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If you have sold or transferred all of your Existing Ordinary Shares, please send this document together with (if any) the Application Form (having completed Box 8 on the Application Form) 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 onward transmission to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations including, but not limited to, the United States and the Excluded Jurisdictions. If you have sold or transferred part of your holding of Existing Ordinary Shares you should contact your stockbroker, bank or other agent through whom the sale or transfer was effected.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. London Stock Exchange has not itself examined or approved the contents of this document.

London&Stamford Property Limited

*(an investment company incorporated and registered in Guernsey
with registered company number 47816)*

Placing and Open Offer of 215,000,000 New Ordinary Shares at 105 pence per share

KBC PEEL HUNT LTD

Nominated Adviser, Broker and Underwriter

You should read this document in its entirety (and in particular the Risk Factors set out in Part 2 of this document).

The Company is authorised as an Authorised Closed Ended Investment Scheme by the Guernsey Financial Services Commission under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Investment Scheme Rules 2008. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council took any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it. Notification of the proposed placing and open offer of the New Ordinary Shares has been made to the Guernsey Financial Services Commission. The Guernsey Financial Services Commission has not reviewed this document and it together with the States of Guernsey Policy Council continue to take no responsibility for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

The distribution of this document and/or the Open Offer Entitlements through CREST, in jurisdictions other than the UK, including the Excluded Jurisdictions may be restricted by law and therefore persons into whose possession this document and/or accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this document and the Application Form should not be distributed, forwarded to or transmitted in or into the United States (as defined in Regulation S of the United States Securities Act of 1933, as amended) or the Excluded Jurisdictions.

The New Ordinary Shares have not been, nor will be, registered in the United States under the United States Securities Act of 1933 (the "Securities Act"), as amended, or under the securities laws of the Excluded Jurisdictions and they may not be offered or sold directly or indirectly within or into the Excluded Jurisdictions or to, or for the account or benefit of, any national, citizen or resident of the Excluded Jurisdictions. Subject to certain exceptions, the New Ordinary Shares may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S ("Regulation S") under the Securities Act). This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

This document is a prospectus in accordance with the Prospectus Rules and, pursuant to section 85 of FSMA has been drawn up in accordance with the Prospectus Rules. This document is also an admission document in accordance with Rule 27 of the AIM Rules and has been drawn up in accordance with the AIM Rules. This document has been approved by the UKLA and a copy of it has been delivered for filing to the UKLA as required by the Prospectus Rules. This document has been made available to the public in accordance with paragraph 3.2.1 of the Prospectus Rules, being made available, free of charge, at the Company's registered office, details of which are set out on page 20 of this document.

The Company's Ordinary Shares are currently admitted to trading on AIM and PLUS. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that trading will commence on AIM in the New Ordinary Shares on 30 July 2009. The New Ordinary Shares will also be admitted to trading on PLUS. No application is currently intended to be made for Ordinary Shares or the New Ordinary Shares to be admitted to listing or dealt with on any other exchange.

KBC Peel Hunt, which is regulated and authorised in the United Kingdom by the FSA, is acting as the Company's nominated adviser, broker and underwriter in connection with the Placing and Open Offer and is acting for no one else in connection with the Placing and Open Offer and will not be responsible to anyone other than the Company for the protections afforded to clients of KBC Peel Hunt or for providing advice in connection with the matters referred to in this document. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire New Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by KBC Peel Hunt as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

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PART 1

SUMMARY

This summary should be read solely as an introduction to this document. Any decision to invest in New Ordinary Shares should be based on consideration of this document as a whole.

Where any claim relating to information contained in this document is brought before a court in a member state of the EEA, the plaintiff investor might, under the national legislation of the member state where the claim is to be brought, have to bear the costs of translating this document into the language of the relevant member state before any legal proceedings are initiated.

Civil liability attaches to the Company and the Directors who are responsible for the contents of this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this document.

1. Introduction

The Company announced today that it proposes to raise approximately £225.75 million (approximately £219.5 million net of expenses) by the issue of 215,000,000 New Ordinary Shares through a Placing and Open Offer at an Issue Price of 105p per New Ordinary Share.

The Issue Price of 105p per New Ordinary Share represents a discount of 13.75p (11.6 per cent.) to the closing mid-market price of 118.75p per Ordinary Share prevailing on London Stock Exchange on 9 July 2009 (the last practicable date prior to the publication of this document), and a premium of 2.6 per cent. to the last reported NAV per share of 102.3p as at 31 March 2009.

2. Background to and reasons for the Placing and Open Offer

Since admission to AIM in November 2007, the Company has made five investments, in which it has committed £146.2 million of equity. The Company still has £87.4 million equity remaining, but in order to take advantage of the current market conditions and finance investments beyond this limit, the Directors are proposing a fundraising to provide further expansion capital for the Company. It is anticipated that the net proceeds of the Placing and Open Offer will be used entirely for property investment purposes.

3. Information on the Company

The Company is a closed-ended investment company incorporated in Guernsey, whose principal activity is the generation of rental income and capital growth through investments in commercial property, primarily in the United Kingdom. The Company is provided with investment advisory and property management services by LSI Management, which has a highly experienced Management Team.

4. Investment policy

4.1 *Key principles of the investment policy*

The Company will continue to invest in commercial property, including office, retail and industrial real estate assets, principally in the UK and may also consider opportunities overseas, where the Directors consider the opportunity exists to extract above-average returns for Shareholders. The Company is an active investor and will continue to implement strategies to enhance the quality and value of acquired assets and improve annual rental values. The level of gearing will be governed by careful consideration of the risk of leverage; cost of borrowing and the ability to mitigate the risk of interest rate increases and the effects of leverage to generate returns from assets acquired. The Directors intend that the Group's level of borrowings will be between 60 and 65 per cent. of the gross value of its real estate assets. The Articles do not however contain any borrowing limits.

The Company was established to take advantage of conditions in the UK property market which, in the opinion of the Directors, had reached unsustainable levels towards the end of 2007 and would be

likely to result in falling values. Since that time a severe downturn in financial markets has exacerbated the weakness in the UK property market to a greater level than previously foreseen.

It is the Company's intention to continue to look for opportunities in this market, offering double digit cash on equity yields. Strict selection criteria are applied in assessing investment opportunities.

Properties are considered and evaluated to identify potential for value enhancement as a result of physical improvements, lease restructurings, optimising tenant mix or new build opportunities. The Property Adviser works closely with existing tenants with regard to such issues to ensure that the Group understands the demands of tenants in order to anticipate and benefit from future requirements.

The Directors further intend, based on recommendations received from the Property Adviser, to identify latent potential in the Property Portfolio and realise value, by making sales, when investments have fulfilled expectations or no longer meet the Group's performance criteria or investment needs.

4.2 *Changes to the investment policy*

The Directors believe that the Property Adviser's experience in active management of commercial real estate assets will enable the Group to meet its principal objective of achieving above-average returns for Shareholders. Other than in exceptional circumstances, the Company will not change materially its principal investment objectives and policies as set out in this document without the consent of a majority of Shareholders.

4.3 *Restrictions*

The Company has adopted the following investment restrictions which it intends to comply with unless it gives notice otherwise:

- (i) not more than 20 per cent. of its gross assets will be invested in, either directly or indirectly, or lent to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates); or
- (ii) not more than 20 per cent. of its gross assets will be invested in one or more collective investment undertakings which may invest in excess of 20 per cent. of its gross assets in other collective investment undertakings (open-end and/or closed-end type); or
- (iii) not more than 20 per cent. of its gross assets will be exposed to the creditworthiness or solvency of any one counterparty (including its subsidiaries or affiliates); or
- (iv) not more than 40 per cent. of its gross assets will be invested in another collective investment undertaking; or
- (v) the Company will not invest directly in physical commodities.

The Company will announce via a Regulatory Information Service (i) any change to the investment restrictions with which it intends to comply from time to time, and (ii) any breach of the investment restrictions adopted by (or otherwise applying to) the Company from time to time.

5. Summary of the Placing and Open Offer

The Company is proposing to raise approximately £219.5 million (net of expenses) through the Placing and Open Offer. Of the 215,000,000 New Ordinary Shares being issued, 72,500,000 have been conditionally placed firm and 142,500,000 have been conditionally placed subject to clawback by Qualifying Shareholders under the Open Offer and undertakings have been received from certain Shareholders to take up 26,143,965 New Ordinary Shares under the Placing and Open Offer. In each case, the New Ordinary Shares have been placed with institutional and other investors by KBC Peel Hunt. Qualifying Shareholders are not being offered the right to subscribe for the Firm Placed Shares. The New Issue has been arranged and fully underwritten by KBC Peel Hunt pursuant to the terms of the Underwriting Agreement.

Qualifying Shareholders are being given the opportunity to subscribe under the Open Offer for New Ordinary Shares at the Issue Price payable in full on application and free of expenses, *pro rata* to their existing holdings of Existing Ordinary Shares, on the following basis:

1 New Ordinary Share for every 2 Existing Ordinary Shares

held by them and registered in their names on the Record Date and so in proportion to any other number of Existing Ordinary Shares then held, rounded down to the nearest whole number of New Ordinary Shares.

The New Ordinary Shares will, when issued, be fully paid and rank in full for all dividends and other distributions declared, made or paid after their date of issue and otherwise *pari passu* in all respects with the Existing Ordinary Shares other than the dividend declared on 11 June 2009 payable to Shareholders on 27 July 2009 who are on the register on 19 June 2009 in respect of the year ended 31 March 2009.

The New Issue, which has been arranged and fully underwritten by KBC Peel Hunt, is conditional, amongst other things, on:

- 5.1 Admission occurring by 9.00 a.m. on 30 July 2009 (or such time and/or date as KBC Peel Hunt and the Company may agree not being later than 9.00 a.m. on 14 August 2009); and
- 5.2 the Underwriting Agreement not being terminated prior to Admission and being otherwise unconditional in all respects.

The New Issue will result in the issue of 215,000,000 New Ordinary Shares (representing 43.0 per cent. of the Enlarged Issued Share Capital of the Company). Application will be made for the New Ordinary Shares to be admitted to trading on AIM. Admission is expected to occur and dealings in the New Ordinary Shares are expected to commence on 30 July 2009. The latest time and date for acceptance and payment under the Open Offer is 11.00 a.m. on 24 July 2009.

There is no minimum subscription that may be made per Qualifying Shareholder under the Placing and Open Offer.

6. Board

The Board comprises Raymond Mould, Patrick Vaughan, Martin McGann, Rupert Evans, Richard Crowder, Lewis Grant and Patrick Firth, all of whom are non-executive Directors.

7. The Property Adviser

LSI Management provides property advisory services to the Group pursuant to the Property Advisory Agreement. LSI Management is run by the Management Team, and has been providing property advice to the Company since 30 October 2007.

8. Risk factors

An investment in the New Ordinary Shares is subject to a number of risks. Accordingly, potential investors should consider carefully all the information set out in this document and accompanying documents and the risks attaching to the Company prior to making an investment decision. The Group's business, financial condition or results of operations could be materially and adversely affected by a number of risks relating either to the business of the Group or general risks (such as the value of the investments fluctuating), which are highlighted below:

8.1 *Risks relating to Ordinary Shares*

- 8.1.1 The market price of the Ordinary Shares may fluctuate widely
- 8.1.2 Investment in securities traded on AIM is perceived to involve a higher degree of risk than those traded on the London Stock Exchange's main market
- 8.1.3 There may be limited liquidity in the Ordinary Shares

- 8.2 *Factors affecting capital growth and dividends*
- 8.2.1 Problems identifying and acquiring sufficient suitable properties within a reasonable time period could adversely impact capital growth and dividends
- 8.3 *Risks relating to the Group and its business*
- 8.3.1 The Property Adviser may not be able to retain key members of the Management Team
- 8.3.2 The Company may not meet its investment objectives
- 8.3.3 The Group's revenues, expenses and operating results may fluctuate due to factors including general economic conditions, adverse movements in interest rates and capital expenditure
- 8.3.4 Property valuations may not reflect actually achievable sales values for portfolio properties
- 8.3.5 The Group could be adversely affected by a downturn in the property market
- 8.3.6 The Group may not be able to identify suitable properties for acquisition
- 8.3.7 The Group's rental income may be adversely affected by increasing competition from other property owners, the insolvency of tenants, or increasing operating costs
- 8.3.8 Contracting counterparties may fail to meet their obligations
- 8.3.9 The Group does not have full control over its joint venture, which may have contingent liabilities
- 8.3.10 The Group may enter other joint ventures which could limit its business opportunities
- 8.3.11 General illiquidity and decreased investor demand may prevent the Group from strategically adjusting its Property Portfolio and could increase pressure on its financial covenants
- 8.3.12 The global economic downturn and serious dislocation of the financial markets exposes the Group to significant counterparty credit risk
- 8.3.13 Future dividends will be dependent on the ability of the Group to generate cashflow
- 8.3.14 A change in the Group's tax status or in taxation legislation in the UK or Guernsey could adversely affect the Group's profits and portfolio value and/or returns to Shareholders
- 8.3.15 The Group could suffer civil or criminal penalties if it fails to comply with the laws and regulations that are applicable to its business
- 8.3.16 The Group is exposed in the longer term to risks relating to its indebtedness and its level of gearing
- 8.3.17 The use of borrowings may magnify the impact of any fall in property values on NAV
- 8.3.18 The Company may not be able to meet future dividend expectations if interest rates increase
- 8.3.19 If the Property Adviser ceases to be the primary property adviser the BoS Facility may become repayable
- 8.3.20 If the financial performance of the Group declines in the longer term it may not be able to maintain compliance with its financial covenants
- 8.3.21 The Group may not be able to access debt finance on reasonable terms, limiting its ability to finance future acquisitions
- 8.3.22 A deterioration in general economic conditions could materially affect the Group's business

8.3.23 The Company could issue additional Ordinary Shares in the future which could dilute the interests of Shareholders. As pre-emption rights do not apply under Guernsey Law new shares could be issued on a non pre-emptive basis

8.4 *Risks relating to the Placing and Open Offer*

8.4.1 The Board may not be able to pursue its intended strategies if the Placing and Open Offer does not proceed

8.4.2 Shareholders may suffer dilution immediately following Admission due to non pre-emptively issued New Ordinary Shares

9. **Selected financial information**

The following information summarises the trading record of the Group. This information has been prepared in accordance with IFRS for year ended 31 March 2009 (audited) and in accordance with IFRS for the five month period ended 31 March 2008 (audited). The information set out below has been extracted without material adjustment from the audited consolidated financial statements of the Company and for the five month period ended 31 March 2008 and for the year ended 31 March 2009.

	<i>Five months ended 31 March 2008</i>	<i>Year ended 31 March 2009</i>
	<i>£000</i>	<i>£000</i>
	<i>IFRS</i>	<i>IFRS</i>
Net rental income	625	3,082
Operating (loss)/profit	(5,756)	13,047
(Loss)/profit on ordinary activities before taxation	(1,039)	20,094
Retained profit for the period/year	405	24,043
Earnings per share on profit attributable to Shareholders –		
Basic and diluted	0.14p	8.4p
Net asset value	277,898	291,681
Net asset value per share	97.5p	102.3p

10. **Official List and REIT status**

The Directors continue to consider the optimal structure and positioning of the business as the Company and its Property Portfolio develops. With this in mind, the Directors will consider applying, as and when the appropriate requirements are satisfied and subject to their assessment of the benefits at the time, for admission of the Ordinary Shares to the Official List and to trading on London Stock Exchange's main market for listed securities and converting the Company into a UK Real Estate Investment Trust (REIT).

11. **Dividend policy**

On 11 June 2009, the Board announced the payment of a final dividend of 2p per Ordinary Share in respect of the year ended 31 March 2009, which equates to a total dividend of 4p paid in that year. New Ordinary Shares issued pursuant to the Placing and Open Offer will not rank for this dividend.

It is the intention of the Directors that the Company will pay dividends from surplus income to the extent that such income is distributable. Where opportunities exist that fit the Group's investment criteria, the Group may reinvest disposal proceeds. There can be no guarantee as to the amount of any dividend payable by the Company.

