**10,366**	**(409)**	**5,387**	**(313)**	**22,723**	**9,009**
Summarised balance sheet							
Investment properties	212,430	147,995	166,134	36,878	–	**563,437**	**236,245**
Other current assets	1,448	25	336	–	24	**1,833**	**873**
Cash	21,275	1,821	2,309	1,253	979	**27,637**	**13,051**
Current liabilities	(7,544)	(1,725)	(1,153)	(640)	(1,003)	**(12,065)**	**(5,397)**
Bank debt	(102,500)	(71,800)	(42,464)	(14,890)	–	**(231,654)**	**(97,579)**
Unamortised finance costs	1,527	1,546	275	67	–	**3,415**	**1,378**
Derivative financial instruments	(375)	274	(124)	(105)	–	**(330)**	**(205)**
Net assets	**126,261**	**78,136**	**125,313**	**22,563**	**–**	**352,273**	**148,366**
Group share	**50%**	**30.5%**	**40%**	**50%**	**31.4%**		
Group share of net assets	**63,131**	**23,829**	**50,125**	**11,281**	**–**	**148,366**	

10 Investment in joint venture (continued)

	Metric Income Plus Partnership £000	LMP Retail Warehouse JV PUT £000	LSP London Residential Investments £000	LSP Green Park Distribution Holdings £000	LSP Green Park Trust £000	2014 £000	2014 £000
Summarised income statement	100%	100%	100%	100%	100%	100%	Group share
Net rental income	8,376	275	3,420	5,858	–	17,929	7,173
Administration expenses	(75)	(210)	(670)	(198)	–	(1,153)	(456)
Management fees	(489)	(177)	(580)	(614)	–	(1,860)	(756)
Revaluation gain	9,219	11,931	2,933	950	–	25,033	8,360
Finance income	20	–	10	1	–	31	12
Finance cost	(2,462)	–	(2,715)	(6,261)	–	(11,438)	(5,038)
Movement in derivatives	498	–	608	4,858	–	5,964	2,838
Profit on disposal	861	5,492	8	652	–	7,013	2,291
Profit after tax	15,948	17,311	3,014	5,246	–	41,519	14,424
EPRA adjustments							
Revaluation gain	(9,219)	(11,931)	(2,933)	(950)	–	(25,033)	(8,360)
Movement in derivatives	(498)	–	(608)	(4,858)	–	(5,964)	(2,838)
Profit on disposal	(861)	(5,492)	(8)	(652)	–	(7,013)	(2,291)
Debt and hedging early close out costs	–	–	–	4,242	–	4,242	2,121
EPRA earnings	5,370	(112)	(535)	3,028	–	7,751	3,056
Summarised balance sheet							
Investment properties	160,650	159,000	184,900	26,400	–	530,950	189,205
Other current assets	153	15,400	2,198	20	–	17,771	5,637
Cash	3,312	12,948	8,473	1,240	–	25,973	9,062
Current liabilities	(3,024)	(119,007)	(1,323)	(694)	–	(124,048)	(38,181)
Bank debt	(75,000)	–	(62,765)	(14,890)	–	(152,655)	(57,551)
Unamortised finance costs	1,056	–	705	138	–	1,899	703
Derivative financial instruments	261	–	228	(126)	–	363	115
Net assets	87,408	68,341	132,416	12,088	–	300,253	108,990
Group share	33.3%	30.5%	40%	50%	31.4%		
Group share of net assets	29,136	20,844	52,966	6,044	–	108,990	

11 Intangible assets

As at 31 March	2015 £000	2014 £000
Cost		
Opening balance	**54,428**	54,428
Additions	**–**	–
	54,428	54,428
Amortisation		
Opening balance	**53,584**	44,790
Amortisation during the year	**347**	8,794
	53,931	53,584
Net carrying amount	**497**	844

An intangible asset of £53.3 million was created on the acquisition by the Company of the LSP Green Park Property Trust Property Advisory Agreement on 1 October 2010 and was fully impaired in the year to 31 March 2014.

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

12 Trade and other receivables

As at 31 March	2015 £000	2014 £000
Trade receivables	**2,847**	2,386
Performance fees receivable	**–**	2,712
Amounts receivable from property sales	**337**	4,420
Taxation	**–**	227
Prepayments and accrued income	**1,744**	1,556
Other receivables	**2,313**	32,749
	7,241	44,050

All amounts fall due for payment in less than one year.

Trade receivables comprise rental income which is due on contractual quarter days with no credit period.

At 31 March 2015 there were trade receivables of £225,000 which were overdue and considered at risk (2014: £405,000). A full provision has been made against these trade receivables.

Included within other debtors in 2014 is a short-term loan to the LMP Retail Warehouse JV Property Unit Trust of £32.1 million which was repayable on demand.

13 Cash and cash equivalents

Cash and cash equivalents include £8.2 million (2014: £30.7 million) retained in rent and restricted accounts which are not readily available to the Group for day to day commercial purposes.

14 Trade and other payables

As at 31 March	2015 £000	2014 £000
Trade payables	**8,404**	1,139
Amounts payable on property acquisitions and disposals	**5,193**	77,740
Rent received in advance	**8,953**	8,577
Accrued interest	**2,772**	2,732
Other payables	**593**	996
Other accruals	**6,056**	5,655
	31,971	96,839

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

15 Borrowings and financial instruments

a) Non current financial liabilities

As at 31 March	2015 £000	2014 £000
Secured bank loans	**465,450**	415,474
Unamortised finance costs	**(3,195)**	(5,536)
	462,255	409,938

The bank loans at 31 March 2015 are secured by fixed charges over certain of the Group's investment properties with a carrying value of £918 million. On 1 April 2015 the Company agreed a new £400 million unsecured revolving credit facility with a syndicate of five lending banks and replaced five secured facilities with drawn debt totalling £269.3 million which were repaid in full. Debt of £265 million was drawn under the new credit facility. Debt maturity as at the date of this report increased to 6.2 years and the average debt cost decreased to 3.4%, both on a proportionately consolidated basis.

b) Financial risk management

Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's financial risk management objectives are to minimise the effect of risks it is exposed to through its operations and the use of debt financing.

The principal financial risks to the Group and the policies it has in place to manage these risks are summarised below:

i) Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's principal financial assets are cash balances and deposits and trade and other receivables. The Group's credit risk is primarily attributable to its cash deposits and trade receivables.

The Group mitigates financial loss from tenant defaults by dealing with only creditworthy tenants. The trade receivable amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivables concerned. The balance is low relative to the scale of the balance sheet and therefore the credit risk of trade receivables is considered to be low.