12. **Working capital**

For the purpose of paragraph 3.1 of Annex III of Appendix 3 to the Prospectus Rules, the Company is of the opinion that, taking into account the bank and other facilities available to the Group and the proceeds of the

Placing and Open Offer, the working capital of the Group is sufficient for its present requirements, that is for at least 12 months following the date of this document.

For the purpose of paragraph (c) of Schedule Two of the AIM Rules, the Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of Admission.

PART 2

RISK FACTORS

Any investment in New Ordinary Shares is subject to a number of risks. Prior to subscribing for any New Ordinary Shares, prospective investors should carefully consider all the information in this document, including the risks described below. The Directors have identified those risks as the material risks, but additional risks and uncertainties not currently known to the Directors or that the Board currently considers immaterial, may also adversely affect the Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Group's business, financial condition and/or operational performance could be materially adversely affected. In that case, the trading price of the Ordinary Shares may decline and potential investors may lose all or part of the value in their investments.

An investment in the New Ordinary Shares is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. Accordingly, prospective investors are recommended to obtain independent financial advice from an adviser authorised under FSMA (or another appropriately authorised independent professional adviser) who specialises in advising upon investments.

RISKS RELATING TO ORDINARY SHARES

Possible volatility of share price

The Company is unable to predict whether the Ordinary Shares issued will be able to be sold in the open market. Any sales of substantial amounts of Ordinary Shares in the public market, or the perception that such sales might occur, could materially adversely affect the market price of the Ordinary Shares.

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the stock market regarding the Ordinary Shares or securities similar to them (both in connection with the market approval of its current strategy or if the Group's operating results and prospects from time to time are below the expectations of market analysts and investors) or in response to various facts and events, including any regulatory changes affecting the Group's operations, half yearly or yearly operating results or business developments of the Group or its competitors.

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Part 2, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Ordinary Shares, regardless of the Group's actual performance or conditions in their key markets. Investors may not get back the full value of their investment. There is no guarantee that the market price of the New Ordinary Shares will fully reflect their underlying Net Asset Value and the New Ordinary Shares may trade at a discount. There may be limited liquidity in the New Ordinary Shares making it difficult to realise the New Ordinary Shares.

Ordinary Shares traded on AIM

The Ordinary Shares trade on AIM. An investment in securities traded on AIM is perceived to involve a higher risk than those listed on the Official List. Prospective investors should be aware that the value of the New Ordinary Shares could go down as well as up and investors may therefore not recover their original investment especially as the market in New Ordinary Shares may have limited liquidity. The fact that the New Ordinary Shares are admitted to AIM should not be taken as implying that there will be a liquid market for New Ordinary Shares.

Limitations on liquidity

The Directors intend to propose that the Shareholders vote in the 12 months following 7 November 2012 on whether or not to liquidate the Company in the 12 months following 7 November 2014. Prior to this date, Shareholders will only be able to realise their investment through the market and may not be able to receive

back the full cost of their initial investment or the Net Asset Value from time to time and if Shareholders vote not to liquidate the Company there will not be any recourse for dissenting Shareholders to redeem their shares.

Although the Ordinary Shares are admitted to trading on AIM and PLUS, there can be no assurance that there is an active trading market for the Ordinary Shares. If an active trading market is not developed or maintained, the liquidity and trading price of Ordinary Shares could be adversely affected. Even if an active trading market develops, the market price for the Ordinary Shares may fall and may not reflect their underlying Net Asset Value.

FACTORS AFFECTING CAPITAL GROWTH AND DIVIDENDS

There is no guarantee that the Group will be able to acquire a sufficient number of suitable properties which will enable returns of capital and income returns to be achieved. Having excess uninvested cash may further affect the Group's ability to achieve returns of capital and income returns.

The level of dividend and dividend growth on the New Ordinary Shares will depend principally on income received from the underlying assets. The level of income of the Group will be affected by the level of borrowings incurred by the Group and the amount of income required to service interest payments on external borrowing.

It is expected that the net proceeds of the New Issue will, subject to prevailing market conditions, be invested or committed to be invested in properties following Admission in accordance with the Company's investment objective and policy but, should these investments not be made within a reasonable period (e.g. due to changes in market conditions), the potential returns available for Shareholders may be adversely affected.

As properties will continue to be selected and acquired by the Group after Admission, it is currently difficult to calculate accurately the total acquisition and financing costs for the acquisition of such properties. In the event that the actual acquisition and financing costs exceed the anticipated costs, this may reduce the anticipated returns to Shareholders.

The valuation of property and property-related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to uncertainty. There is no assurance that the valuations of the properties obtained prior to acquisition will be reflected in actual sale prices even where any such sales occur shortly after the relevant valuation date.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

The Group is managed by an external property manager

As from 30 October 2007 the Group has been externally managed by the Property Adviser under the provisions of the Property Advisory Agreement pursuant to which the Property Adviser provides property advisory, management and development monitoring services to the Company and certain subsidiaries of the Company. Such management structure involves certain risks, in particular the risks presented below. For the description of the Property Advisory Agreement see "Material Contracts" in Part 11 of this document.

Dependence on the Property Adviser and its key personnel

The Group's success depends upon the actions of the Property Adviser. The loss (whether temporary or permanent) of the services of any member of the Management Team could have a material adverse effect on the business, financial condition or results of operations of the Group.

No guarantee that the investment objectives of the Company will be met

There can be no guarantee that the investment objectives of the Company will be met. The results of the Group's operations will depend on many factors, including, but not limited to, the availability of opportunities for the acquisition of assets, the level and volatility of interest rates, readily accessible funding alternatives, conditions in the financial markets and general economic conditions.

The performance of many of the Company's investments may depend to a significant extent upon the performance of the Property Adviser. Past performance of the Management Team with respect to other companies and funds cannot guarantee the future performance of the Property Adviser or the Group. There can be no guarantee that the Company will have the same opportunities to invest in assets that generate similar returns to such other companies and funds. Further, differences between the structure, term and investment objectives and policies of the Group and the other companies and funds, including different performance-related fee arrangements, may affect their respective returns.

Fluctuations of revenues, expenses and operating results

The Group's revenues, expenses and operating results could vary significantly from period to period as a result of a variety of factors, some of which are outside the Group's control. These factors include general economic conditions, adverse movements in interest rates, capital expenditure and other costs.

Property

The valuation of a property is generally a matter of the valuer's opinion and may fluctuate up or down from time to time. There is no assurance that the valuation of a property will reflect the actual sale price even where such sale occurs shortly after the relevant valuation date. The Valuation Report is made on the basis of certain assumptions which may not prove to reflect the true position.

The performance of the Group could be adversely affected in the longer term by a downturn in the property market in terms of capital value or a weakening of rental yields. In the event of a default by a tenant or during any other void period, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs.

Rental income and the market value for properties are generally affected by overall conditions in the economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises.

The Group's ability to implement its strategy and achieve its desired returns may be limited by the Property Adviser's ability to identify suitable properties for acquisition by the Group. In addition, the Group may, in acquiring suitable properties, face significant competition from other investors, including competitors who may have greater resources. Competition in the property market may lead to prices for properties identified by the Property Adviser as suitable for acquisition by the Group being driven up through competing bids by other potential purchasers. Accordingly, the existence and extent of such competition may have a material adverse effect on the Group's ability to acquire properties at satisfactory prices and otherwise on satisfactory terms.

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance and increased operating costs. Similarly, rent reviews may not result in rental income from any property being received at such property's then expected rental value. In addition, certain significant expenditures, including operating expenses, must be met by the owner when a property is vacant.

Any change to the laws and regulations relating to the relevant property markets may have an adverse effect on the capital value of the Property Portfolio and/or the rental income of the Property Portfolio.

Investments in property are relatively illiquid and more difficult to realise than equities or bonds. Property values may also be adversely affected by illiquidity in the property market.

The Group is subject to the risk of contracting counterparties failing to meet their obligations

The Group engages in contractual relationships with third parties in the ordinary course of business.

The failure of third parties to fulfil their contractual responsibilities could place the Group and its business at risk. Examples of such failures include a bank defaulting on its commitment to provide financing to a purchaser or purchasers defaulting in respect of the purchase of a property from the Property Portfolio.

In addition, if one of the Group's major counterparties such as a joint venture partner defaulted on its obligations to members of the Group, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group has entered into a joint venture over which the Group may not have full control and in respect of which it may have contingent liabilities.

The Group has entered into a joint venture with Green Park Investments through which the Group holds its investment in Meadowhall shopping centre and may hold other assets in the future. Under such arrangement the Group is required to share control and specified major decisions require the approval of the Group's joint venture partner including decisions to sell, retain or develop assets.

The Group can also be required, in certain circumstances, to provide additional funding to the joint venture.

The Group's joint venture partner may have economic or business interests that are inconsistent with the Group's objectives or the joint venture partner could face severe financial distress or become insolvent, potentially leaving the Group liable for its share of any liabilities relating to the investment or joint venture or otherwise prejudicing the investment or joint venture.

If the Group is in default of its joint venture obligations it may be required to offer its interest in the joint venture for sale to Green Park Investments at a price that will be determined based upon the most recent net asset value of the joint venture vehicle, LSP Green Park Property Trust. This may be less than the then market value of such interest.

Other joint ventures

The Group may enter into other joint venture agreements and the use of joint ventures could for certain of the reasons set out in the risk factor above prevent the Group from achieving its objectives and could limit its business opportunities and/or result in the loss of the Group's investment.

General illiquidity and decreased investor demand may prevent the Group from strategically adjusting its Property Portfolio and could increase pressure on its financial covenants

Properties such as those in which the Group has invested and may in the future invest are relatively illiquid. Such illiquidity may affect the Group's ability to vary its Property Portfolio or dispose of or liquidate part of its Property Portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions.

In addition, global market turmoil, weakening economic conditions in the United Kingdom and, in particular, the continued impact of the credit crisis on funding capacity in the capital markets have reduced values in the United Kingdom across many asset classes, including commercial real estate.

Some investors may be reluctant to purchase property in the current market due to the general view that property values will continue to decrease or due to the increased cost or unavailability of debt financing, low investor confidence and concern that the economic downturn will adversely affect customer business and rental growth. The resulting relative lack of liquidity in commercial real estate may inhibit the Group's ability to sell elements of its Property Portfolio.

A decrease in value of the Property Portfolio could, in the longer term, increase pressure on its financial covenants and a lack of liquidity in commercial real estate may prevent the Group from relieving this pressure or capturing trends in customer demand and rental growth or disposing of lower growth or riskier assets.

Fluctuations in financial markets and the global economic downturn could affect the Group's long term ability to refinance any of its obligations

Continuing global economic turmoil could inhibit the Group's ability to rollover its existing borrowings in the event that the Group is, in the long term, unable to comply with applicable financial covenants or to meet its financial obligations when they fall due. Such turmoil could also affect the Group's long term ability to refinance its obligations or obtain new financing.

Dividends

Any future dividends will depend upon a number of factors, including the availability of distributable reserves. The generation of profits for distribution depends on the successful management of the Company's investments, the yields on existing and new properties, interest costs, taxes and profits on development and sale of properties. The above circumstances could have a material adverse effect on the business, financial condition or results of the Group.

If under Guernsey Law there were to be a change to the basis on which dividends could be paid by Guernsey companies, this could have a negative effect on the Company's ability to pay dividends.

Tax risks for Shareholders

The levels of and reliefs from taxation may change, adversely affecting the financial prospects of the Group and/or the returns payable to Shareholders. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Shareholders.

Tax risks for UK resident Shareholders include, but are not limited to, those detailed in paragraph 15 of Part 11 of this document.

Tax risks for the Group

Any change in the Group's tax status or in taxation legislation in Guernsey, the UK or any country where the Group has assets or operations could affect the value of the assets held by the Company or affect the Company's ability to achieve its investment objectives or provide favourable returns to Shareholders. Any such change could also adversely affect the net amount of any dividends payable to Shareholders.

In order to maintain its non-United Kingdom tax residence status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the Board, the place of residence of the Board's individual members and the location(s) in which the Board makes decisions will be important in determining and maintaining the non-United Kingdom tax residence of the Company. While the Company is organised in Guernsey, and a majority of the Directors are resident outside of the United Kingdom, continued attention must be paid to ensure that decisions by the Company are not made in the United Kingdom, to avoid a risk that the Company may lose its non-United Kingdom resident status.

In addition, if the Company were treated as having a permanent establishment, or as otherwise being engaged in a trade or business, in any country in which it invests or in which its interests are managed, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax.

The Company and its subsidiaries carrying out the property development and investment are exposed to risks associated with possible changes in tax laws, or the interpretation of tax laws. Although the Company believes its tax status and planning to have been in compliance with all current laws and regulations, any changes in tax laws or interpretation thereof or any investigation into the tax status of the Company or its subsidiaries by the relevant authorities may result in findings against the Company or its subsidiaries which may adversely affect the Group's financial condition and prospects.

The Group is also subject to transfer pricing risk in relation to any transactions between related parties that are not conducted on an arm's length basis. This could involve an adjustment to the tax result for entities involved to take account of arm's length pricing.

Regulation

The Group's operations are subject to laws and regulations. If the Group fails to comply with the laws and regulations that are applicable to its business, it could suffer civil and/or criminal penalties or it could be required to cease operations. There can be no assurance that its operations will not be subject to increased or changing regulations or laws which could have an adverse effect on the Group's business (including, without limitation, increasing its administrative or regulatory compliance costs or by restricting the Group's operations). There can be no assurance that the Group will be able to comply with any new regulations or laws to which it might become subject.

The Group is exposed in the longer term to risks relating to its indebtedness and its level of gearing

It is likely that the Group will expend its cash resources and incur borrowings to finance additions to the Property Portfolio. If this situation arises the Group's ability in the longer term to generate sufficient cash flow to make scheduled payments on the indebtedness, and its ability to re-finance its indebtedness when due, will depend on its future financial performance, which will be affected by a range of economic, competitive and business factors, many of which are outside the Group's control.

Borrowings are secured over the Group's property assets. In the event that the Group defaults under the terms of any borrowing agreements entered into, to the extent that the Group cannot remedy any such default or the lender does not agree to waive or suspend any rights in respect of such default, the lender concerned may seize title to such assets by enforcing their security. Repayment of borrowings will rank ahead of Shareholders' entitlements to the return of any capital invested.

If in the future the Group's gearing level increases, the volatility of the Group's financial performance may increase and the effect of any change in the valuation of the Group's assets on its financial position and results of operations may be amplified. Shareholder returns will increase through the use of gearing where the value of the Group's underlying assets is rising but will decrease where the underlying asset value is falling.

Impact of borrowings on Net Asset Value and ability to pay dividends

Prospective investors should be aware that, whilst the use of borrowings should enhance Net Asset Value where the value of the Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Property Portfolio falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such fall on the net revenue of the Company and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders.

Interest rates increases

If long term interest rates increase, the Company may not be able to meet future expectations of dividends and the level of income or the prospect of income and capital growth will be reduced accordingly.

BoS Facility Agreement

Under the terms of the BoS Facility Agreement, the details of which are set out in paragraph 14.4 of Part 11 of this document, if the Property Adviser ceases, pursuant to the terms of the Property Advisory Agreement, the details of which are set out in paragraph 14.2 of Part 11 of this document, to be the primary property adviser to LSI (Investments) Limited and LSIL, and the Company does not, within 30 days, appoint a replacement property adviser acceptable to Bank of Scotland PLC, then the facility will immediately become repayable in full and the commitment reduced to zero.

If the financial performance of the Group declines in the longer term it may not be able to maintain compliance with its financial covenants

The Facility Agreements contain covenants and undertakings with which certain members of the Group must comply, including interest covenants and loan to value covenants. A breach of any of the covenants would

constitute an event of default under the relevant Facility Agreement. Any material downward valuation of the Property Portfolio could ultimately result in breach of the loan to value covenants. The Company has not breached, nor as at the date of this document, is it close to breaching any such financial covenants in the Facility Agreements.

Whilst the Group currently has sufficient cash resources available to avoid potential covenant breaches, in the longer term, as the Group's cash resources are invested in the Property Portfolio, the Group may not be able to resolve potential covenant breaches through the repayment of its indebtedness.

Should there be such an event of default, the Lending Banks would be permitted to exercise certain rights, including the right to: (a) cancel the facilities; (b) declare the loans immediately due and payable; (c) declare the loans repayable on demand; and/or (d) take any step to enforce any security granted over the Group's assets under the terms of the Facility Agreements. There is no direct recourse however under the Facility Agreements to the Company.

In these circumstances, the Board would be required to pursue an alternative course of action in order to ensure that the risk of covenant default under the Facility Agreements does not materialise. The Company would also be required to: (a) renegotiate the terms of the Facility Agreements; and/or (b) obtain a sufficient amount of alternative debt or equity; and/or (c) find alternative ways of reducing its debt levels by disposing of assets that it had not proposed to sell; and/or (d) further reduce its administrative expenses and overheads. If the Company were to be unsuccessful in pursuing these alternative courses of action, it could be in breach of its financial covenants under the Facility Agreements.

Further information on the financial covenants in the Facility Agreements and the other terms of the Facility Agreements, is set out in paragraphs 14.3, 14.4 and 14.14 of Part 11 of this document.

The availability of debt finance on reasonable terms or at all may adversely affect the Group

The property investment sector tends to be highly capital-intensive. The ability of the Group to raise funds on reasonable terms depends on a number of factors, including general economic, political and capital market conditions and credit availability. There can be no assurance that financing in the longer term will be available or, if it is, that it will be available on terms that the Group considers acceptable. In particular, should the current difficult financial market conditions persist, in the longer term the Group may have difficulty in renewing, extending or refinancing its existing financing facilities when they mature in accordance with their terms.

If it is unable to do so or the terms of any new facilities entered into by the Group are more onerous than the terms of the Group's existing financing facilities, in the longer term this could limit the Group's ability to, amongst other things, bring forward development opportunities and such consequences would adversely affect in the longer term the Group's business, financial condition and results of operations.

Changes in economic conditions

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors could substantially and adversely affect equity investments and, consequently, the Group's results of operations and prospects.

No pre-emption rights under Guernsey Law

There are no provisions in Guernsey Law which confer pre-emption rights on existing Shareholders in connection with the allotment of equity securities for cash. Furthermore, although the Articles allow the Board to resolve that pre-emption rights apply in respect of any issue of Ordinary Shares, there is no obligation on the Board to pass any such resolution. Shareholders may therefore suffer a reduction in their proportionate ownership and voting interest in the ordinary share capital of the Company if Ordinary Shares are issued on a non pre-emptive basis.

RISKS RELATING TO THE PLACING & OPEN OFFER

If the Placing and Open Offer does not proceed

If the Placing and Open Offer does not proceed, the Board may not be able to pursue its intended strategies described in this document. In such circumstances, the Company will consider alternative funding options to finance future investments, which may include the extension of existing banking facilities or new sources of external funding. If such alternative funding to finance the future investments cannot be obtained there could be a material decline in the price or liquidity of the Ordinary Shares.

Dilution of ownership of Ordinary Shares

Shareholders, including those who apply for up to their full entitlement of New Ordinary Shares under the Open Offer, will suffer a reduction in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of Ordinary Shares immediately following Admission.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “projects”, “assumes”, “expects”, “intends”, “may”, “will”, “would” or “should”, or in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Group’s result of operations, financial condition, liquidity, prospects, growth strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, market position of the Company, earnings, financial position, cash flows, return on capital, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to the Company’s continuing obligations under the AIM Rules, the Disclosure and Transparency Rules and the Prospectus Rules, the Company undertakes no obligation to update publicly or revise any forward looking statement whether as a result of new information, future events or otherwise. None of these statements made in this document in any way obviates the requirements of the Company to comply with the AIM Rules, the Prospectus Rules, the Disclosure and Transparency Rules or FSMA.

PART 3

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Open Offer Record Date for entitlement to New Ordinary Shares	close of business on 8 July 2009
Announcement of the Open Offer	7.00 a.m. on 10 July 2009
Publication and posting of the Prospectus, and the non-CREST Application Form	10 July 2009
Expected date that the shares will be marked Ex-entitlement	10 July 2009
Open Offer Entitlements credited to CREST stock accounts for Qualifying CREST Shareholders	13 July 2009
Recommended last time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 20 July 2009
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 21 July 2009
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 22 July 2009
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of the relevant CREST instruction	11.00 a.m. on 24 July 2009
Admission and dealings in New Ordinary Shares to commence	8.00 a.m. on 30 July 2009
CREST member's accounts to be credited in respect of New Ordinary Shares in uncertificated form	30 July 2009
Definitive share certificates despatched for New Ordinary Shares in certificated form	by 7 August 2009

In order to apply for Open Offer Shares you will need to follow the procedure set out in Part 5 of this document, and for Qualifying non-CREST Shareholders, complete the enclosed Application Form. If you have any queries regarding the procedures for application under the Open Offer, you should contact Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (Telephone 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399). Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.) Capita Registrars cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

The dates set out in the expected timetable of principal events above and mentioned throughout this document and the Application Form may be adjusted by the Company (in consultation with KBC Peel Hunt), in which event details of the new dates will be notified to London Stock Exchange and, where appropriate, to Shareholders.

PLACING AND OPEN OFFER STATISTICS

Number of Existing Ordinary Shares in issue at the date of this document	285,000,000
Issue Price per New Ordinary Share	105 pence
Number of New Ordinary Shares to be issued under the Firm Placing	72,500,000
Number of New Ordinary Shares available under the Open Offer	142,500,000
Enlarged Issued Share Capital following the New Issue	500,000,000
Percentage of the Enlarged Issued Share Capital represented by the New Ordinary Shares	43.0 per cent.
Estimated net proceeds of the New Issue available to the Company	£219.5 million

DIRECTORS AND ADVISERS

Directors	Harold Raymond Mould (<i>Non-executive Chairman</i>) Patrick Lionel Vaughan (<i>Non-executive Director</i>) Martin Francis McGann (<i>Non-executive Director</i>) Richard John Crowder (<i>Non-executive Director</i>) Lewis Russell Horace Grant (<i>Non-executive Director</i>) Rupert Arthur Rees Evans (<i>Non-executive Director</i>) Patrick Anthony Seymour Firth (<i>Non-executive Director</i>)
The registered office of the Company and business address of each of the Directors	2nd Floor Regency Court Gategny Esplanade St. Peter Port Guernsey GY1 3NQ
Property Adviser	LSI Management LLP 21 St. James's Square London SW1Y 4JZ +44 (0)20 7484 9000
Nominated adviser, broker and underwriter	KBC Peel Hunt Ltd 111 Old Broad Street London EC2N 1PH
Solicitors to the Company	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW Jones Day 21 Tudor Street London EC4Y 0DJ
Guernsey legal advisers to the Company (Guernsey)	Ozannes Advocates 1 Le Marchant Street St. Peter Port Guernsey GY1 4HO
Solicitors to KBC Peel Hunt	Addleshaw Goddard LLP 150 Aldersgate Street London EC1A 4EJ
Auditors	BDO Stoy Hayward LLP Emerald House East Street Epsom Surrey KT17 1HS BDO Novus Limited PO Box 180 Place du Pre Rue du Pre St. Peter Port Guernsey GY1 3LL

Reporting accountant	BDO Stoy Hayward LLP Emerald House East Street Epsom Surrey KT17 1HS
Registrars	Capita Registrars (Guernsey) Limited Longue Hougue House St. Sampson Guernsey GY1 3US
Receiving agent	Capita Registrars Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Property valuers	CB Richard Ellis Limited St. Martin's Court 10 Paternoster Row London EC4M 7HP
Bankers	Bank of Scotland PLC The Mound Edinburgh EH1 1YZ Deutsche Postbank AG – London Branch 61 Queen Street London EC4R 1AF
Secretary, administrator and designated manager	Butterfield Fulcrum Group (Guernsey) Limited 2nd floor, Regency Court Gategny Esplanade St. Peter Port Guernsey GY1 3NQ
Public relations adviser	Kreab Gavin Anderson 85 Strand London WC2R 0DW

PART 4

LETTER FROM THE CHAIRMAN OF THE COMPANY

London&Stamford Property Limited

*(Incorporated and registered in Guernsey
with registered company number 47816)*

Directors:

Raymond Mould, *Non-Executive Chairman*
Patrick Vaughan, *Non-Executive Director*
Martin McGann, *Non-Executive Director*
Richard Crowder, *Non-Executive Director*
Lewis Grant, *Non-Executive Director*
Rupert Evans, *Non-Executive Director*
Patrick Firth, *Non-Executive Director*

Registered Office:

2nd Floor
Regency Court
Gategny Esplanade
St. Peter Port
Guernsey GY1 3NQ

10 July 2009

Dear Shareholder,

Placing and Open Offer

1. Introduction

The Company announced today that it proposes to raise approximately £225.75 million (approximately £219.5 million net of expenses) by the issue of 215,000,000 New Ordinary Shares through the Placing and Open Offer at the Issue Price of 105p per New Ordinary Share. Qualifying Shareholders have the right to subscribe for their *pro rata* entitlement in accordance with the terms of the Open Offer, details of which are set out in Part 5 of this document and for Qualifying non-CREST Shareholders in the Application Form.

The Issue Price of 105p per New Ordinary Share represents a discount of 13.75p (11.6 per cent.) to the closing mid-market price of 118.75p per Ordinary Share prevailing on London Stock Exchange on 9 July 2009 (the last practicable date prior to the publication of this document), and a premium of 2.6 per cent. to the last reported NAV per share of 102.3p as at 31 March 2009. The Placing has been fully underwritten by KBC Peel Hunt. KBC Peel Hunt is the Company's nominated adviser, broker and underwriter in respect of the Placing and Open Offer.

The purpose of this document is to provide you with details of, and the background to, the Placing and Open Offer and to explain why the Directors believe that the Placing and Open Offer is in the best interests of the Company.

2. Reasons for the fundraising and use of proceeds

UK commercial property values have fallen substantially since their peak in the summer of 2007 and many industry analysts now believe commercial property yields are at or are nearing their peak in certain sectors where income is secure long term. The Directors believe that in time yields will fall again, and that the current environment therefore provides an opportunity to acquire investment properties on attractive terms. The Property Adviser has considerable expertise in sourcing suitable transactions, as demonstrated by LSP's investments to date in 2009, and the Directors believe that there are, and will continue to be, opportunities to make a number of further investments while market conditions remain beneficial.

Since admission to AIM in November 2007, the Company has made five investments, in which it has committed £146.2 million of equity. LSP still has £87.4 million equity remaining, but in order to take advantage of the current market conditions and finance investments beyond this limit, the Directors are

proposing a fundraising to provide further expansion capital for the Company. It is anticipated that the net proceeds of the New Issue will be used entirely for property investment purposes.

The Directors consider the Placing and Open Offer to be a suitable fundraising structure. Whilst offering pre-emption rights is not a legal requirement of companies registered in Guernsey, the Board recognises the importance of allowing Shareholders to participate in this fundraising, and as a result, 66.3 per cent. of the New Ordinary Shares are being placed under the Open Offer. However, the Directors also recognise that a firm placing is attractive to new investors, which is important for generating demand for the issue given the size of the fundraising relative to the capitalisation of the Company and therefore 33.7 per cent. of the New Ordinary Shares will be placed under the Firm Placing and not under the Open Offer.

Further details of the Group's net assets and net debt on a pro forma basis, assuming the Placing and Open Offer was completed on 31 March 2009, can be found in Part 8 of this document.

3. Information on the Company

3.1 Overview

The Company is a closed-ended investment company incorporated in Guernsey, whose principal activity is the generation of rental income and capital growth through investments in commercial property, primarily in the United Kingdom. The Company is provided with investment advisory and property management services by LSI Management, which has a highly experienced Management Team. LSI Management's principal members are Raymond Mould, Patrick Vaughan, Martin McGann, Humphrey Price, Stewart Little and Jeremy Bishop. Raymond Mould, Patrick Vaughan and Martin McGann are also on the Board of the Company. Raymond Mould and Patrick Vaughan have been involved in a number of listed and unlisted property companies and funds for over 30 years, including Arlington and Pillar.

3.2 History and development

The Company was established on 1 October 2007, in order to exploit opportunities that it anticipated in the UK property cycle, to invest in commercial property, including office, retail and industrial real estate assets, principally in the UK. The Company raised £247.5 million (gross proceeds) through a placing in November 2007, when it was admitted to trading on AIM.

Prior to the date of its admission to trading on AIM, the Company had an existing portfolio comprising investment properties in the UK and Belgium. The Company subsequently sold the Belgian portfolio in November 2007 for net proceeds of £21.4 million. The Company retains its UK investment properties.

In October 2007, the Company entered into a five year revolving credit facility with Bank of Scotland PLC for £150 million. The facility is extendable by the Company for a further two years and carries a margin of 80 basis points over LIBOR. At the date of its admission to AIM, £23 million of the Company's facility was drawn down and secured against certain of the existing properties in the Property Portfolio, the balance of £127 million remaining available to fund new acquisitions.

In April 2008, the Group entered into a joint venture with Cavendish Limited a wholly owned subsidiary of a major Gulf institution. Cavendish Limited committed to provide up to £200 million of equity in co-investment with the Company. Cavendish Limited has since assigned its interest in the joint venture to its affiliate, Green Park Investments. In February 2009 LSP Green Park Property Trust, the joint venture vehicle, acquired via its subsidiary LSPGP Trust No. 1, a 50 per cent. interest in the Meadowhall shopping centre from British Land for £170 million (of which £47 million is deferred consideration). The equity in LSP Green Park Property Trust is split between (i) Green Park, £84.4 million with an equity contribution in relation to the deferred consideration of £32.3 million totalling £116.7 million (68.6 per cent.) and (ii) LSP Subsidiary, a wholly owned subsidiary of the Company, £38.6 million with an equity contribution in relation to the deferred consideration of £14.7 million totalling £53.3 million (31.4 per cent.).

Since the date of its admission to AIM, the Company made its first acquisition in January 2009 and has now made a total of five new investments using £146.2 million of equity. As can be seen from the table below, each new investment is generating a double digit cash on equity yields.

Table of acquisitions and initial returns

<i>Property</i>	<i>Notes</i>	<i>Date of acquisition</i>	<i>Ownership</i>	<i>Consideration (£million)</i>	<i>Initial Yield</i>	<i>Cash on Equity Return</i>
One Fleet Place		29 January 2009	100%	74.0	7.81%	13.41%
Meadowhall	1	9 February 2009	15.7%	54.0	6.75%	13.78%
Whitehall Riverside		8 May 2009	100%	37.6	8.11%	12.17%
Aintree		23 June 2009	100%	60.9	8.51%	12.62%
Wellingborough		12 June 2009	100%	19.6	8.35%	12.94%

Notes

- 1. The Ownership figure represents the Company's effective interest in the Meadowhall shopping centre. The joint venture vehicle acquired a 50 per cent. indirect interest. The Consideration and the Cash on Equity Return figures are before any deferred cash payments. (See the second paragraph above the table for further details.)*
- 2. The Cash on Equity Return figures are given following leveraging on terms the Directors have, or expect to secure and are stated on a pre-tax basis (save in respect of the Meadowhall Joint Venture).*

The Group's Property Portfolio comprises thirteen investments, all of which are located in the UK with a value of £434.5 million. Details of ten of these investment properties are set out in the Valuation Report in Part 10 of this document and are valued at £428.0 million. The three other development sites, further details of which are set out in paragraph 4.3 of Part 9 of this document, were valued at 31 March 2009 by the Directors at £6.5 million. The Property Portfolio includes retail, office, business space and other real estate assets. Summary details of each investment held by the Group at the date of this document are set out in Part 9 of this document.