Cash is placed on deposit with a diverse mix of institutions with suitable credit ratings and rates of return and for varying periods of time. The credit ratings of the banks are monitored and changes are made where necessary to manage risk.

The credit risk on liquid funds and derivative financial instruments is limited due to the Group's policy of monitoring counterparty exposures with a maximum exposure equal to the carrying amount of these instruments. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

15 Borrowings and financial instruments (continued)

ii) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure that the Group has sufficient available funds for operations and committed investments. The Group's funding sources are diversified across a range of banks. Weekly cash flow forecasts are prepared for the Executive Committee to ensure sufficient resources of cash and undrawn borrowing facilities are in place to meet liabilities as they fall due.

The Group had cash reserves of £50.6 million (2014: £78.4 million) and available and undrawn bank loan facilities at 31 March 2015 of £72.2 million (2014: £96.0 million).

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

As at 31 March 2015	**Less than one year £000**	**One to two years £000**	**Two to five years £000**	**More than five years £000**	**Total £000**
Bank loans	**13,043**	**100,833**	**202,319**	**204,195**	**520,390**
Derivative financial instruments	**3,506**	**3,619**	**6,958**	**2,260**	**16,343**
	16,549	**104,452**	**209,277**	**206,455**	**536,733**

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

iii) Market risk – interest rate risk

The Group is exposed to interest rate risk from the use of debt financing at a variable rate. It is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates. It is Group policy that a reasonable portion of external borrowings are at a fixed interest rate in order to manage this risk.

The Group uses interest rate swaps and caps to manage its interest rate exposure and hedge future interest rate risk for the term of the bank loan. Although the Board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully the cash flow risk associated with interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

At 31 March 2015 the Group (excluding share of joint ventures) had £365 million (2014: £358 million) of hedges in place, and its debt of £465.5 million (2014: £415.5 million) was 78% (2014: 86%) hedged by way of interest rate swaps and caps. Consequently, based on year-end debt levels, a 1% change in interest rates would decrease or increase the Group's annual profit before tax by £2.7 million and £1.5 million respectively.

Including its share of joint ventures the Group had £451 million (2014: £401 million) of hedges in place and its debt of £563.0 million (2014: £473.0 million) was 80% (2014: 85%) fixed.

The average interest rate payable by the Group (including share of joint ventures) on all bank borrowings at 31 March 2015 including the cost of amortising finance arrangement fees was 3.7% (2014: 3.9%).

iv) Capital risk management

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern so that it can provide returns to shareholders and as such it seeks to maintain an appropriate mix of debt and equity. The capital structure of the Group consists of debt, which includes long-term borrowings and undrawn debt facilities, and equity comprising issued capital, reserves and retained earnings. The Group balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

15 Borrowings and financial instruments (continued)

c) Financial instruments

i) Categories of financial instruments

As at 31 March	Loans and receivables 2015 £000	Loans and receivables 2014 £000
Current assets		
Cash and cash equivalents	**50,568**	78,357
Trade receivables (note 12)	**2,847**	2,386
Performance fees receivable (note 12)	**–**	2,712
Taxation receivable (note 12)	**–**	227
Other receivables (note 12)	**2,313**	628
	55,728	84,310

As at 31 March	Measured at amortised cost 2015 £000	Measured at amortised cost 2014 £000	Measured at fair value 2015 £000	Measured at fair value 2014 £000
Non current liabilities				
Borrowings (note 15)	**462,255**	409,938	**–**	–
Current liabilities				
Trade payables (note 14)	**8,404**	1,139	**–**	–
Accrued interest (note 14)	**2,772**	2,732	**–**	–
Other accruals (note 14)	**6,056**	5,655	**–**	–
Other payables (note 14)	**593**	996	**–**	–
Derivative financial instruments (see 15(iii))	**–**	–	**6,870**	1,443
	480,080	420,460	**6,870**	1,443

ii) Fair values

To the extent financial assets and liabilities are not carried at fair value in the Consolidated Balance Sheet, the Directors are of the opinion that book value approximates to fair value at 31 March 2015.

iii) Derivative financial instruments

Details of the fair value of the Group's derivative financial instruments that were in place at 31 March 2015 are provided below:

As at 31 March	Average rate		Notional amount		Fair value	
Interest rate caps – expiry	**2015 %**	2014 %	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Less than one year	**4.0**	4.0	**4,000**	26,500	**–**	–
One to two years	**2.3**	4.0	**101,000**	4,000	**3**	–
Two to five years	**2.1**	2.2	**126,313**	167,313	**721**	2,660
More than five years	**4.0**	–	**18,150**	–	**537**	–
	2.3	2.4	**249,463**	197,813	**1,261**	2,660

As at 31 March	Average rate		Notional amount		Fair value	
Interest rate swaps – expiry	**2015 %**	2014 %	**2015 £000**	2014 £000	**2015 £000**	2014 £000
One to two years	**2.1**	–	**28,084**	–	**(297)**	–
Two to five years	**2.3**	2.2	**178,420**	221,504	**(4,243)**	(4,103)
More than five years	**2.0**	–	**187,290**	–	**(3,591)**	–
	2.1	2.2	**393,794**	221,504	**(8,131)**	(4,103)
Total fair value					**(6,870)**	(1,443)

15 Borrowings and financial instruments (continued)

All derivative financial instruments are non current interest rate derivatives, and are carried at fair value following a valuation as at 31 March 2015 by J C Rathbone Associates Limited.

The market values of hedging products change with interest rate fluctuations, but the exposure of the Group to movements in interest rates is protected by way of the hedging products listed above. In accordance with accounting standards, fair value is estimated by calculating the present value of future cash flows, using appropriate market discount rates. For all derivative financial instruments this equates to a Level 2 fair value measurement as defined by IFRS 13 Fair Value Measurement. The valuation therefore does not reflect the cost or gain to the Group of cancelling its interest rate protection at the balance sheet date, which is generally a marginally higher cost (or smaller gain) than a market valuation.