As at 9 July 2009 (being the latest practicable date prior to publication of this document) the Company has outperformed the FTSE All Share Real Estate Index by 63.6 per cent. over the past 12 months, and 78.2 per cent. since the date of admission to AIM.

3.3 *Investment policy and objectives*

3.3.1 *Key principles of the investment policy*

The Company will continue to invest in commercial property, including office, retail and industrial real estate assets, principally in the UK and may also consider opportunities overseas, where the Directors consider the opportunity exists to extract above-average returns for Shareholders. The Company is an active investor and will continue to implement strategies to enhance the quality and value of acquired assets and improve annual rental values. The level of gearing will be governed by careful consideration of the cost of borrowing and the ability to mitigate the risk of interest rate increases and the effect of leverage on the returns generated from assets acquired. The Directors intend that the Group's level of borrowings will be between 60 and 65 per cent. of the gross value of its real estate assets. The Articles do not however contain any borrowing limits.

The Company was established to take advantage of conditions in the UK property market which in the opinion of the Directors, had reached unsustainable levels towards the end of 2007 and would be likely to result in falling value. Since that time a severe downturn in financial markets has exacerbated the weakness in the UK property market to a greater level than previously foreseen.

It is the Company's intention to continue to look for opportunities in this market, offering double digit cash on equity yields. Strict selection criteria is applied in assessing investment opportunities.

Properties are considered and evaluated to identify potential for value enhancement as a result of physical improvements, lease restructurings, optimising tenant mix or new build

opportunities. LSI Management works closely with existing tenants with regard to such issues to ensure that the Group understands the demands of tenants in order to anticipate and benefit from future requirements.

The Directors further intend, based on recommendations received from the Property Adviser, to identify latent potential in the Property Portfolio and realise value, by making sales, when investments have fulfilled expectations or no longer meet the Group's performance criteria or investment needs.

The Company is able to make investments in property via a number of methods which include:

- (a) direct investment in or acquisition of the real estate asset or portfolio of assets;
- (b) direct investment in or acquisition of the holding company of the real estate asset or portfolio of assets; or
- (c) direct investment in or acquisition of a joint venture vehicle which has a direct investment in or holds the real estate assets or the holding company of the real estate asset or portfolio of assets.

3.3.2 *Changes to the investment policy*

The Directors believe that the Property Adviser's experience in active management of commercial real estate assets will enable the Company to meet its principal objective of achieving above-average returns for Shareholders. Other than in exceptional circumstances, the Company will not change materially its principal investment objectives and policies as set out in this document without the consent of a majority of Shareholders.

3.3.3 *Restrictions*

The Company has adopted the following investment restrictions which it intends to comply with unless it gives notice otherwise:

- (i) not more than 20 per cent. of its gross assets will be invested in, either directly or indirectly, or lent to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates); or
- (ii) not more than 20 per cent. of its gross assets will be invested in one or more collective investment undertakings which may invest in excess of 20 per cent. of its gross assets in other collective investment undertakings (open-end and/or closed-end type); or
- (iii) not more than 20 per cent. of its gross assets will be exposed to the creditworthiness or solvency of any one counterparty (including its subsidiaries or affiliates); or
- (iv) not more than 40 per cent. of its gross assets will be invested in another collective investment undertaking; or
- (v) the Company will not invest directly in physical commodities.

The Company will announce via a Regulatory Information Service (i) any change to the investment restrictions with which it intends to comply from time to time, and (ii) any breach of the investment restrictions adopted by (or otherwise applying to) the Company from time to time.

3.3.4 *Investor profile*

The Directors expect typical investors in the Company to be primarily UK-based fund managers or all types of private investors, acting on the advice of their stockbroker or financial adviser, who are looking to allocate part of their investment portfolio to the UK commercial property market.

3.3.5 *Valuation policy*

Investment properties owned by the Group are carried at fair value as determined primarily by the Company's external valuer on the basis of market value.

The NAV attributable to the Ordinary Shares is published at the time of publication of the Company's interim and annual financial results, based on the Property Portfolio's most recent valuation and calculated in accordance with IFRS, through a regulatory information service provider to London Stock Exchange as soon as practicable after review by the Board.

The Directors may temporarily suspend the determination of NAV per Ordinary Share if in the opinion of the Directors the interests of the Shareholders would otherwise be materially prejudiced. If the calculation of the NAV is suspended, all reasonable steps will be taken to bring this period of suspension to an end as soon as possible. Details of each valuation, and of any suspension in the making of such valuations, will be announced by the Company to the London Stock Exchange through a Regulatory Information Service approved by the FSA.

3.4 *Information on the Property Adviser*

3.4.1 *The Property Adviser*

LSI Management was founded by certain members of the Management Team and GEAM L&S Management Investor (Scotland), a limited partnership registered in Scotland under the Limited Partnerships Act 1907 and controlled by GEPT. LSI Management provides property advisory services to the Group pursuant to the Property Advisory Agreement. LSI Management is authorised and regulated by the FSA to carry on certain regulated activities, including advising upon and arranging deals in investments. LSI Management is a limited liability partnership incorporated in England and Wales and registered under the Limited Liability Partnerships Act 2000 on 28 June 2007 with registration number OC329452, whose business is to provide investment advisory and property management services. At the date of this document, the members of LSI Management include the Management Team and GEAM.

Under the Property Advisory Agreement, the Property Adviser is entitled to a basic fee and a performance fee, further details of which are provided in paragraph 14.2 of Part 11 of this document.

LSI Management also manages funds on behalf of the Group's joint venture partner Green Park Investments (formerly its affiliate Cavendish Limited) under the terms of the joint venture agreement announced on 23 April 2008. LSI Management only manages Green Park Investments funds where they are co-invested alongside LSP equity under the terms of the joint venture. With the exception of this joint venture, LSI Management provides management services exclusively to LSP. LSI Management has provided property advisory services to the Company since 30 October 2007.

3.4.2 *Previous experience of the Property Adviser*

At the date of this document, the members of LSI Management include the Management Team and GEAM.

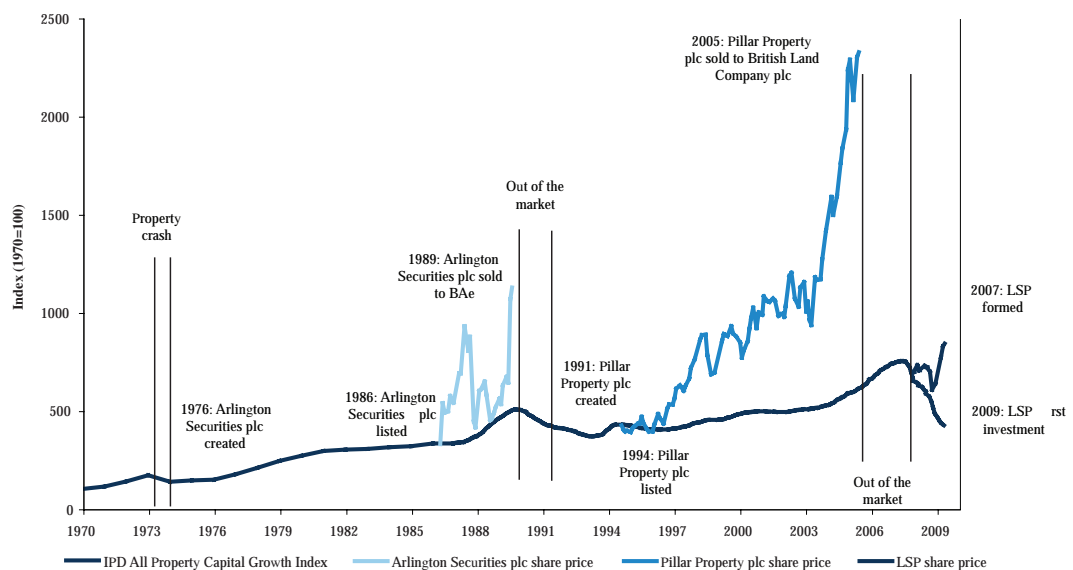
Certain of the partners of the Property Adviser, namely Raymond Mould, Patrick Vaughan and Humphrey Price have been involved in the UK property market since 1970 and have a record of anticipating and exploiting opportunities that arise from cycles in the property market. They have been involved in a number of listed and unlisted property companies and funds during this period, including Arlington and Pillar.

Their initial vehicle, Arlington, was set up in 1976. Following further rounds of fundraising, Arlington was floated in May 1986. The business was sold to British Aerospace in August 1989 for £278 million, Raymond Mould, Patrick Vaughan and Humphrey Price remaining for three years thereafter in a joint management capacity. Whilst at Arlington, they developed the concept of business parks (two storey, composite-use business buildings on highly landscaped

out-of-town sites) in the UK real estate market. Arlington was the largest developer of business parks in the UK when it was sold to British Aerospace. During the time Arlington was listed on London Stock Exchange, it provided investors with average total returns of approximately 45 per cent. per annum.

Their next listed property company, Pillar, was established in early 1991 when the UK property market was in recession. Pillar was floated in 1994 and sold to British Land in July 2005 for £811 million, by which stage the company was recognised as the leading investment manager/owner of retail parks in the UK with over 5.96 million square feet owned or under management. Under their stewardship, Pillar achieved average total annual returns for its shareholders of approximately 22 per cent. during the 10 year period from 31 December 1994 to 31 December 2004.

The graph below illustrates their track record of exploiting opportunities presented by the property cycle, and the share price performance of Arlington, Pillar and the Company from 31 January 1970 to 30 June 2009.



Sources: IPD, Bloomberg

Martin McGann joined the Board of Pillar in 2003 as Finance Director, taking over from Humphrey Price, having worked in a designate capacity since 2002. He has worked extensively on the structuring and funding of corporate and real estate transactions. As a partner of the Property Adviser, together with Raymond Mould, Patrick Vaughan and Humphrey Price, he works closely alongside Stewart Little and Jeremy Bishop, also partners, who take responsibility for the day to day management of the property investment and asset management activities.

Stewart Little has 15 years experience in the real estate sector. Prior to joining the Property Adviser in 2006, he spent six years in the real estate asset management business at Deutsche Bank covering all sectors of the property investment market and before that six years within the retail agency division of Healey & Baker.

Jeremy Bishop also joined the Property Adviser in 2006. He previously worked for the Pears Group. As a Director of Pears Global Real Estate Investors, he was responsible for establishing the overseas real estate investment and asset management operation, opening an office in Munich and overseeing the acquisition of approximately €300 million of European real estate investments. Prior to his time at Pears, Mr. Bishop spent four years at Citigroup structuring real estate co-investment transactions and eight years at Guardian Properties in fund management.

3.5 *Information on the Board*

The Directors, all of whom are non-executive, are responsible for the determination of the investment policy of the Company and its overall supervision. The Directors are as follows:

Raymond Mould (Non-executive Chairman), aged 68, qualified as a solicitor in 1964 and in 1976 was a co-founder of Arlington, of which he became chairman in 1990. He was a director of British Aerospace from 1991 to 1992. Mr. Mould was instrumental in the establishment of Pillar in 1991 and became its chairman in 1994, a position he held until 2005 when Pillar was sold to British Land. He currently serves as non-executive chairman of Arena Leisure plc.

Patrick Vaughan (Non-executive Director) aged 61, was a co-founder of Arlington in 1976 and of Pillar in 1991. He was chief executive of Arlington from 1990 to 1993 and of Pillar from 1994 to 2005. Mr. Vaughan also served as an executive director of British Land from July 2005 to July 2006.

Martin McGann (Non-executive Director) aged 48 joined LSIL in September 2008. From 2002 to 2005 he worked for Pillar, latterly as Finance Director with responsibility for investor relations and strategic banking relationships. He was involved extensively in the structuring and funding of Pillar investments in continental Europe. Between 2005 and 2008 Mr. McGann was a director of Kandahar Real Estate, a private joint venture property vehicle between David Ross (co founder of Carphone Warehouse) and Morgan Stanley Real Estate Fund. Prior to joining Pillar, Mr. McGann was Finance Director of the Strategic Rail Authority, a body with responsibility for the strategic planning for UK railways and for funding of its £35 billion infrastructure programme, and Head of Real Estate Finance for Railtrack PLC. Mr. McGann is a qualified chartered accountant having trained and qualified with Deloitte.

Richard Crowder (Non-executive Director), aged 59, holds a range of directorships and consultancy appointments. Having worked as an investment manager with Ivory & Sime in Edinburgh and as a head of investment research with W.I. Carr in the Far East, he undertook a wide range of responsibilities for Schroders in London and the Far East, culminating in the role of managing director for Schroders' Singapore associate. Having then worked as chairman of Smith New Court Far East and director of Smith New Court Plc, Mr. Crowder was the founding managing director of Schroders' Channel Islands subsidiary from 1991 until he became a non-executive director in 2000. Mr. Crowder is a member of the Securities and Investment Institute and he resides in Guernsey.

Lewis Grant (Non-executive Director) aged 59, is a former director of the Royal Bank of Canada Trustees Limited and a former partner of Ernst & Young, Jersey. Mr. Grant was admitted a Member of The Institute of Chartered Accountants of Scotland in 1976 and he resides in Jersey.

Rupert Evans (Non-executive Director) aged 70, is a Guernsey Advocate. He was a partner in the firm of Ozannes between 1982 and 2003 and is now a consultant to that firm. Mr. Evans is a resident of Guernsey and is also a non-executive director of a number of other investment companies.

Patrick Firth (Non-executive Director) aged 47, was managing director of Butterfield Fulcrum Group (Guernsey) Limited (formerly Butterfield Fund Services (Guernsey) Limited) from 2002 until June 2009. A Chartered Accountant, he previously held positions at Rothschild Asset Management (CI) Limited and BISYS Fund Services. He is a director of a number of offshore funds and management companies and is a resident of Guernsey.

3.6 *Dividend policy*

On 11 June 2009, the Board announced the payment of a final dividend of 2p per Ordinary Share in respect of the year ended 31 March 2009, which equates to a total dividend of 4p paid in that year. New Ordinary Shares issued pursuant to the Placing and Open Offer will not rank for this dividend.

It is the intention of the Directors that the Company will pay dividends from surplus income to the extent that such income is distributable. Where opportunities exist that fit the Group's investment criteria, the Group may reinvest disposal proceeds. There can be no guarantee as to the amount of any dividend payable by the Company.

4. Details and conditions of the Placing and Open Offer

4.1 Placing and Open Offer details

The New Ordinary Shares will represent 43.0 per cent. of the Enlarged Issued Share Capital. The New Ordinary Shares have been placed by KBC Peel Hunt with institutional and other investors, 33.7 per cent. firm, 61.1 per cent. subject to clawback to satisfy valid applications from Qualifying Shareholders under the Open Offer and 5.2 per cent. subject to undertakings from Qualifying Shareholders to take up their Open Offer Entitlements.

Qualifying Shareholders are being given the opportunity to subscribe under the Open Offer for New Ordinary Shares at the Issue Price payable in full on application and free of expenses, *pro rata* to their existing holdings of Existing Ordinary Shares, on the following basis:

1 New Ordinary Share for every 2 Existing Ordinary Shares

held by them and registered in their names on the Record Date and so in proportion to any other number of Existing Ordinary Shares then held, rounded down to the nearest whole number of New Ordinary Shares.

Fractions representing New Ordinary Shares which would otherwise have arisen will not be allotted to Qualifying Shareholders but will be aggregated and included in the Open Offer Placing with the proceeds being retained for the benefit of the Company. Accordingly, Qualifying Shareholders holding fewer than 2 Existing Ordinary Shares will have no entitlement to subscribe under the Open Offer for New Ordinary Shares. Qualifying Shareholders may apply for any whole number of New Ordinary Shares up to and including their Open Offer Entitlements. Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement.

No application in excess of the *pro rata* Open Offer Entitlements of Qualifying Shareholders will be met under the Open Offer and any Qualifying Shareholder so applying will be deemed to have applied for their maximum Open Offer Entitlement.

The Open Offer is not a “rights issue”. Invitations to apply under the Open Offer are not transferable unless to satisfy *bona fide* market claims. The Application Form is not a document of title and cannot be traded. Qualifying Shareholders should be aware that, in the Open Offer, unlike in the case of a rights issue, any New Ordinary Shares not applied for under the Open Offer will not be sold in the market or placed for the benefit of Qualifying Shareholders.

Details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part 5 of this document and for Qualifying non-CREST Shareholders in the accompanying Application Form. To be valid, Application Forms (duly completed by Qualifying Shareholders) and payment in full for the New Ordinary Shares applied for, should be delivered to the Company’s Receiving Agent, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by post or (during normal business hours only) by hand as soon as possible but in any event so as to arrive by no later than 11.00 a.m. on 24 July 2009.

Qualifying Shareholders should refer to paragraph 2 of Part 5 of this document for the procedure to participate in the Open Offer.

4.2 General

The Placing and Open Offer is conditional, *inter alia*, on the following:

- (i) the Underwriting Agreement having become unconditional, other than in relation to Admission; and
- (ii) Admission becoming effective on or before 9.00 a.m. on 30 July 2009 (or such later date and/or time as the Company and KBC may agree, being no later than 9.00 a.m. on 14 August 2009).

It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence by 8.00 a.m. on 30 July 2009. The latest time and date for acceptance and payment in full for the New Ordinary Shares is 11.00 a.m. on 24 July 2009.

4.3 Overseas Shareholders

No person receiving a copy of this document and/or an accompanying document in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to him to subscribe. Receipt of this document and/or an accompanying document will not constitute an offer in those territories in which it would be unlawful to make such an offer and, in such circumstances, this document and/or an accompanying document are being sent for information only, are confidential and should not be copied or redistributed.

Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any other formalities to enable them to take up their rights. It is the responsibility of all persons resident outside the United Kingdom receiving this document and/or an accompanying document and wishing to accept the offer of New Ordinary Shares to satisfy themselves as to full observance of the laws of the relevant territory, including obtaining all necessary governmental or other consents which may be required, observing all other requisite formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

Please see paragraph 16 of Part 11 of this document for further information regarding Overseas Shareholders.

4.4 Irrevocable undertakings

The Company has received irrevocable undertakings from certain Qualifying Shareholders (other than Directors) to take up their entitlement to subscribe for New Ordinary Shares under the Open Offer in respect of 22,738,095 New Ordinary Shares representing approximately 8.0 per cent. of the issued share capital as at 9 July 2009 (being the latest practicable date prior to the publication of this document).

4.5 Directors take-up

The Directors have irrevocably undertaken to subscribe for 3,823,727 New Ordinary Shares pursuant to the Placing and Open Offer. Further details are set out in paragraph 8.1 of Part 11 of this document.

5. Financial impact of the Placing and Open Offer

A pro forma statement of net assets illustrating the effect of the Placing and Open Offer on the Company's audited net assets as at 31 March 2009, as if they had been undertaken at that date, is set out in Part 8 of this document. This information is unaudited and has been prepared for illustrative purposes only. It shows that net proceeds from the Placing and Open Offer of approximately £219.5 million would have led to a positive movement in the pro forma net assets of the Company.

6. Official List and REIT status

The Directors continue to consider the optimal structure and positioning of the business as the Company and its Property Portfolio develops. With this in mind, the Directors will consider applying, as and when the appropriate requirements are satisfied and subject to their assessment of the benefits at the time for admission of the Ordinary Shares to the Official List and to trading on London Stock Exchange's main market for listed securities and converting the Company into a REIT.

7. Audited results for the financial year 2009

On 11 June 2009, the Company announced audited results for the 12 months ended 31 March 2009.

The following information summarises the trading record of the Group. This information has been prepared in accordance with IFRS for year ended 31 March 2009 (audited) and in accordance with IFRS for the five month period ended 31 March 2008 (audited). The information set out below has been extracted without

material adjustment from the audited consolidated financial statements of the Company and for the five month period ended 31 March 2008 and for the year ended 31 March 2009.

	<i>Five months ended 31 March 2008</i>	<i>Year ended 31 March 2009</i>
	<i>£000</i>	<i>£000</i>
	<i>IFRS</i>	<i>IFRS</i>
Net rental income	625	3,082
Operating (loss)/profit	(5,756)	13,047
(Loss)/profit on ordinary activities before taxation	(1,039)	20,094
Retained profit for the period/year	405	24,043
Earnings per share on profit attributable to Shareholders –		
Basic and diluted	0.14p	8.4p
Net asset value	277,898	291,681
Net asset value per share	97.5p	102.3p

Further information on the financial performance of the Group can be found in Part 6 of this document.

8. Open Offer

- 8.1 If a Qualifying non-CREST Shareholder wishes to take up his entitlements in whole or in part, he should lodge his Application Form in accordance with the instructions printed on it, together with the appropriate remittance for the full amount payable on acceptance, by post or by hand during normal business hours only with Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive no later than 11.00 a.m. on 24 July 2009. Further details are set out in Part 5 of this document and are set out in the Application Form.
- 8.2 A Qualifying CREST Shareholder will receive a credit to his appropriate CREST stock account in respect of his Open Offer Entitlements under the Open Offer. A Qualifying CREST Shareholder should refer to the procedures for application in paragraph 2.2 of Part 5 of this document and should refer to his CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

9. Taxation

Information regarding taxation in the UK in connection with the fundraising is set out in paragraph 15 of Part 11 of this document. Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult their professional adviser as soon as possible.

10. Risks and additional information

Shareholders' attention is drawn to the risks and additional information contained in the summary and risk factors sections of this document. Shareholders are advised to read the whole of the document and not rely only on the summary information presented in this letter.

11. Conclusion

The Directors have received advice in respect of the Placing and Open Offer from KBC Peel Hunt. In providing advice to the Directors, KBC Peel Hunt has relied upon the commercial assessments of the Directors.

The Board considers the Placing and Open Offer to be in the best interest of the Company and Shareholders as a whole.

Yours faithfully,

Raymond Mould
Chairman

PART 5

TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

Qualifying Shareholders are hereby invited to apply to subscribe for Open Offer Shares, subject to the terms and conditions below, at the Issue Price on the following basis:

1 Open Offer Share for every 2 Existing Ordinary Shares

registered in their names on the Record Date and so in proportion for any greater or lesser number of Existing Ordinary Shares then held. Where appropriate, entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares and fractions representing New Ordinary Shares which would otherwise have arisen will not be allotted to Qualifying Shareholders but will be aggregated and included in the Open Offer Placing with the proceeds being retained for the benefit of the Company. Accordingly Qualifying Shareholders holding fewer than 2 Existing Ordinary Shares will have no entitlement to subscribe under the Open Offer for New Ordinary Shares.

Qualifying Shareholders may apply for any number of Open Offer Shares up to, and including, their maximum entitlement which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements shown in their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. No application in excess of a Qualifying Shareholder's *pro rata* entitlement will be met under the Open Offer and if the number of Open Offer Shares applied for by a Qualifying Shareholder exceeds their maximum entitlement, that Applicant will be deemed to have applied for their maximum entitlement. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

The Open Offer Shares have been conditionally placed by KBC Peel Hunt as broker to the Company with institutional and other investors at the Issue Price but are subject to clawback to satisfy valid applications under the Open Offer.

The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of Qualifying Shareholders who do not apply under the Open Offer. Any Open Offer Shares not applied for under the Open Offer will be taken up by institutional and other investors with whom they have been conditionally placed pursuant to the Underwriting Agreement and the net proceeds held for the benefit of the Company.

The Open Offer will remain open for acceptance until 11.00 a.m. on 24 July 2009. The Open Offer Shares will rank in full for all dividends and other distributions declared, made or paid after their issue, other than for the final dividend for the year ended 31 March 2009 which was announced on 11 June 2009 and otherwise *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

The Placing and Open Offer is conditional on the Underwriting Agreement becoming or being declared unconditional in all respects and not being terminated before Admission. The principal condition to the Underwriting Agreement is Admission of the New Ordinary Shares occurring not later than 9.00 a.m. on 30 July 2009 (or such later time and/or date as the Company and KBC Peel Hunt may agree being no later than 9.00 a.m. on 14 August 2009).

Qualifying Shareholders who have sold or transferred all or part of their registered holding(s) of Existing Ordinary Shares prior to the close of business on the date on which the Shares are marked 'ex' entitlement, are recommended to consult their stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to subscribe for Open Offer Shares under the Open Offer may be a benefit which may be claimed from them by purchasers under the rules of the London Stock Exchange.

Paragraph 2 below contains further details of the application and payment procedure for Qualifying non-CREST Shareholders and for Qualifying CREST Shareholders.

2. Procedure for application and withdrawal rights

If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under the FSMA who specialises in advising on the acquisition of shares and other securities.

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether at the relevant time they have an Application Form in respect of their entitlement under the Open Offer or they have Open Offer Entitlements credited to their CREST stock account in respect of such entitlement.

If a Qualifying CREST Shareholder is a CREST sponsored member they should refer to their CREST sponsor, if they wish to apply for all or some of their *pro rata* entitlement under the Open Offer, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Subject to the provisions of paragraph 4 of this Part 5 entitled "Settlements and dealings", Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form to the extent that their entitlement to the Open Offer Shares arises as a result of holding Existing Ordinary Shares in certificated form. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to the Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form.

2.1 *If Qualifying Shareholders have an Application Form in respect of their entitlement under the Open Offer*

2.1.1 *General*

Qualifying non-CREST Shareholders will have received an Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date. It also shows the maximum number of Open Offer Shares for which they are entitled to apply under the Open Offer, as shown by the total number of Open Offer Entitlements allocated to them. The Application Form incorporates further terms of the Open Offer. Qualifying non-CREST Shareholders may apply for less, but not more, than their maximum entitlement should they wish to do so. Qualifying non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

2.1.2 *Market claims*

Applications for the Open Offer Shares may only be made on the Application Form which is personal to the Qualifying non-CREST Shareholder(s) named thereon, and may not be sold, assigned or transferred, except to satisfy *bona fide* market claims in relation to purchases of Existing Ordinary Shares through the market prior to the date on which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Application Forms may be split, but only to satisfy *bona fide* market claims, up to 3.00 p.m. on 22 July 2009.

A Qualifying non-CREST Shareholder who has, prior to 10 July 2009, sold or otherwise transferred some or all of their Existing Ordinary Shares should contact their stockbroker, bank or other agent authorised under FSMA through whom the sale or transfer was effected as soon as possible, since the invitation to subscribe for Open Offer Shares under the Open Offer may represent a benefit which can be claimed from them by purchasers or transferees.

Qualifying non-CREST Shareholders who have sold or transferred all of their registered holding should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transferred in or into the United States and the Excluded Jurisdictions.

If Qualifying non-CREST Shareholders have sold or transferred part of their registered holding of existing ordinary shares prior to the date on which the existing ordinary shares were marked ‘ex’ the entitlement to the Open Offer by the London Stock Exchange, they should complete Box 8 on the enclosed Application Form and immediately send it by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU accompanied by a letter stating the number of Open Offer Shares to be included in each split Application Form.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in the section below entitled “Deposit of Open Offer Entitlements into, and withdrawal from, CREST”.

2.1.3 *Application procedures*

Qualifying non-CREST Shareholders wishing to apply for all or any of the Open Offer Shares to which they are entitled should complete and sign the enclosed Application Form in accordance with the instructions thereon and send or deliver it (during normal business hours only), in the reply-paid envelope provided, together with a remittance for the full amount payable, to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and, in any event, so as to arrive no later than 11.00 a.m. on 24 July 2009, at which time the Open Offer will close. Applications, once made, will be irrevocable (save for any statutory withdrawal rights arising after the publication of a prospectus supplementing this document) and will not be acknowledged.

Applications made under the Open Offer will not be acknowledged and receipts will not be issued for amounts paid on application. The Company reserves the right, in consultation with KBC Peel Hunt, to treat any application not strictly complying with the terms and conditions of the Open Offer as nevertheless valid. If a Qualifying non-CREST Shareholder posts his Application Form within the UK by first class post, he is recommended to allow at least two Business Days for delivery. In the event of industrial action by postal workers, a Qualifying non-CREST Shareholder should consider allowing a longer period of time for his application to be delivered. Applications may only be made on the accompanying Application Form, which is personal to the Qualifying non-CREST Shareholder(s) named on it and may not be transferred or split except in the circumstances described above.

2.1.4 *Payments*

All payments by Qualifying non-CREST Shareholders must be made by cheque or banker’s draft in pounds Sterling drawn on an account where the applicant has sole or joint-title to the funds and drawn on an account at a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man, which is either a settlement member of the Cheque and

Credit Clearing Company Limited or of the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for members of either of those companies, and must bear the appropriate sort code number in the top right hand corner. Any application which does not comply with these requirements will be treated as invalid.

Cheques or banker's drafts should be made payable to "Capita Registrars Limited re – London & Stamford Property Limited Open Offer A/C" and crossed "Account Payee only".

Under the Money Laundering Regulations 2007, Capita Registrars may be required to check the identity of persons who subscribe for in excess of the sterling equivalent of €15,000 of Open Offer Shares. Capita Registrars may therefore undertake electronic searches for the purposes of verifying identity. To do so Capita Registrars may verify the details against the Applicant's identity, but also may request further proof of identity. Capita Registrars reserve the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.

Payments must be made by cheque or bankers' draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society and must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Capita Registrars Limited re: London & Stamford Property Limited – Open Offer A/C". Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or Bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/bankers' draft to such effect. The account name should be the same as that shown on the application. Cheques or bankers' drafts will be presented for payment upon receipt. The Company reserves the right to instruct Capita Registrars to seek special clearance of cheques and bankers' drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques will be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid, acceptances in respect of which cheques are not so honoured. If cheques or bankers' drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate bank account pending fulfilment of such conditions. If all the conditions of the Open Offer have not been fulfilled or (where appropriate) waived by 9.00 a.m. on 30 July 2009 (or such later date as the Company may, in its absolute discretion, elect, but in any event not later than 9.00 a.m. on 14 August 2009), the Open Offer will lapse and application monies will be returned to applicants (at the applicants' risk), without interest, by crossed cheque in favour of the applicant(s) within 14 days after that date.

2.1.5 *Incorrect sums*

If an Application Form encloses a payment for an incorrect sum, the Company through Capita Registrars reserves the right:

- (a) to reject the application in full and return the cheque or banker's draft or refund the payment to the Qualifying non-CREST Shareholder in question; or
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the Qualifying non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company; or

- (c) in the case that an excess sum is paid, to treat the application as a valid application for all of the Open Offer Shares referred to in the Application Form, refunding any unutilised sums to the Qualifying non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company.

2.1.6 *Effect of application*

All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk. By completing and delivering an Application Form, you (as the Applicant(s)):

- (a) request that the Open Offer Shares to which you will become entitled be issued to you on the terms in this document, subject to the memorandum and articles of association of the Company;
- (b) represent and warrant that you are not, nor are you applying on behalf of any Shareholder who is, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any of the Excluded Jurisdictions and you are not applying with a view to reoffering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of your application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any of the Excluded Jurisdictions;
- (c) represent and warrant that you are not and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (d) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (e) confirm that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation not so contained and further agrees that having had the opportunity to read this document, you will be deemed to have had notice of all information contained in this document; and
- (f) represent and warrant that you are the Qualifying non-CREST Shareholder originally entitled to the Open Offer Entitlement or you have received such Open Offer Entitlement by virtue of a bona fide market claim.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (telephone 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes). Capita Registrars cannot provide advice on the merits of the Open Offer or as to whether you should take up your entitlement nor give any financial, legal or tax advice.

If you do not wish to apply for the Open Offer Shares under the Open Offer, you should take no action and should not complete or return the Application Form.