16 Commitments under operating leases

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

As at 31 March	**2015 £000**	2014 £000
Less than one year	**66,168**	57,114
Between one and five years	**281,345**	246,218
Between six and ten years	**280,081**	247,872
Between 11 and 15 years	**181,610**	139,369
Between 16 and 20 years	**97,418**	75,802
Over 20 years	**49,383**	50,438
	956,005	816,813

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

As at 31 March	**2015 £000**	2014 £000
Less than one year	**812**	810
Between one and five years	**1,958**	2,770
	2,770	3,580

17 Share capital

As at 31 March	**2015 Number**	**2015 £000**	2014 Number	2014 £000
Authorised				
Ordinary shares of 10p each	**Unlimited**	**Unlimited**	Unlimited	Unlimited

As at 31 March	**2015 Number**	**2015 £000**	2014 Number	2014 £000
Issued, called up and fully paid				
Ordinary shares of 10p each	**628,043,905**	**62,804**	628,043,905	62,804

In June 2014, the Company granted options over 2,475,929 ordinary shares under its Long Term Incentive Plan and Deferred Bonus Plan and acquired 1,573,947 shares through its Employee Benefit Trust at a cost of £2.4 million.

18 Reserves

The Statement of changes in equity is shown on page 102.

The following describes the nature and purpose of each reserve within equity:

Share capital	The nominal value of shares issued.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued ordinary shares.
Other reserve	A reserve relating to the application of merger relief in the acquisition of LondonMetric Management Limited and Metric Property Investments plc by the Company, the cost of the Company's shares held in treasury and the cost of shares held in trust to provide for the Company's future obligations under share award schemes.
Retained earnings	The cumulative profits and losses after the payment of dividends.

19 Related party transactions and balances

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

		Management fees		**Dividends**	
For the year to 31 March	Group interest	**2015 £000**	2014 £000	**2015 £000**	2014 £000
LSP Green Park Property Trust	31.4%	**46**	(745)	**275**	–
LPS Green Park Distribution Holdings	50.0%	**260**	614	**511**	533
LSP London Residential Investments	40.0%	**449**	483	**2,400**	–
Metric Income Plus Partnership	50.0%	**962**	489	**2,866**	1,432
LMP Retail Warehouse JV Property Unit Trust	30.5%	**494**	177	**13,472**	896
Group non recoverable VAT		**–**	(219)	**–**	–
		2,211	799	**19,524**	2,861

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

20 Events after the balance sheet date

On 1 April 2015 the Company agreed a new £400 million unsecured Revolving Credit Facility with a syndicate of five lending banks and replaced five secured facilities with drawn debt totalling £269.3 million which were repaid in full. Debt of £265 million was drawn under the new credit facility. The Group's £196.2 million seven year Helaba facility and its joint venture debt arrangements are unaffected and remain in place.

On 7 April 2015 the Group completed the acquisition of a distribution warehouse in Basildon let to Activair for £3.5 million.

On 9 April 2015 the Group's LSP Green Park Distribution Holdings joint venture exchanged on the corporate sale of its 268,000 sq ft distribution facility in Harlow to Tritax Big Box REIT plc for £37.2 million (Group share: £18.6 million).

On 24 April 2015 the Group completed the disposal of its 170,000 sq ft distribution facility in Brackmills let to Travis Perkins for £14.4 million.

On 11 May 2015 the Group's MIPP joint venture completed the disposal of Lichfield Retail Park for £13.3 million (Group share: £6.65 million).

On 19 May 2015 the Group completed the acquisition of a convenience food hall let to Marks and Spencer plc for £2.3 million.

On 28 May 2015 the Group completed the acquisition of a further two convenience food halls for £8.3 million.

Company Balance Sheet

As at 31 March

	Note	2015 £000	2014 £000
Fixed assets			
Investment in subsidiaries	iii	**746,911**	743,943
		746,911	743,943
Current assets			
Debtors	iv	**112**	193
Cash at bank		**31,802**	42,225
		31,914	42,418
Current liabilities			
Creditors: amounts falling due within one year	v	**71,084**	95,347
Net current liabilities		**(39,170)**	(52,929)
Total assets less current liabilities		**707,741**	691,014
Net assets		**707,741**	691,014
Capital and reserves			
Called up share capital	vi	**62,804**	62,804
Capital redemption reserve	vi	**9,636**	9,636
Other reserve	vi	**110,517**	114,484
Retained earnings	vi	**524,784**	504,090
Shareholders' funds		**707,741**	691,014

The financial statements were approved and authorised for issue by the Board of Directors on 2 June 2015 and were signed on its behalf by:

Martin McGann

Martin McGann
Finance Director
Registered in England, No 7124797

The notes on pages 126 to 128 form part of these financial statements.

Notes forming part of the Company financial statements

For the year ended 31 March 2015

i Accounting policies

Accounting convention

Although the consolidated Group accounts are prepared under IFRS the Company financial statements in this section are prepared under UK GAAP. For the year ending 31 March 2016 the Company intends to transition to reporting under FRS 101 as issued by the Financial Reporting Council. Any shareholder or shareholders holding in aggregate 5% or more of the allotted shares in the Company may serve objections on the Company to use the disclosure exemptions by writing to the Company Secretary at the registered office, One Curzon Street, London, W1J 5HB, no later than 31 August 2015.

The accounting policies relevant to the Company are the same as those set out in the accounting policies for the Group, except as noted below.

Subsidiary undertakings

Investments in subsidiary companies are stated at cost less any provision for impairment.

ii Profit attributable to members of the parent undertaking

As permitted by Section 408 Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The profit dealt within the accounts of the Company was £61.9 million (2014: £57.0 million).

Audit fees in relation to the Company only were £61,800 in the year (2014: £60,000).

iii Fixed asset investments

	Subsidiary undertakings £000
At 1 April 2014	743,943
Additions to cost	4,576
Impairment of investment	(1,608)
At 31 March 2015	**746,911**

The Company is incorporated in England and is the ultimate holding company of the Group and has the following principal subsidiary undertakings:

	Country of incorporation or registration	Proportion of voting rights held (by way of share capital or units held)	Nature of business
London & Stamford Property Limited	Guernsey	100%	Intermediate holding company
LondonMetric Management Limited	Guernsey	100%	Management company
LSI (Investments) Limited	England	100%	Property investment
LondonMetric Saturn Limited	England	100%	Property investment
Metric Property Investments plc	England	100%	Property investment
LondonMetric Retail Distribution I Limited	England	100%	Property investment
LondonMetric Saturn II Limited	England	100%	Property investment
LondonMetric Retail Finance Limited	England	100%	Intermediate holding company
LondonMetric Retail Distribution II Limited	England	100%	Property investment
LondonMetric Retail Distribution III Limited	England	100%	Property investment
LondonMetric Liverpool Limited	England	100%	Property investment

iii Fixed asset investments (continued)