2.2 *If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer*

2.2.1 *General*

Each Qualifying CREST Shareholder will receive a credit to their stock account in CREST of their Open Offer Entitlements equal to the maximum number of Open Offer Shares for which they are entitled to apply under the Open Offer.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 13 July 2009 or such later time as the Company may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to their stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

CREST members who wish to apply for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

2.2.2 *Market claims*

The Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the Euroclear Claims Processing Unit as "cum" the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

2.2.3 *USE instructions*

CREST members who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event ("USE") instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of Capita Registrars under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (b) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Capita Registrars in respect of the

amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 3.2.3(a) above.

2.2.4 *Content of USE instructions*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to Receiving Agent);
- (b) the ISIN of the Open Offer Entitlement. This is GG00B3M75605;
- (c) the participant ID of the accepting CREST member;
- (d) the member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (e) the participant ID of Capita Registrars, in its capacity as a CREST receiving agent. This is 7RA33;
- (f) the member account ID of Capita Registrars, in its capacity as a CREST receiving agent. This is LASPL01;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (a) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 24 July 2009; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 24 July 2009.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (j) a contact name and telephone number (in the free format shared note field); and
- (k) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 24 July 2009 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing and Open Offer does not become unconditional by 9.00 a.m. on 30 July 2009 (or such later time and date as KBC Peel Hunt and the Company shall agree being not later than 9.00 a.m. on 14 August 2009), the Placing and Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. The interest earned on such monies will be retained for the benefit of the Company.

2.2.5 *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 24 July 2009 will constitute a valid application under the Open Offer.

2.2.6 *CREST procedures and timings*

Qualifying CREST Shareholders who are CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will, therefore, apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 24 July 2009. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

2.2.7 *Incorrect sums*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Capita Registrars reserves the right:

- (a) to reject the application in full and refund the payment to the CREST member in question (with any interest retained for the benefit of the Company);
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question, save that any sums of less than £1 will be retained for the benefit of the Company; or
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question (without interest), save that any sums of less than £1 will be retained for the benefit of the Company.

2.2.8 *Effect of valid application*

A CREST member who makes or is treated as making a valid application for some or all of their *pro rata* entitlement to Open Offer Shares in accordance with the above procedures will thereby:

- (a) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Capita Registrars' payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (b) request that the Open Offer Shares to which they will become entitled be issued to them on the terms set out in this document and subject to the memorandum and articles of association of the Company;
- (c) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (d) represent and warrant that they are not applying on behalf of any Shareholder, who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any of the Excluded Jurisdictions and they are not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created

or organised in or under any laws of any of the Excluded Jurisdictions except where proof satisfactory to the Company has been provided to the Company and that they are able to accept the invitation by the Company of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (e) represent and warrant that they are not and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (f) confirm that in making such application they are not relying on any information in relation to the Company other than that contained in the prospectus and agrees that no person responsible solely or jointly for the prospectus or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that having had the opportunity to read the prospectus, they will be deemed to have had notice of all the information concerning the Company contained therein; and
- (g) represent and warrant that they are the Qualifying CREST Shareholder originally entitled to the Open Offer Entitlements or that they have received such Open Offer Entitlements by virtue of a *bona fide* market claim.

2.2.9 *Company's discretion as to rejection and validity of applications*

The Company may in its sole discretion in consultation with KBC Peel Hunt:

- (a) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 5;
- (b) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (c) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which Capita Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Capita Registrars have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the Uncertificated Security Regulations 2001 (SI 2001/3755) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (d) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Capita Registrars in connection with CREST.

2.3 *Withdrawal rights*

Qualifying Shareholders wishing to exercise statutory withdrawal rights after the publication by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST Member with Capita Registrars, by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received, not later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Capita Registrars after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant Qualifying Shareholder of his subscription in full and the allotment of Open Offer Shares to such Qualifying Shareholder becoming unconditional. In such event Shareholders are recommended to seek independent legal advice.

2.4 *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 24 July 2009.

In particular, having regard to normal processing times in CREST and on the part of Capita Registrars, the recommended latest time for depositing an Application Form with the Euroclear Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 21 July 2009, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 20 July 2009, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 24 July 2009.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and Capita Registrars by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the Application Letter on page 2 of the Application Form, and a declaration to the Company and Capita Registrars from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any of the US or Excluded Jurisdictions and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

3. Money Laundering

3.1 Holders of Application Forms

The verification of identity requirements of the Money Laundering Regulations 2007 will apply and verification of the identity of the Applicant(s) for Open Offer Shares may be required. If the value at the Issue Price of the Open Offer Shares for which you are applying does not exceed the sterling equivalent of fifteen thousand euros (€15,000) (and is not one of a series of linked applications, the aggregate value of which exceeds that amount), you may not be required to satisfy the verification of identity requirements described below. However, if such a value exceeds that amount, then failure to provide the necessary evidence of identity may result in your application being treated as invalid or in delaying acceptance of your application. Capita Registrars may therefore undertake electronic searches for the purposes of verifying identity of the person by whom or on whose behalf the Application Form is lodged with payment. To do so Capita Registrars may verify the details against the applicant's identity, but also may request further proof of identity. Capita Registrars reserve the right to withhold any entitlement (including any refund cheque) until verification of the applicant's identity is completed to its satisfaction. If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations 2007, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations 2007, the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA and the Proceeds of Crime Act 2002 (together with the provisions of the Money Laundering Sourcebook of the Financial Services Authority and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms) (together, the "Regulations"), that Capita Registrars may, in its absolute discretion, require verification of your identity to the extent that you have not already provided the same. Pending the provision to Capita Registrars of evidence of your identity, definitive certificates in respect of Open Offer Shares may be retained at its absolute discretion. If within a reasonable time after a request for verification of identity Capita Registrars has not received evidence satisfactory to it, the Company may, in its absolute discretion, terminate your Open Offer participation in which event the monies payable on acceptance of the Open Offer participation will, if paid, be returned without interest and net of bank charges by cheque to the applicant(s). To comply with the money laundering requirements, if you hold an Application Form in respect of your Open Offer Entitlement, payment in respect of your Open Offer participation should be drawn from an account in your own name on a branch of a building society or bank in the United Kingdom and must bear the appropriate sort code in the top right hand corner. Third party cheques will not be accepted except for building society cheques or banker's drafts where the building society or bank has confirmed:

- (i) the name and address of the account holder by stamping or endorsing the back of the cheque to such effect; and
- (ii) the account name should be the same as that shown on the Application Form.

For applications over £12,500 (being the approximate equivalent to €15,000), Qualifying non-CREST Shareholders are also requested to submit with the Application Form as documentary evidence of identity and address one certified copy document from each of the following lists (as appropriate):

Personal identity documents (UK resident individuals)

- current signed passport;
- Northern Ireland Voter's Card;
- current full UK driving licence;

- benefits book or original notification letter from the Benefits Agency confirming the right to benefit;
- HM Revenue & Customs tax notifications e.g. tax assessment, statement of account or notice of coding;
- Evidence of address (UK resident individuals);
- recent utility bill or utility statement (mobile telephone bills are not acceptable);
- local authority tax bill (current year);
- current UK driving licence (if not used for evidence of name);
- benefits book or original notification letter from the Benefits Agency confirming the right to benefit (provided one or other has not been used as evidence of personal identity); or
- HM Revenue & Customs correspondence addressed to you at stated address (provided HM Revenue & Customs notifications have not been used as evidence of personal identity).

If you are not a UK resident individual such proof of identity may include:

- a certified copy of an official identity card;
- a certified copy of a driving licence; or
- a certified extract from a full passport (i.e. a copy of the front cover and pages showing photograph, personal details and signature, date and place of issue and serial number) and a certified copy of satisfactory evidence of an address (e.g. utility bill or bank statement).

If you are a corporation, please supply:

- a certified copy of your articles of association or statutes or published accounts or certificate of incorporation or trade register entry or certificate of trade;
- the names and addresses of all directors and specimen signatures; and
- evidence of identity and address as stated above for each director.

All certified documents must be certified by a professional person such as a lawyer or attorney, notary or an official entity such as an embassy, consulate or high commission of the country of issue.

If you are not a UK or EC regulated person or institution, you should contact Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or contact Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposal nor give any financial, legal or tax advice.

If you deliver your Application Form personally by hand, you should ensure that you have with you evidence of your identity bearing your photograph (e.g. your passport) and separate evidence of your address (e.g. utility bill). In any event, if it appears to Capita Registrars that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting may be required. In relation to any application in respect of which the necessary verification of the identity of the Applicant or the person on whose behalf the Applicant appears to be acting has not been received on or before 11.00 a.m. on 24 July 2009 the Company and KBC Peel Hunt may, in their absolute discretion, elect to treat the relevant application as invalid and/or delay the allotment of the relevant number of Open Offer Shares until the necessary

verification has been provided. If an Application Form is treated as invalid the money paid in respect of the application will be returned (at the Applicants' risk and without interest).

By lodging an Application Form, each Qualifying Shareholder undertakes to provide such evidence of its identity at the time of lodging the Application Form or, at the absolute discretion of the Company and KBC Peel Hunt, at such specified time thereafter as may be requested to ensure compliance with the Money Laundering Regulations 2007.

Capita Registrars is entitled, in its absolute discretion, to determine whether verification of identity requirements apply to any Applicant and whether such requirements have been satisfied. Neither Capita Registrars nor the Company nor KBC Peel Hunt shall be responsible or liable to any person for any loss or damage suffered as a result of the exercise of their discretion hereunder.

3.2 *Open Offer Entitlements in CREST*

If you hold your Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Capita Registrars is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Capita Registrars before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to Capita Registrars such information as may be specified by Capita Registrars as being required for the purposes of the Money Laundering Regulations 2007. Pending the provision of evidence satisfactory to Capita Registrars as to identity, Capita Registrars may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

4. Settlements and dealings

The result of the Open Offer is expected to be announced on 24 July 2009. Application has been made to London Stock Exchange for Admission. Subject to the Open Offer becoming unconditional in all respects (save only as to Admission), it is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 30 July 2009.

Application has been made for the Open Offer Entitlements to be admitted to CREST. The conditions to such admission having already been met, the Open Offer Entitlements are expected to be admitted to CREST with effect from 13 July 2009. Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 24 July 2009 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 30 July 2009). On this day, Capita Registrars will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 30 July 2009). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Subject to the conditions of the Open Offer being satisfied or waived, all Open Offer Shares to be issued in uncertificated form are expected to be credited to the appropriate CREST stock accounts on 30 July 2009, unless the Company exercises the right to issue such Open Offer Shares in certificated form, in which case definitive certificates are expected to be despatched by post on or before 7 August 2009. No temporary documents of title will be issued.

Pending despatch of definitive share certificates, transfers of the Open Offer Shares by Qualifying non-CREST Shareholders will be certified against the share register held by Capita Registrars. All documents or remittances sent by or to an Applicant (or his agent as appropriate) will (in the latter case) be sent through the post and will (in both cases) be at the risk of the Applicant. It is expected that definitive share certificates will be despatched by first class post on or before 7 August 2009.

Qualifying Shareholders whose Existing Ordinary Shares are held in CREST should note that they will be sent no confirmation of the credit of the Open Offer Shares to their CREST stock account nor any other written communication by the Company in respect of the issue of the Open Offer Shares.

Notwithstanding any other provision in this document, the Company reserves the right to send a Qualifying CREST Shareholder an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and/or to issue any Open Offer Shares in certificated form for any reason. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and systems operated by the receiving agent in connection with CREST. This right may be exercised if CREST member account details held by Capita Registrars on behalf of Shareholders are incorrect or if Capita Registrars is unable for any reason to credit the CREST member account.

5. Dilution

The share capital of the Company in issue at the date of this document will, following the New Issue, be increased approximately 1.75 times (175.4 per cent.) as a result of the Placing and Open Offer. Those Shareholders who do not take up their Open Offer entitlement will suffer a reduction of 43.0 per cent. in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of Ordinary Shares immediately following Admission.

6. Overseas Shareholders

Information relating to the treatment of overseas shareholders is set out in paragraph 16 of Part 11 of this document.

7. Governing law

The terms and conditions of the Placing and Open Offer as set out in this Part 5 of this document and the Application Form shall be governed by, and construed in accordance with, English law. The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Placing and Open Offer, this document and the Application Form.

By taking up their entitlements under the Open Offer in accordance with the instructions set out in this document and (where applicable) the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART 6

ACCOUNTANT'S REPORT AND FINANCIAL INFORMATION ON LONDON & STAMFORD PROPERTY LIMITED



BDO Stoy Hayward LLP
Chartered Accountants

BDO Stoy Hayward LLP
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The Directors
London & Stamford Property Limited
2nd Floor
Regency House
Glatigny Esplanade
St. Peter Port
Guernsey GY1 3NQ

KBC Peel Hunt Ltd
111 Old Broad Street
London
EC2N 1PH

10 July 2009

Dear Sirs

London & Stamford Property Limited (the “Company”) and its subsidiary undertakings (together, the “Group”)

Introduction

We report on the financial information set out in Section B of Part 6. This financial information has been prepared for inclusion in the prospectus dated 10 July 2009 of the Company (the “Prospectus”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by item 20.1 of annex I of the Commission Regulation (EC) No. 809/2004 (the “PD Regulation”) and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRSs”).

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Prospectus, and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of annex I of the PD Regulation consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates

and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at the dates stated and of its consolidated profits, cash flows, changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 to the financial information and has been prepared in accordance with IFRSs as described in note 1 to the financial information.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex I of the PD Regulation.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

Section B: Historical financial information on London & Stamford Property Limited for the five month period ended 31 March 2008 and the year ended 31 March 2009

The audited financial information set out below of the Group, for the five month period ended 31 March 2008 and the year ended 31 March 2009 has been prepared by the directors of London & Stamford Property Limited on the basis set out in note 1.

Group Income Statements

		<i>5 months ended 31 March 2008 £000</i>	<i>12 months ended 31 March 2009 £000</i>
	<i>Notes</i>		
Gross rental income		808	2,654
Other income	2	–	1,000
Property outgoings		(183)	(572)
Net rental income		625	3,082
Administrative expenses – general		(3,364)	(5,987)
Administrative expenses – goodwill impairment	9	–	(2,745)
Loss on revaluation of investment properties	8	(2,964)	(4,938)
(Loss)/profit on sale of investment properties		(36)	36
Loss on sale of subsidiaries	20	(17)	–
Share of profits of associates	11	–	23,599
Operating (loss)/profit	3	(5,756)	13,047
Finance income	4	5,772	10,613
Finance costs	4	(874)	(2,296)
Change in fair value of derivative financial instruments	4	(181)	(1,270)
(Loss)/profit before tax		(1,039)	20,094
Taxation	5	1,444	3,949
Profit for the period/year		405	24,043
Earnings per share			
Basic and diluted	7	0.14p	8.4p

All amounts relate to continuing activities.

Group Balance Sheets

	<i>Notes</i>	<i>31 March 2008 £000</i>	<i>31 March 2009 £000</i>
Non-current assets			
Investment properties	8	49,370	127,147
Investments in equity accounted associates	11	–	62,844
Deferred tax assets	5	1,190	5,172
		<u>50,560</u>	<u>195,163</u>
Current assets			
Trade and other receivables	12	8,036	1,386
Other financial assets		61,500	–
Cash and cash equivalents	13	182,112	169,856
		<u>251,648</u>	<u>171,242</u>
Total assets		<u>302,208</u>	<u>366,405</u>
Current liabilities			
Trade and other payables	14	1,364	3,429
		<u>1,364</u>	<u>3,429</u>
Non-current liabilities			
Borrowings	15	21,825	69,634
Derivative financial instruments	15	181	1,451
Provisions	16	940	210
		<u>22,946</u>	<u>71,295</u>
Total liabilities		<u>24,310</u>	<u>74,724</u>
Net assets		<u>277,898</u>	<u>291,681</u>
Equity			
Called up share capital	17	28,500	28,500
Special reserve		248,597	248,597
Retained earnings		801	14,584
Total equity		<u>277,898</u>	<u>291,681</u>
Net asset value per share	22	<u>97.5p</u>	<u>102.3p</u>

Group Statements of Changes in Equity

	<i>Note</i>	<i>Share Share capital £000</i>	<i>premium account £000</i>	<i>Special reserve £000</i>	<i>Retained earnings £000</i>	<i>Total £000</i>
At incorporation		-	-	-	-	-
Profit for the period and total recognised income and expense		-	-	-	405	405
Issue of ordinary share capital		28,500	248,597	-	-	277,097
Cancellation of share premium		-	(248,597)	248,597	-	-
Share-based payment		-	-	-	396	396
At 31 March 2008		<u>28,500</u>	<u>-</u>	<u>248,597</u>	<u>801</u>	<u>277,898</u>
Profit for the period and total recognised income and expense		-	-	-	24,043	24,043
Dividends paid	6	-	-	-	(10,260)	(10,260)
At 31 March 2009		<u>28,500</u>	<u>-</u>	<u>248,597</u>	<u>14,584</u>	<u>291,681</u>

Group Cash Flow Statements

	<i>5 months ended 31 March 2008 £000</i>	<i>12 months ended 31 March 2009 £000</i>
Cash flows from operating activities		
(Loss)/profit before tax	(1,039)	20,094
Adjustments for non-cash items:		
Loss on revaluation of investment properties	3,589	5,667
Loss/(profit) on sale of investment properties	36	(36)
Share of post-tax profit associates	–	(23,599)
Loss on sale of subsidiaries	17	–
Share-based payment	396	–
Net finance income	(4,717)	(7,047)
Cash flows from operations before changes in working capital	(1,718)	(4,921)
Change in trade and other receivables	(1,358)	3,473
Change in trade and other payables	(779)	1,954
Change in provisions	(625)	(730)
Cash flows from operations	(4,480)	(224)
Interest received	3,544	12,740
Interest paid	(667)	(1,616)
Financial arrangement fees paid	(145)	(496)
Cash flows from operating activities	(1,748)	10,404
Investing activities		
Purchase of subsidiary undertakings net of cash acquired	1,284	–
Purchase of investment properties	–	(77,531)
Capital expenditure on investment properties	(1,469)	(4,854)
Sale of subsidiary undertakings net of cash disposed of	21,866	–
Sale of investment property	(27)	–
Cash outflow to associates	–	(39,245)
(Purchase)/sale of short term financial deposits	(61,500)	61,500
Cash flows from investing activities	(39,846)	(60,130)
Financing activities		
Proceeds of share issue	239,664	–
Dividends paid	–	(10,260)
New borrowings	22,820	47,730
Repayment of borrowings	(38,778)	–
Cash flows from financing activities	223,706	37,470
Net increase/(decrease) in cash and cash equivalents	182,112	(12,256)
Opening cash and cash equivalents	–	182,112
Closing cash and cash equivalents	182,112	169,856

The notes on pages 52 to 72 form part of the historical financial information.

Notes forming part of the Historical Financial Information

1. Accounting policies

a) General information

London & Stamford Property Limited (the “Company”) is a closed-ended, limited liability investment company, incorporated and domiciled in Guernsey. The address of its registered office is Regency Court, Glatigny Esplanade, St. Peter Port, Guernsey.

b) Statement of compliance

The Consolidated historical financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”).

c) Basis of preparation

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

The accounting policies have been applied consistently in all material respects.

i) Estimates and judgements

The preparation of historical financial information 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 historical financial information 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, the measurement and recognition of provisions, the recognition of deferred tax assets and liabilities for potential corporation tax 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, business combinations and goodwill, derivative financial instruments, share-based payments, provisions and taxation and these are discussed in the policies below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

ii) Adoption of new and revised standards

Standards and interpretations effective in the current period

Three interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are IFRIC 12, IFRIC 13 and IFRIC 14. The adoption of these interpretations has not led to any changes in the Group’s accounting policies.

Standards and interpretations in issue not yet adopted

The International Accounting Standards Board (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:

		<i>Effective date</i>
IAS 1	Presentation of financial statements amendment	01/01/2009
IFRS 8	Operating Segments	01/01/2009
IAS 23	Borrowing costs amendment	01/01/2009
IAS 32	Financial Instruments: Presentation amendment	01/01/2009
IFRS 2	Share-based payments amendment	01/01/2009
IFRS 3	Business Combinations amendment and complementary amendments to IAS 27 Consolidated and Separate Financial Statements Improvements in IFRS's	01/07/2009
IAS 39	Financial Instruments and Recognition and Measurement; Eligible hedged item amendments	01/07/2009
IFRS 5	Non-current assets held for sale and discontinued operations amendment	01/01/2010
IAS 7	Statement of cash flows amendment	01/01/2010
IAS 18	Revenue amendment	01/01/2010
IAS 36	Impairment of assets amendment	01/01/2010
IAS 38	Intangible assets amendment	01/01/2010

The majority of amendments made as part of the IASB's Annual Improvements program affect accounting periods beginning on or after 1 January 2009. Included within the amendments is a change in the accounting treatment for development properties. Currently, such properties are accounted for under IAS 16, but they will in future be accounted for under IAS 40. This change will mean that revaluation surpluses and deficits on development properties will in future be recognised in the income statement rather than equity.

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

The IASB has also issued IFRIC 15, agreements for the construction of real estate, IFRIC 16, hedges of a net investment in a foreign operation, IFRIC 18, transfers of assets from customers and IFRIC 17, distribution of non-cash assets to owners, all of which are not relevant to the operations of the Company or Group.

d) *Basis of consolidation*

i) *Subsidiaries*

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

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.

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

Accounting practices of subsidiaries and associates which differ from Group accounting policies are adjusted on consolidation.

iii) *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.

Goodwill in respect of overseas subsidiaries denominated in a foreign currency is retranslated at each balance sheet date using the closing rate of exchange. The resulting foreign exchange differences are taken to the translation reserve.

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 is initially recognised at cost and subsequently revalued at the balance sheet date to fair value as determined by professionally qualified external valuers on the basis of market value.

Gains or losses arising from changes in the fair value of investment property are recognised in the income statement of the period in which they arise. Depreciation is not provided in respect of investment properties including integral plant.

When the Group redevelops an existing investment property for continued future use as an investment property, the property remains an investment property measured at fair value and is not reclassified.

For leasehold properties that are classified as investment properties, the associated leasehold obligations are at peppercorn rents and are not considered to be material.

Any surplus or deficit arising on revaluing investment properties or investment properties being redeveloped is recognised in the income statement.

ii) *Development properties*

Properties acquired with the intention of redevelopment are classified as development properties and stated initially at cost and then subsequently remeasured at fair value. Changes in fair value above cost are recognised in equity in accordance with IAS 16, and changes in fair value below cost are recognised in the income statement.

All costs directly associated with the purchase and construction of a development property including interest are capitalised. When development properties are completed, they are reclassified as investment properties and any accumulated revaluation surplus or deficit is transferred to retained earnings.

iii) *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.

iv) *Net rental income*

Revenue comprises rental income.

Rental income from investment property leased out under an operating lease is recognised in the income statement 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 lease termination date.

Lease incentives and costs associated with entering into tenant leases are amortised over the lease term.

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 the income statement.

v) *Surplus on sale of investment and development properties*

Surpluses on sales of investment and development properties are calculated by reference to the carrying value at the previous balance sheet date, adjusted for subsequent capital expenditure.

f) *Financial assets and financial liabilities*

Financial assets and financial liabilities are recognised on the Group and Company balance sheets when the Group or Company becomes a party to the contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of the Group and Company 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. In the case of the Company and its Group, 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 profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.
- v) *Derivative financial instruments*
The Group uses derivative financial instruments to hedge its exposure to interest rate risks.
Derivative financial instruments are recognised initially at fair value, which equates to cost and subsequently remeasured at fair value, with changes in fair value being included in the income statement.
- vi) *Provisions*
A provision is recognised when a legal or constructive obligation exists as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle that obligation at the balance sheet date, and are discounted to present value if the effect is material.
- g) *Finance costs*
Net finance costs include interest payable on borrowings, net of interest capitalised and finance costs amortised.
- h) *Finance income*
Finance income includes interest receivable on funds invested, measured at the effective rate of interest on the underlying sum invested.
- i) *Capitalisation of interest*
Interest is capitalised if it is directly attributable to the acquisition, construction or production of development properties or the redevelopment of investment properties. Capitalisation commences when the activities to develop the property start and continues until the property is substantially ready for its intended use. Capitalised interest is calculated with reference to the actual rate payable on borrowings for development purposes or, for that part of the development cost financed out of general funds, to the average rate.
- j) *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.
- k) *Tax*
Tax is included in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.

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

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

The following differences are not provided for:

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

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

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

Tax status of the Company and its subsidiaries

The Company has obtained exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that it is exempt from Guernsey taxation on income arising outside Guernsey and on bank interest receivable in Guernsey. The Directors intend to conduct the Company's affairs such that it continues to remain eligible for exemption.

During the period, the Group's properties have been held in various subsidiaries and associates, the majority of which are subject to UK income tax. In each instance any tax due is computed after deduction of debt financing costs and other allowances as appropriate.

l) *Foreign currency*

i) *Foreign currency transactions*

Transactions in foreign currencies are translated into sterling at exchange rates approximating to the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the exchange rate ruling at that date and differences arising on translation are recognised in the income statement.

ii) *Financial statements of foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into sterling at the exchange rates ruling at the balance sheet date. The operating income and expenses of foreign operations are translated into sterling at the average exchange rate for the period. All resulting exchange differences are recognised as a separate component of equity.

iii) *Net investment in foreign operations*

On consolidation exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. They are released to the income statement upon disposal of the foreign operation, as part of the gain or loss at sale.

m) *Share-based payments*

The cost of equity settled transactions is measured by reference to the fair value at the date which they are granted and is recognised as an expense over the vesting period, which ends on the date which the relevant individuals become fully entitled to the award. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than market conditions.

n) *Segmental reporting*

A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

During the period the Group had only one business activity being property investment and development and operated in the United Kingdom.

o) *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.

2. Other Income

A surrender premium of £1 million was received during the year in respect of a lease on Barracks Road, Newcastle-Under-Lyme.

3. (Loss)/profit from operations

	<i>5 months ended 31 March 2008 £000</i>	<i>12 months ended 31 March 2009 £000</i>
This has been arrived at after charging:		
Property advisor management fees	1,932	4,754
Property advisor performance fees	–	443
Directors' fees	83	165
Share-based payment expense	758	–
Auditors' remuneration:		
Audit of the Group and Company Financial Statements	83	75
Fees payable to the Company's auditors for other services to the Group:		
– Statutory audit of subsidiary accounts	15	20
– IFRS conversion advice	15	–
– Taxation advice	61	36
– Taxation compliance work	22	25
– Fees in connection with the Company's admission to AIM and acquisition of the existing group	140	–
	<u>140</u>	<u>–</u>

Fees are paid to certain non-executive Directors who are not members of LSI Management LLP, the Property Advisor to the Group. The Company has no employees.

397,000 shares were issued to two members of the Property Advisor for their services as Directors of the former London and Stamford Investments Limited Group (which was acquired by the Company on 30 October 2007 as stated in note 10) in settlement for the acquisition. As the issue was conditional upon the Company's admission to AIM and subsequent placing, and was disproportionate to the value of their existing holding, it has been treated as a post acquisition share-based expense of the Group. The expense is calculated using the market price of the shares at the date of grant which is considered to approximate to their fair value. The corresponding entry has been credited to equity.

4. Finance income and costs

	<i>5 months ended 31 March 2008 £000</i>	<i>12 months ended 31 March 2009 £000</i>
Finance income		
Interest on short-term deposits	5,772	10,613
	<u>5,772</u>	<u>10,613</u>
Finance costs		
Interest on bank loans	757	1,721
Amortisation of loan issue costs	117	575
	<u>874</u>	<u>2,296</u>
Fair value loss on derivative financial instruments	181	1,270
	<u>1,055</u>	<u>3,566</u>

5. Taxation

	<i>5 months ended 31 March 2008 £000</i>	<i>12 months ended 31 March 2009 £000</i>
The tax credit comprises:		
Current tax		
UK corporation tax on (loss)/profit	–	33
Deferred tax		
Change in deferred tax	(1,444)	(3,982)
	<u>(1,444)</u>	<u>(3,949)</u>

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

	<i>5 months ended 31 March 2008 £000</i>	<i>12 months ended 31 March 2009 £000</i>
(Loss)/profit before tax	(1,039)	20,094
(Loss)/profit at the standard rate of corporation tax in the UK of 28%	(290)	5,626
Effects of:		
Expenses not deductible for tax purposes	119	1,428
Tax effect of income not subject to tax	(1,273)	(4,519)
Share of post tax profit of associate	–	(751)
Excess of fair value of net assets over consideration paid	–	(5,733)
Total tax credit	<u>(1,444)</u>	<u>(3,949)</u>

<i>Deferred tax asset/(liability)</i>	<i>Revaluation (surplus)/deficit £000</i>	<i>Other temporary and deductible differences £000</i>	<i>Losses £000</i>	<i>Total £000</i>
Acquired on acquisition of subsidiary	(1,807)	–	1,553	(254)
Credited during the period in the income statement	1,226	40	178	1,444
At 31 March 2008	<u>(581)</u>	<u>40</u>	<u>1,731</u>	<u>1,190</u>
Credited during the year in the income statement	2,932	334	716	3,982
At 31 March 2009	<u>2,351</u>	<u>374</u>	<u>2,447</u>	<u>5,172</u>

Deferred tax on the revaluation surplus or deficit is calculated on the basis of the chargeable gains or capital losses that would crystallise on the sale of the investment property portfolio as at 31 March 2008 and 31 March 2009.

The Group does not have unprovided deferred tax assets (2008: nil).

6. Dividends

	<i>5 months ended 31 March 2008</i>	<i>12 months ended 31 March 2009</i>
	<i>£000</i>	<i>£000</i>
Ordinary dividends		
Amounts recognised as distributions to equity holders	–	10,260
Proposed final dividend of 2p per share (31 March 2008: 1.6p)	4,560	5,700
	<u> </u>	<u> </u>

The proposed final dividend for the period ended 31 March 2008 was subject to approval at the annual general meeting on 18 September 2008 and, in accordance with International Financial Reporting Standards was not included as a liability in the 2008 financial statements. The final dividend was payable on 19 September 2008 to ordinary shareholders on the register at the close of business on 4 July 2008 and has been recognised as an appropriation of retained earnings in 2009.

The proposed final dividend for the year ended 31 March 2009 is subject to approval at the annual general meeting on 22 July 2009 and, in accordance with International Financial Reporting Standards was not included as a liability in the 2009 financial statements. The final dividend is payable on 27 July 2009 to ordinary shareholders on the register at the close of business on 19 June 2009 and will be recognised as an appropriation of retained earnings in 2010.

7. Earnings per share

Earnings per share is calculated on a weighted average of 285,000,000 (2008: 285,000,000) ordinary shares of 10p each in issue throughout the year and is based on profits attributable to ordinary shareholders of £24,043,000 (2008: £405,000).

There are no potentially dilutive or anti-dilutive share options in the year.

Adjusting earnings for the effects of revaluing investment properties, deferred taxation and fair value of derivatives results in attributable profits of £27,031,000 or 9.5p per share (2008: £2,731,000 or 0.96p per share).

8. Investment properties

	2008			2009		
	<i>Freehold</i>	<i>Long leasehold</i>	<i>Total</i>	<i>Freehold</i>	<i>Long leasehold</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 March valuation	-	-	-	40,940	8,430	49,370
Acquisitions	62,111	12,627	74,738	77,531	-	77,531
Other capital expenditure	1,351	118	1,469	4,848	6	4,854
Disposals	(19,978)	(3,270)	(23,248)	-	1,059	1,059
Revaluation movement	(2,544)	(1,045)	(3,589)	(4,013)	(1,654)	(5,667)
At 31 March valuation	<u>40,940</u>	<u>8,430</u>	<u>49,370</u>	<u>119,306</u>	<u>7,841</u>	<u>127,147</u>

At 31 March 2008, the Group's investment properties in the United Kingdom were externally valued by CB Richard Ellis Limited, Chartered Surveyors.