	Country of incorporation or registration	Proportion of voting rights held (by way of share capital or units held)	Nature of business
LondonMetric Swindon Limited	England	100%	Property investment
LondonMetric Distribution Limited	England	100%	Property investment
LondonMetric Retail Limited	England	100%	Property investment
London & Stamford Investments Limited*	England	100%	Intermediate holding company
LSI Developments Limited*	England	100%	Property investment and development
L&S Business Space Limited*	Guernsey	100%	Property investment
L&S Highbury Limited*	Guernsey	100%	Property investment
L&S Battersea Limited*	Guernsey	100%	Property investment
LSP Marlow Limited*	Guernsey	100%	Property investment
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 Bedford Limited*	England	100%	Property investment
Metric Property Milford Haven Limited*	England	100%	Property investment
Metric Property Hove Limited*	England	100%	Property investment
Metric Property Kirkstall 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
LMP Green Park Cinemas Limited*	Guernsey	100%	Intermediate holding company
LMP Thrapston Limited*	Guernsey	100%	Property investment
Metric Property St Albans Limited*	England	100%	Property investment
Metric Property Cannock Limited*	England	100%	Property investment
LMP Bell Farm Limited*	England	100%	Property investment
LMP Omega 1 Limited*	England	100%	Property investment
LMP Dagenham Limited*	England	100%	Property investment
LMP Retail Warehouse JV Holdings Limited*	England	81.88%	Property investment
Metric MIPP Asset Management Limited*	England	100%	Property management
Metric LP Income Plus Limited*	England	100%	Property investment

* Undertakings held indirectly by the Company

The principal subsidiaries are those undertakings whose results or financial position, in the opinion of the Directors, principally affect the Group results. To avoid a statement of excessive length, details of investments which are not significant have been omitted. All of the undertakings listed above operate in their country of incorporation except those who are tax resident in the UK. All shares held are ordinary shares.

iv Debtors

As at 31 March	2015 £000	2014 £000
Trade debtors	**–**	4
Prepayments and accrued income	**102**	32
Other receivables	**10**	157
	112	193

All amounts under receivables fall due for payment in less than one year.

v Creditors: amounts falling due within one year

As at 31 March	2015 £000	2014 £000
Trade payables	**2,817**	972
Other accruals and deferred income	**613**	1,000
Amounts due to subsidiary undertakings	**67,654**	93,375
	71,084	95,347

vi Reserves

	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000
At 1 April 2014	62,804	9,636	114,484	504,090
Retained profit for the year	–	–	–	61,881
Share-based awards	–	–	(2,359)	954
Reserve transfer of impairment in subsidiary	–	–	(1,608)	1,608
Dividends paid	–	–	–	(43,749)
At 31 March 2015	**62,804**	**9,636**	**110,517**	**524,784**

vii Related party transactions

The Company has received short-term non interest bearing loans from subsidiaries in the year and £67.7 million is outstanding as at 31 March 2015 (2014: £93.4 million).

Other related party transactions for the Company are as noted for the Group in note 19 to the Group financial statements.

Supplementary information (not audited)

i EPRA Summary table

	2015	2014
EPRA earnings	**6.6p**	4.2p
EPRA net asset value	**140.6p**	121.0p
EPRA triple net asset value	**139.4p**	120.8p
EPRA vacancy rate	**0.3%**	0.4%
EPRA cost ratio (including vacant property costs)	**19%**	28%
EPRA cost ratio (excluding vacant property costs)	**17%**	25%
EPRA net initial yield	**4.9%**	5.8%
EPRA "topped up" net initial yield	**5.8%**	6.4%

The definition of these measures can be found of page 135.

ii EPRA proportionally consolidated income statement

For the year to 31 March	**Group £000**	**JV £000**	**2015 £000**	Group £000	JV £000	2014 £000
Gross rental income	**60,192**	**13,844**	**74,036**	54,061	7,773	61,834
Property costs	**(2,582)**	**(507)**	**(3,089)**	(2,789)	(600)	(3,389)
Net income	**57,610**	**13,337**	**70,947**	51,272	7,173	58,445
Management fees	**2,211**	**(949)**	**1,262**	799	(756)	43
Administrative costs	**(12,502)**	**(141)**	**(12,643)**	(13,484)	(456)	(13,940)
Net finance costs	**(15,384)**	**(3,238)**	**(18,622)**	(15,404)	(2,905)	(18,309)
Other	**(35)**	**–**	**(35)**	130	–	130
EPRA earnings	**31,900**	**9,009**	**40,909**	23,313	3,056	26,369

iii EPRA proportionally consolidated balance sheet

As at 31 March	**Group £000**	**JV £000**	**2015 £000**	Group £000	JV £000	2014 £000
Investment property	**1,164,140**	**236,245**	**1,400,385**	1,030,553	189,205	1,219,758
Gross debt	**(465,450)**	**(97,579)**	**(563,029)**	(415,474)	(57,551)	(473,025)
Cash	**50,568**	**13,051**	**63,619**	78,357	9,062	87,419
Other net liabilities	**(20,603)**	**(3,146)**	**(23,749)**	(45,341)	(31,841)	(77,182)
EPRA net assets	**728,655**	**148,571**	**877,226**	648,095	108,875	756,970
Loan to value	**36%**	**36%**	**36%**	33%	26%	32%
Cost of debt	**3.7%**	**3.6%**	**3.7%**	3.9%	4.2%	3.9%
Undrawn facilities	**72,191**	**11,250**	**83,441**	95,970	–	95,970

iv EPRA cost ratio

For the year to 31 March	2015 £000	2014 £000
Property operating expenses	**2,582**	2,789
Administration expenses	**12,502**	13,484
Share of joint venture property operating, administration expenses and management fees	**1,597**	1,812
Less:		
Joint venture property management fee income	**(2,211)**	(799)
Ground rents	**(180)**	(85)
Total costs including vacant property costs (A)	**14,290**	17,201
Group vacant property costs	**(1,199)**	(1,666)
Share of joint venture vacant property costs	**(347)**	(330)
Total costs excluding vacant property costs (B)	**12,744**	15,205
Gross rental income	**60,192**	54,061
Share of joint venture gross rental income	**13,844**	7,773
	74,036	61,834
Less:		
Ground rents	**(180)**	(85)
Total gross rental income (C)	**73,856**	61,749
Total EPRA cost ratio (including vacant property costs) (A)/(C)	**19%**	28%
Total EPRA cost ratio (excluding vacant property costs) (B)/(C)	**17%**	25%

v EPRA net initial yield and "topped up" net initial yield

As at 31 March	2015 £000	2014 £000
Investment property – wholly-owned	**1,164,140**	1,030,553
Investment property – share of joint ventures	**236,245**	189,205
Less development properties	**(131,095)**	(171,885)
Less residential properties	**(69,573)**	(96,183)
Completed property portfolio	**1,199,717**	951,690
Allowance for:		
Estimated purchasers' costs	**69,584**	55,198
Estimated costs to complete	**33,754**	15,193
EPRA property portfolio valuation (A)	**1,303,055**	1,022,081
Annualised contracted rental income	**63,605**	62,524
Share of joint ventures	**12,222**	9,921
Less development properties	**(11,333)**	(11,167)
Less residential properties	**(1,140)**	(1,935)
Annualised net rents (B)	**63,354**	59,343
Contractual rental increases for rent free periods	**9,783**	5,611
Contractual rental increases for fixed uplifts	**1,855**	126
"Topped up" net annualised rent (C)	**74,992**	65,080
EPRA net initial yield (B/A)	**4.9%**	5.8%
EPRA "topped up" net initial yield (C/A)	**5.8%**	6.4%

vi EPRA Vacancy rate

As at 31 March	2015 £000	2014 £000
Annualised estimated rental value of vacant premises	**255**	292
Portfolio estimated rental value[1]	**70,615**	63,063
EPRA vacancy rate	**0.3%**	0.4%

[1] Excludes residential and development properties

vii EPRA capital expenditure analysis

As at 31 March	Group 2015 £000	JV 2015 £000	Total 2015 £000	Group 2014 £000	JV 2014 £000	Total 2014 £000
Opening valuation	**1,030,553**	**189,205**	**1,219,758**	990,630	226,130	1,216,760
Acquisitions	**208,943**	**59,049**	**267,992**	335,328	79,530	414,858
Developments	**21,557**	**–**	**21,557**	19,671	–	19,671
Expenditure on existing portfolio	**10,545**	**727**	**11,272**	7,663	269	7,932
Disposals	**(231,451)**	**(22,854)**	**(254,305)**	(418,139)	(125,263)	(543,402)
Revaluation	**112,393**	**5,982**	**118,375**	87,519	8,370	95,889
Lease incentives	**11,600**	**4,136**	**15,736**	7,881	169	8,050
Closing valuation	**1,164,140**	**236,245**	**1,400,385**	1,030,553	189,205	1,219,758

viii Total accounting return

For the year to 31 March	2015 £000	2014 £000
EPRA net asset value		
– at end of year	**877,226**	756,970
– at start of year	**756,970**	687,261
Increase	**120,256**	69,709
Dividend paid	**43,749**	43,963
Increase including dividend	**164,005**	113,672
Total accounting return	**21.7%**	16.5%

ix Portfolio split and valuation

As at 31 March	2015 £m	2015 %	2014 £m	2014 %
Retail	**490.7**	**35.0**	456.2	37.4
Leisure	**77.1**	**5.5**	83.6	6.9
Distribution – retail	**402.2**	**28.7**	277.7	22.8
Distribution – non retail	**156.4**	**11.2**	58.3	4.8
Office	**73.3**	**5.2**	75.9	6.2
Investment Portfolio	**1,199.7**	**85.6**	951.7	78.1
Development – retail	**32.8**	**2.4**	29.8	2.4
Development – distribution	**98.3**	**7.0**	35.9	2.9
Development – office	**–**	**–**	106.2	8.7
Residential	**69.6**	**5.0**	96.2	7.9
	1,400.4	**100.0**	1,219.8	100.0

Retail (Group and JV split)				
Wholly-owned	**345.3**	**70.4**	354.2	77.6
Metric Income Plus Partnership	**106.2**	**21.6**	53.5	11.7
LMP Retail Warehouse JV Property Unit Trust	**39.2**	**8.0**	48.5	10.7
	490.7	**100.0**	456.2	100.0

x Investment Portfolio yields

As at 31 March	**2015**			2014		
	EPRA NIY %	**EPRA topped up NIY %**	**Equivalent yield %**	EPRA NIY %	EPRA topped up NIY %	Equivalent yield %
Retail	**5.2**	**6.0**	**5.9**	6.4	6.5	6.1
Leisure	**6.1**	**6.2**	**7.4**	6.1	6.1	7.7
Distribution	**4.2**	**5.4**	**5.7**	5.6	6.1	6.1
Office	**6.3**	**6.3**	**6.2**	6.9	6.9	6.8
Investment portfolio	**4.9**	**5.8**	**5.9**	6.3	6.4	6.8

xi Investment Portfolio – Key statistics

As at 31 March 2015	**Area '000 sq ft**	**WAULT to expiry years**	**WAULT to first break years**	**Occupancy %**	**Average rent £ per sq ft**
Retail	1,929	12.3	11.6	98.5	16.50
Leisure	322	22.4	22.4	100.0	15.50
Distribution – Retail	4,574	12.6	11.8	100.0	5.00
Distribution – Non Retail	1,345	13.7	13.0	100.0	6.60
Office	231	9.1	7.4	100.0	20.20
Investment portfolio	**8,401**	**13.1**	**12.3**	**99.7**	**8.70**
Distribution development[1]	2,175				
Retail development	159				
Total investment & development portfolio	**10,735**				

[1] Excludes conditional development site at Bedford

xii Total property returns (%)

For the year to 31 March	2015 %	2014 %
Capital return	11.1%	11.2%
Income return	5.8%	5.3%
Total return	**17.5%**	**17.0%**

xiii Contracted rental income

As at 31 March	2015 £m	2014 £m
Retail	**31.6**	31.5
Leisure	**5.0**	5.4
Distribution – retail	**23.1**	18.4
Distribution – non retail	**8.8**	3.7
Office	**4.7**	6.0
Investment portfolio	**73.2**	65.0
Development – retail	**2.1**	0.8
Development – distribution	**9.2**	5.3
Development – office	**–**	4.9
Residential	**1.1**	2.0
Total portfolio[1]	**85.6**	78.0

[1] The increase in contracted rental income in the year of £7.6 million was driven by:

i) higher net income of £6.1 million arising from positive net investment and recycling into higher yielding assets; and

ii) net £1.5 million of additional income from occupier transactions on both existing and new space after deducting income lost on space taken back in the year

xiv Rent subject to expiry

As at 31 March 2015	Within 5 years %	Within 10 years %	Within 15 years %	Within 20 years %	Over 20 years %
Retail	3.5	34.8	66.2	90.7	100.0
Leisure	–	–	–	–	100.0
Distribution	0.5	34.8	52.8	97.5	100.0
Office	–	34.8	100.0	100.0	100.0
	1.8	**32.7**	**57.9**	**88.7**	**100.0**

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

As at 31 March	2015 £m	2015 %	2014 £m	2014 %
Retail	8.3	26.4	5.2	14.1
Leisure	5.0	100.0	5.4	100.0
Distribution	16.2	50.8	7.6	34.5
Office	3.0	64.1	3.0	48.5
Investment portfolio	**32.5**	**44.4**	**21.2**	**32.6**

xvi Top ten assets (by value[1])

As at 31 March 2015	Area '000 sq ft	Contracted Rent £m	Occupancy %	WAULT to expiry years	WAULT to first break years
Dixons Carphone, Newark Distribution Centre	726	3.9	100	18.3	18.3
Primark Distribution Centre, Thrapston	783	4.0	100	17.5	17.5
Primark, Islip, Northamptonshire	1,062	5.3	100	25.0	25.0
Argos, Bedford	658	3.8	100	7.7	7.7
Eddie Stobart, Dagenham	410	3.0	100	16.3	16.3
Royal Mail, Daventry	273	2.5	100	8.4	8.4
Christchurch Retail Park, Christchurch	104	2.1	100	9.0	9.0
Marks & Spencer, Sheffield	626	2.6	100	8.7	6.3
Damolly Retail Park, Newry	165	2.4	100	11.5	9.0
Park Farm Industrial, Wellingborough	341	1.8	100	12.6	12.6

[1] Excluding residential assets

xvii Top 10 Occupiers

As at 31 March 2015	Contracted rental income £m	Market capitalisation £bn	Contracted rental income %
Primark[1]	9.3	23.0	11.0
Dixons Carphone	5.7	5.3	6.8
DFS	4.6	0.6	5.4
Odeon	4.5	private	5.4
Argos[1]	4.0	8.7	4.8
M&S	4.0	9.8	4.7
The Hut Group	3.8	private	4.5
B&Q[1]	3.6	8.9	4.2
Royal Mail	3.2	5.3	3.8
Eddie Stobart	3.0	private	3.5
Top 10	45.7		54.1
Other commercial income	38.8		45.9
Total commercial	**84.5**		100.0
Residential income	1.1		
Total Group income	**85.6**		

[1] Market capitalisation of parent company

Definitions

Building Research Establishment Environmental Assessment Methodology (BREEAM)
A set of assessment methods and tools designed to help construction professionals understand and mitigate the environmental impacts of the developments they design and build

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

Contracted Rent
The annualised rent adjusting for the inclusion of rent free periods

Cost of debt
Weighted average interest rate payable

Debt maturity
Weighted average period to expiry of drawn debt

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

EPRA Cost Ratio
Total operating costs as a percentage of gross rental income

EPRA Earnings per Share (EPS)
Recurring earnings from core operational activities divided by the average number of shares in issue over the year

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

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

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

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

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

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

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

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

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

Group
LondonMetric Property PLC and its subsidiaries

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

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

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

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

Loan to Value (LTV)
Net debt expressed as a percentage of the total value of investment and development properties and including residential assets

Net Interest Cover Ratio
Net rental income divided by interest payable on borrowings

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

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

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

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

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

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

Total Accounting Return (TAR)
The movement in EPRA NAV per share between the periods plus the dividend per share paid during the year expressed as a percentage of the EPRA NAV per share at the beginning of the period

Total Property Return (TPR)
Unlevered weighted capital and income return of the property portfolio as calculated by IPD

Total Shareholder Return (TSR)
The movement in the ordinary share price as quoted on the London Stock Exchange plus dividends per share assuming the that the dividends are re-invested at the time of being paid

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

Weighted Average Unexpired Lease Term (WAULT)
Average unexpired lease term across the investment portfolio weighted by net rental income

Yield Shift
The movement in the yield of the property over a given period. Yield compression is a commonly used term for a reduction in yields

Notice of Annual General Meeting

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, or other financial advisor authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your ordinary shares, please send this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Notice is hereby given that the Annual General Meeting of the members of LondonMetric Property Plc (Registered number 7124797) will be held at The Connaught, Carlos Place, Mayfair, London W1K 2AL on 16 July 2015 at 10.00 a.m.

Resolutions 1 to 18 inclusive will be proposed as ordinary resolutions and resolutions 19 to 21 inclusive will be proposed as special resolutions.

1. That the Annual Report and Audited Financial Statements for the year ended 31 March 2015 be considered and approved.
2. That the Annual Remuneration Report in the form set out in the Annual Report and Audited Financial Statements for the year ended 31 March 2015 be approved.
3. That the final dividend for the year to 31 March 2015 of 3.5p per share be declared payable on 20 July 2015 to all ordinary shareholders who were on the register of members at close of business on 12 June 2015.
4. That a special dividend of 2.0p per share be declared payable on 20 July 2015 to all ordinary shareholders who were on the register of members at close of business on 12 June 2015.
5. That Deloitte LLP be reappointed as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
6. That the Directors be authorised to determine the remuneration of the auditor.
7. That Patrick Vaughan be re-elected as a Director.
8. That Andrew Jones be re-elected as a Director.
9. That Martin McGann be re-elected as a Director.
10. That Valentine Beresford be re-elected as a Director.
11. That Mark Stirling be re-elected as a Director.
12. That Charles Cayzer be re-elected as a Director.
13. That James Dean be re-elected as a Director.
14. That Alec Pelmore be re-elected as a Director.
15. That Andrew Varley be re-elected as a Director.
16. That Philip Watson be re-elected as a Director.
17. That Rosalyn Wilton be re-elected as a Director.
18. That the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "2006 Act") in substitution for all existing authorities:

    a. to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together "relevant securities") up to an aggregate nominal amount of £20,934,797; and

    b. to exercise all the powers of the Company to allot equity securities (within the meaning of Section 560 of the 2006 Act) up to an additional aggregate nominal amount of £20,934,797 provided that this authority may only be used in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the Directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever,

    provided that the authorities in paragraph (a) and (b) of this resolution shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of this Annual General Meeting, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities or equity securities as the case may be to be allotted after such expiry and the Directors may allot relevant securities or equity securities in pursuance of any such offer or agreement as if the authority in question had not expired.

19. That the Directors be and are hereby empowered, in accordance with Sections 570 and 573 of the 2006 Act, to allot equity securities (as defined in Section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by resolution 18 above or by way of a sale of treasury shares as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

    a. the allotment of equity securities in connection with a rights issue or other pro rata offer (but in the case of the authority conferred by resolution 18(b) by way of a rights issue only) in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the Directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject in each case to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever;

    b. and the allotment (otherwise than pursuant to paragraph (a) of this resolution above) of equity securities up to an aggregate nominal amount of £6,280,439;

    and shall expire upon the expiry of the general authority conferred by resolution 18 above, except that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the Directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

20. That the Company be and is hereby generally and unconditionally authorised, in accordance with Section 701 of the 2006 Act, to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of ordinary shares of 10p each in the capital of the Company ("ordinary shares") on such terms and in such manner as the Directors may from time to time determine provided that:

    a. the maximum number of ordinary shares authorised to be purchased is 62,804,391;

    b. the minimum price which may be paid for an ordinary share is 10p being the nominal amount thereof (exclusive of expenses payable by the Company);

    c. the maximum price which may be paid for an ordinary share (exclusive of expenses payable by the Company) cannot be more than the higher of:

        (i) 105% of the average market value of an ordinary share for the five business days prior to the day on which the ordinary share is contracted to be purchased; and

        (ii) the value of an ordinary share calculated on the basis of the higher of:

            A. the last independent trade of; or

            B. the highest current independent bid for,

        any number of ordinary shares on the trading venue where the market purchase by the Company will be carried out; and

    the authority conferred shall expire at the conclusion of the next Annual General Meeting of the Company except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

21. That the Company is authorised to call any general meeting of the Company other than the Annual General Meeting by notice of at least 14 clear days' during the period beginning on the date of the passing of this resolution and ending on the conclusion of the next Annual General Meeting of the Company.

By order of the Board

Jadzia Duzniak
Company Secretary

2 June 2015

Notes to the Notice of the Annual General Meeting:

(i) Shareholders entitled to attend and vote at the meeting may appoint one or more proxies (who need not be shareholders) to attend, speak and vote on their behalf, provided that each proxy is appointed to exercise the rights attaching to the different shares held by him or her.

(ii) Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form.

(iii) Any person to whom this notice is sent who is a person nominated under Section 146 of the 2006 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 General Meeting. 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. The statement of rights of shareholders in relation to the appointment of proxies in paragraph (i) above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

(iv) To have the right to attend and vote at the meeting you must hold ordinary shares in the Company and your name must be entered on the share register of the Company in accordance with note (vi) below.

(v) To be valid, Forms of Proxy (and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be completed and signed and received by Capita Asset Services at PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF as soon as possible but, in any event, so as to arrive no later than 10 am on 14 July 2015. A Form of Proxy accompanies this notice. Completion and return of a Form of Proxy will not preclude members from attending and voting at the meeting should they wish to do so. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Capita Asset Services at PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

(vi) The time by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting is 6 pm on 14 July 2015. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 6 pm on the day that is two days before the date fixed for the adjourned meeting. Changes to entries on the register of members after such times shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(vii) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. 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.

(viii) In order for a proxy appointment or instruction 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 number RA10) by 10 am on 14 July 2015. 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.

(ix) 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.

(x) 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 his or her 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(xi) 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.

(xii) You may not use any electronic address provided either in this notice of Annual General Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

(xiii) As at 1 June 2015 (being the closest practical business day before the publication of this Notice), the Company's issued share capital consisted of 628,043,905 ordinary shares carrying one vote each.

(xiv) Members satisfying the thresholds in Section 527 of the 2006 Act can require the Company to publish a statement on its website setting out any matter relating to:

a. 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 meeting; or

b. any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting.

The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

(xv) Any member attending the meeting has the right to ask questions. 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.

(xvi) A copy of this notice, and other information required by Section 311A of the 2006 Act, can be found at www.londonmetric.com.

(xvii) The following documents are available for inspection at the registered office of the Company during normal business hours on each weekday (public holidays excluded) from the date of this notice until the conclusion of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting:

a. copies of the Executive Directors' service contracts with the Company; and

b. copies of letters of appointment of Non-Executive Directors.

c. a copy of the Articles of Association of the Company.

(xviii) In the case of joint registered holders, the signature of one holder on a proxy card will be accepted and 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. For this purpose, seniority shall be determined by the order in which names stand on the register of members of the Company in respect of the relevant joint holding.

Explanatory notes:

The information below is an explanation of the business to be considered at the Annual General Meeting.

Resolution 1 – To receive the Annual Report and Accounts
The Chairman will present the Annual Report and Audited Financial Statements for the year ended 31 March 2015 to the meeting. Resolution 1 is to consider and approve the Report of the Directors, the financial statements and the Auditor's report on the financial statements and on the auditable part of the Annual Remuneration Report for the financial year ended 31 March 2015.

Resolution 2 – Annual Remuneration Report
At the 2014 Annual General Meeting, shareholders approved the board's remuneration policy. This policy remains unchanged and is not required to be approved at the Annual General Meeting. The approved remuneration policy may be viewed in the annual report for 2014 which is available on the Company's website at www.londonmetric.com. The remuneration policy will be put to shareholders for approval again no later than 17 July 2017.

Resolution 2 is an ordinary resolution to approve the Annual Remuneration Report on the implementation of the remuneration policy. Section 439 of the Companies Act 2006 (the "Companies Act") requires UK-incorporated listed companies to put their Annual Remuneration Report to an advisory shareholder vote. As the vote is advisory it does not affect the actual remuneration paid to any individual director. The Annual Remuneration Report is set out in full in the Annual Report and Financial Statements.

Resolution 3 – Final dividend
A final dividend of 3.5p per ordinary share for the year ended 31 March 2015 is recommended for payment by the directors. If you approve the recommended final dividend, this will be paid on 20 July 2015 to all ordinary shareholders who were on the register of members at the close of business on 12 June 2015.

Resolution 4 – Special dividend
A special dividend of 2.0p per ordinary share is recommended for payment by the Directors. This is being paid to share some of the realised gain arising following the redevelopment and sale of offices at Carter Lane. If you approve the recommended special dividend, this will be paid on 20 July 2015 to all ordinary shareholders who were on the register of members at the close of business on 12 June 2015.

Resolutions 5 and 6 – Re-appointment of auditors
Resolution 5 relates to the reappointment of Deloitte LLP as the Company's auditor to hold office until the next Annual General Meeting of the Company and Resolution 6 authorises the Directors to set their remuneration.

Resolutions 7 to 17 – Re-appointment of Directors
Resolutions 7 to 17 deal with reappointment of the Directors. Biographies of each of the Directors seeking reappointment can be found on pages 58 to 59 of the Annual Report and Financial Statements. The Board has confirmed, following a performance review, that all Directors standing for reappointment continue to perform effectively and demonstrate commitment to their role.

Resolution 18 – Allotment of share capital
At the last Annual General Meeting of the Company held on 17 July 2014, the Directors were given authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £20,934,797 representing approximately one-third of the Company's then issued ordinary share capital. This authority expires at the conclusion of the Annual General Meeting.

Your Board considers it appropriate that a similar authority be granted to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £20,934,797 representing approximately one-third of the Company's issued ordinary share capital as at 1 June 2015 (the latest practicable date before publication of this Notice) during the period up to the conclusion of the next Annual General Meeting of the Company.

In addition, The Investment Association has said that it will consider as routine a resolution to authorise the allotment of a further one-third of share capital for use in connection with a rights issue. Your Board considers it appropriate to seek this additional allotment authority at the Annual General Meeting in order to take advantage of the flexibility it offers. However, the Board has no present intention of exercising either authority.

As at the date of this Notice the Company does not hold any ordinary shares in the capital of the Company in treasury.

Resolution 19 – Disapplication of statutory pre-emption rights
Resolution 19 will empower the Directors to allot ordinary shares in the capital of the Company for cash on a non-pre-emptive basis:

1. In connection with a rights issue or other pro-rata offer to existing shareholders.
2. Otherwise than in connection with a rights issue, up to a maximum nominal value of £6,280,439, representing approximately 10 per cent. of the issued ordinary share capital of the Company as at 1 June 2015 (the latest practicable date before publication of this Notice).

The Board intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles, as updated in March 2015, and not to allot shares for cash on a non pre-emptive basis pursuant to the authority in Resolution 19:

1. in excess of an amount equal to 5 per cent. of the total issued ordinary share capital of the Company (excluding treasury shares); or
2. in excess of an amount equal to 7.5 per cent. of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period, without prior consultation with shareholders,

In each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Resolution 20 – Authority to purchase own shares
Resolution 20 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act. The authority limits the number of shares that could be purchased to a maximum of 62,804,391 (representing approximately 10 per cent. of the Company's issued ordinary share capital as at 1 June 2015 (the latest practicable date before publication of this Notice)) and sets minimum and maximum prices. This authority will expire at the conclusion of the next Annual General Meeting of the Company.

The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The authority will be exercised only after consideration by the Directors of the effect on net asset value and if the directors believe that to do so would be in the interests of shareholders generally. Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares whilst held in treasury and no voting rights attach to treasury shares.

If Resolution 20 is passed at the Annual General Meeting, it is the Company's current intention to hold in treasury the majority of the shares it may purchase pursuant to the authority granted to it. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will need to reassess at the time of any and each actual purchase whether to hold the shares in treasury or cancel them, provided it is permitted to do so. The Company may hold a maximum of up to 10 per cent. of its issued share capital in treasury in accordance with guidelines issued by The Investment Association.

As at 1 June 2015 (the latest practicable date before publication of this Notice), there were share awards over 4,760,359 ordinary shares in the capital of the Company representing 0.76% of the Company's issued ordinary share capital. If the authority to purchase the Company's ordinary shares was exercised in full, these awards would represent 0.76% of the Company's issued ordinary share capital (excluding treasury shares).

Resolution 21 – Notice period for general meetings
It is proposed in Resolution 21 that shareholders should approve the continued ability of the Company to hold general meetings other than the Annual General Meeting on 14 clear days' notice.

This resolution is required under section 307A of the Companies Act. Under that section, a traded company which wishes to be able to call general meetings (other than an Annual General Meeting) on 14 clear days' notice must obtain shareholders' approval. Resolution 21 seeks such approval.

The resolution is valid up to the next Annual General Meeting of the Company and needs to be renewed annually. The Company will also need to meet the requirements for voting by electronic means under section 307A of the Companies Act before it can call a general meeting on 14 days' notice.

The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Adoption of Financial Reporting Standard (FRS 101) – Reduced Disclosure Framework
The UK Generally Accepted Accounting Principles (UK GAAP) were withdrawn on 1 January 2015. Accordingly, for its financial year ending 31 March 2016, the Company intends to transition to reporting under FRS 101, as published by the Financial Reporting Council, in its parent company financial statements. The Board considers that it is in the best interests of the group for the Company to adopt FRS 101 Reduced Disclosure Framework. No disclosures in the current UK GAAP financial statements would be omitted following the transition to FRS 101. Any shareholder or shareholders holding in aggregate 5% or more of the allotted shares in the Company may serve objections on the Company to the use of the disclosure exemptions by writing to the Company Secretary at the Registered Office, One Curzon Street, London, England W1J 5HB, no later than 31 August 2015.

Financial calendar

Announcement of results		2 June 2015
Final and special dividend	– Ex dividend date	11 June 2015
	– Record date	12 June 2015
	– Payable on	20 July 2015
Annual General Meeting		16 July 2015
Anticipated 2016 Interim dividend		December 2015

Shareholder information

Advisors to the Company

Joint Financial Advisors and Brokers

Peel Hunt LLP

Moor House
120 London Wall
London EC2Y 5ET

JP Morgan Securities Limited

25 Bank Street
Canary Wharf
London E14 5JP

Auditor

Deloitte LLP

2 New Street Square
London, EC4A 3BZ

Property Valuers

CBRE Limited

St Martin's Court
10 Paternoster Row
London EC4M 7HP

Savills Advisory Services Limited

33 Margaret Street
London W1G 0JD

Tax Advisors

PricewaterhouseCoopers LLP

1 Embankment Place
London WC2N 6RH

Solicitors to the Company

Jones Day

21 Tudor Street
London EC4Y 0DJ

Nabarro LLP

125 London Wall
London WC1X 8RW

Travers Smith LLP

10 Snow Hill
London EC1A 2AL

Mourant Ozannes

PO Box 186
1 Le Marchant Street
St Peter Port
Guernsey
Channel Islands GY1 4HP

Registrar

Capita Registrars

The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Secretary and Registered Address

Jadzia Duzniak
One Curzon Street
London W1J 5HB

www.londonmetric.com

REIT status and taxation

As a UK REIT, the Group is exempt from corporation tax on rental income and UK property gains. Dividend payments to shareholders are split between Property Income Distributions (PIDs) and non PIDs.

For most shareholders, PIDs will be paid after deducting withholding tax at the basic rate. However, certain categories of shareholder are entitled to receive PIDs without withholding tax, principally UK resident companies, UK public bodies, UK pension funds and managers of ISAs, PEPs and Child Trust Funds. There is a form on the Company's website for shareholders to certify that they qualify to receive PIDs without withholding tax.

Payment of dividends

Shareholders who would like their dividends paid direct to a bank or building society account should notify Capita Registrars. Tax vouchers will continue to be sent to the shareholder's registered address.

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