At 31 March 2009, certain of the Group's investment properties were externally valued by CB Richard Ellis Limited, Chartered Surveyors at £120.6 million. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards on the basis of market value, which recognises continuing increased risk under current market conditions. Market value represents the estimated amount for which a property would be expected to exchange at the date of valuation between a willing buyer and willing seller in an arm's-length transaction. A deduction is made to reflect purchasers' acquisition costs. The lack of liquidity in the property market increases the risk attaching to property valuations. The remaining investment properties were valued by the Directors at £6.5 million.

Included in disposals in 2009 is an adjustment to reinstate a disposal recognised in the previous period which did not complete.

Included in the loss on revaluation of £4,938,000 (31 March 2008: £2,964,000) recognised in the income statement, is a credit of £730,000 (31 March 2008: £625,000) which represents the movement in the provision for enhanced management fees payable to third parties on future disposals, and is based on the carrying values of properties at the balance sheet date.

The historical cost of all of the Group's investment properties at 31 March 2009 was £136,403,000 (2008: £52,959,000).

9. Investment in subsidiary undertakings

	<i>Subsidiary undertakings £000</i>
Acquisition of subsidiary	
– issue of ordinary shares	37,500
– called up share capital not paid	(2,812)
– costs of acquisition	231
At 31 March 2008	34,919
Acquisition of subsidiary – adjustment to cost	2,745
At 31 March 2009	37,664

In the period to 31 March 2008 the Company issued 37.5 million ordinary shares of ten pence each to acquire 100% of London & Stamford Investments Limited. At 31 March 2008 2,812,500 ordinary shares issued were subject to claw back based on the valuation of investment property owned by the Group. The affected shareholders entered into a contractual obligation to contribute cash in the event of a valuation shortfall and the shortfall outstanding at 31 March 2008 of £2.745 million was reflected as receivable. In the year to 31 March 2009 the valuation on the property was achieved as planning permission was granted. Under IFRS 3, this represents a contingent event that requires an adjustment to the cost of the acquisition. The fair value of the assets at acquisition remains unchanged as the value enhancing event, being the granting of planning permission, did not exist at that date. This gives rise to goodwill on acquisition of £2.745 million which has been fully impaired in the year and is reflected in the income statement in the year to 31 March 2009.

The Company is the ultimate holding company of the Group and had the following principal subsidiary undertakings at 31 March 2009, all of which are consolidated in the financial statements for the year to 31 March 2009:

	<i>Country of incorporation or registration</i>	<i>Proportion of voting rights held</i>	<i>Nature of business</i>
London & Stamford Investments Limited	England	100%	Intermediate holding company
LSI (Investments) Limited*	England	100%	Property investment
LSI Developments Limited*	England	100%	Property investment and development
LSI Europe Limited*	England	100%	Intermediate holding company
LSI Belgium Limited*	England	100%	Intermediate holding company
London & Stamford Property Subsidiary Limited	Guernsey	100%	Intermediate holding company
London & Stamford Offices Limited	Guernsey	100%	Intermediate holding company
London & Stamford Offices Unitholder 2 Limited	Guernsey	100%	Intermediate holding company
London & Stamford Offices Trust*	Guernsey	100%	Property investment

* Undertakings held indirectly by the Company.

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

10. Acquisitions

On 30 October 2007 the Company entered into a Share Exchange Agreement pursuant to which it acquired the entire issued share capital of LSIL for £37.5 million settled in full by issuing 37,500,000 shares at ten pence per share. As shown in note 9, direct costs of acquisition amounted to £231,000 and called up share capital issued but unpaid amounted to £2,812,500 which was initially excluded from the cost of acquisition. The net assets acquired were as follows:

	<i>Book value of net assets acquired £000</i>	<i>Fair value of net assets acquired £000</i>
Non-current assets		
Investment property	74,738	74,738
Current assets		
Trade and other receivables	1,625	1,625
Deferred tax asset	1,553	1,553
Cash and cash equivalents	1,515	1,515
Current liabilities		
Trade and other payables	(2,362)	(2,362)
Non-current liabilities		
Borrowings	(38,778)	(38,778)
Provisions	(1,565)	(1,565)
Deferred tax liabilities	(1,807)	(1,807)
Net assets acquired	<u>34,919</u>	<u>34,919</u>
Goodwill on acquisition		—
Cost of acquisition		<u>34,919</u>

11. Investment in associate

	<i>Associates</i> <i>£000</i>
At 31 March 2008	–
Additions – cost of acquisition of associate	39,245
Excess of fair value of net assets acquired over consideration paid	20,476
Share of profit for the year	3,123
At 31 March 2009	<u>62,844</u>

On 22 April 2008 the Group entered into a new joint venture arrangement with Cavendish Limited (which subsequently assigned its interest to its affiliate Green Park Investments), a wholly-owned subsidiary of a major Gulf institution. The Group has a 31.4% interest in the joint venture vehicle, LSP Green Park Property Trust, which is equity accounted for by the Group as an associate. On 11 February 2009 LSP Green Park Property Trust acquired a 50% interest in the Meadowhall shopping centre from British Land. The cost of acquisition of associate includes net costs borne by the Company of £0.9 million.

The goodwill credit represents the excess of fair value of net assets acquired over the consideration paid.

The Group's 31.4% share of the profit after tax and net assets of its associate at 31 March 2009 is as follows:

	<i>31 March 2009</i> <i>£000</i>
Summarised income statement	
Net rental income	1,715
Administration expenses	(475)
Excess of fair value of net assets acquired over consideration paid	20,476
Surplus on revaluation of investment properties	3,063
Net finance costs	(1,120)
Tax	(60)
Profit after tax	<u>23,599</u>
	<i>31 March 2009</i> <i>£000</i>
Summarised balance sheet	
Property assets	187,599
Current assets	4,540
Current liabilities	(5,730)
Borrowings	(106,557)
Other non-current assets	(17,008)
Net assets	<u>62,844</u>

The investment properties were valued on an open market basis by CB Richard Ellis Limited, Chartered Surveyors, as at 31 March 2009 in accordance with Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

12. Trade and other receivables

	<i>31 March 2008</i>	<i>31 March 2009</i>
	<i>£000</i>	<i>£000</i>
Current assets		
Trade receivables	275	61
Amounts receivable on property sales	1,050	–
Called up share capital issued but unpaid on acquisition of subsidiary	2,745	–
Interest receivable	2,228	101
Prepayments and accrued income	871	636
Other receivables	867	588
	<u>8,036</u>	<u>1,386</u>

All amounts under debtors fall due for payment in less than one year.

As part of the issue of the 37.5 million ordinary shares on the acquisition of London & Stamford Investments Limited, 2,812,500 ordinary shares were subject to a claw back based on the valuation of certain investment property owned by the Group at the date of acquisition. In accordance with the acquisition agreement, the affected shareholders had an option to make up the shortfall by making a cash payment to the Company. On 31 March 2008 the Company and these individual shareholders entered into a contractual obligation to contribute the cash in the event of a valuation shortfall. Of the £2,812,500 shortfall, £2,745,000 remained outstanding at 31 March 2008 and is disclosed as called up share capital unpaid. As explained in note 9, this was reclassified as an adjustment to the cost of the acquisition of London & Stamford Investment Limited group in the year to 31 March 2009.

At 31 March 2009 there were no amounts which were overdue and no amounts which were impaired (31 March 2008: none). There is no provision for impairment of trade receivables as at 31 March 2009 as the risk of impairment of the amounts outstanding is not considered to be significant (31 March 2008: none).

13. Cash and cash equivalents

Cash and cash equivalents include £2,454,000 (2008: £1,012,000) 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

	<i>31 March 2008</i>	<i>31 March 2009</i>
	<i>£000</i>	<i>£000</i>
Trade payables	263	751
Rent received in advance	281	1,394
Accrued interest	405	510
Other payables	45	31
Other accruals and deferred income	370	710
Corporation tax payable	–	33
	<u>1,364</u>	<u>3,429</u>

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

15. Financial assets and financial liabilities

a) *Financial assets*

The financial assets of the Group consist of trade and other receivables, cash and cash equivalents and cash deposits where the original maturity was for more than three months.

b) *Non-current financial liabilities*

	<i>31 March 2008</i>	<i>31 March 2009</i>
	<i>£000</i>	<i>£000</i>
Secured bank loans	22,820	70,550
Unamortised finance costs	(995)	(916)
	<u>21,825</u>	<u>69,634</u>

The bank loan is secured by fixed charges over certain of the Group's investment properties and can be extended a further two years at the initial maturity date of October 2012.

c) *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 uses derivative financial instruments to hedge certain risk exposures. The policies of the Company are the same as those of the Group.

The Group's operations and debt financing expose it to a variety of financial risks. The exposure to each risk, how it arises and the policy for managing each risk is 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 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 number of different reputable banks with strong credit ratings and for varying periods of time, thereby spreading risk.

The credit risk on liquid funds and derivative financial instruments is limited due to the Group's policy of monitoring counterparty exposures with a maximum exposure equal to the carrying amount of these instruments. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

ii) *Liquidity risk*

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure that the Group has sufficient available funds for operations and committed investments. The Group's undrawn committed borrowing facilities are monitored against projected cash flows. The Group prepares annual budgets and working capital forecasts to assess future cash requirements.

The Group had available but undrawn bank loan facilities of £79,450,000 at 31 March 2009 (2008: £127,180,000), maturing between two and five years.

iii) *Market risk*

The Group is exposed to market risk through interest rates and currency fluctuations.

iv) *Interest rate risk*

The Group is exposed to interest rate risk from long-term borrowings at a variable rate. It is Group policy that a reasonable portion of external borrowings are at a fixed interest rate.

The Group uses interest rate swaps 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 2009 the Group had £70.5 million of hedges in place (2008: £15 million), and its debt was 100% fixed (2008: 66% fixed). 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 £176,000 (2008: £102,000 or £228,000 respectively). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest rate swaps, at the year end.

The average interest rate payable by the Group on all bank borrowings at 31 March 2009 net of undrawn facility commitment fees was 4.1% (31 March 2008: 6.4%).

v) *Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group has disposed of its subsidiaries in Belgium and has not entered into any other foreign currency transactions. Therefore the Group's foreign exchange risk is low.

vi) *Capital risk management*

The Group defines its equity as share capital, share premium, special reserves and retained earnings. 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. The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and other financial assets, 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.

d) *Financial instruments*

i) *Categories of financial instruments*

	<i>Loans and receivables</i>	
	<i>31 March 2008</i>	<i>31 March 2009</i>
	<i>£000</i>	<i>£000</i>
Current assets		
Cash and cash equivalents	182,112	169,856
Trade receivables (note 12)	275	61
Amounts receivable on property sales (note 12)	1,050	–
Deferred consideration on acquisition of subsidiary (note 12)	2,745	–
Interest receivable (note 12)	2,228	101
Other receivables	501	82
Other financial assets	61,500	–
	<u>250,411</u>	<u>170,100</u>

	<i>Measured at amortised cost</i>		<i>Measured at fair value</i>	
	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Non current liabilities				
Borrowings (note 15b)	21,825	69,634	-	-
Current liabilities				
Trade payables (note 14)	263	751	-	-
Accrued interest (note 14)	405	510	-	-
Other accruals (note 14)	370	267	-	-
Other payables (note 14)	45	31	-	-
Corporation tax payable (note 14)	-	33	-	-
Derivative financial instruments (see 15d(iii))	-	-	181	1,451
	<u>22,908</u>	<u>71,226</u>	<u>181</u>	<u>1,451</u>

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 2008 and 31 March 2009.

iii) *Derivative financial instruments*

All derivative financial instruments are carried at fair value following a valuation as at 31 March 2008 and 31 March 2009 by JC Rathbone Associates Limited.

Details of the fair value of the Group's derivative financial instruments that were in place at 31 March 2008 and 31 March 2009 are provided below:

	<i>Protected rate %</i>	<i>Expiry</i>	<i>Market value 31 March 2008</i>	<i>Movement recognised in income statement</i>	<i>Market value 31 March 2009</i>
£15 million cap	5.75	October 2008	9	(9)	-
£10 million swap	5.41	January 2009	(190)	190	-
£10 million swap	3.61	October 2012	-	(386)	(386)
£43 million swap (reduces to £26.5 million 30/10/2012)	3.61	October 2014	-	(1,518)	(1,518)
£17.5 million cap (increases to £26.5 million 30/10/2012)	4.00	October 2014	-	453	453
			<u>(181)</u>	<u>(1,270)</u>	<u>(1,451)</u>

All derivative financial instruments are non-current and are interest rate derivatives.

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 calculated on a replacement basis using mid-market rates. 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. Provisions

	<i>Enhanced management fees £000</i>
On acquisition of subsidiary	1,565
Credited to the income statement	(625)
At 31 March 2008	<u>940</u>
Credited to the income statement	(730)
At 31 March 2009	<u>210</u>

Under the terms of various management agreements, the Group has an obligation to pay an “enhanced management fee” to third parties, following the disposal of its interests in certain investment properties, or the completion of defined property strategies for other investment properties.

Provision has been made in the consolidated balance sheet for the anticipated enhanced management fees to be paid by the Group, based on the carrying values of properties held at the balance sheet date. This is considered to be a reasonable and prudent basis on which to make provision for these obligations. Provision is made on a property by property basis and only arises in respect of properties that have been subject to upward revaluation movements above their historic cost.

The provisions are made in the relevant subsidiaries’ financial statements that reflect the upward revaluation movements referred to above.

The movement in the period has been credited to property outgoings in the income statement.

17. Share capital

	<i>31 March 2008 Number</i>	<i>31 March 2008 £000</i>	<i>31 March 2009 Number</i>	<i>31 March 2009 £000</i>
Authorised				
Ordinary shares of 10p each	<u>500,000,000</u>	<u>50,000</u>	<u>500,000,000</u>	<u>50,000</u>
Issued, called up and fully paid				
Ordinary shares of 10p each	<u>285,000,000</u>	<u>28,500</u>	<u>285,000,000</u>	<u>28,500</u>

The Company was incorporated on 1 October 2007 with authorised share capital of 500,000,000 ordinary shares of 10p each. On incorporation two ordinary shares of 10p each were issued for cash at a subscription price of £1 per ordinary share.

On 30 October 2007 the Company issued a further 37,499,998 10p ordinary shares as consideration for the acquisition of the entire issued share capital of London & Stamford Investments Limited (see note 10).

On 7 November 2007 the Company’s ordinary shares were admitted to trading on AIM and immediately thereafter 247,500,000 10p ordinary shares were allotted following a placing at 100p per share.

18. Reserves

The Statements of Changes in Equity are shown in Section B of Part 6 of this document.

The following describes the nature and purpose of each reserve within equity:

Share capital	The nominal value of shares issued.
Share premium	The excess of value of shares issued over their nominal value.
Special reserve	During the period to 31 March 2008 the Company applied to the Royal Court of Guernsey to reduce its capital by the cancellation of its share premium and the creation of a separate, special reserve, which is an additional distributable reserve to be used for all purposes permitted under Guernsey company law, including the buy back of shares and payment of dividends.
Retained earnings	The cumulative profits and losses after the payment of dividends.

19. Related party transactions and balances

Fees are paid to certain non-executive Directors who are not members of LSI Management, the Property Advisor to the Group, as disclosed in note 3.

The interests of the Directors' and their families in the shares of the Company are as follows:

	<i>Ordinary shares of 10p each 31 March 2008</i>	<i>Ordinary shares of 10p each 31 March 2009</i>
H R Mould	5,294,130	5,294,130
P L Vaughan	5,865,130	5,836,130
H J M Price	1,176,473	1,176,473
M F McGann	–	–
R J Crowder	–	–
L R H Grant	–	–
R A R Evans	500,000	500,000
P A S Firth	–	–
	-----	-----

Mr H R Mould, Mr P L Vaughan, Mr H J M Price and Mr M F McGann are designated members of LSI Management LLP, the property advisor to the Group. The property advisor received £4.8 million (five months to 31 March 2008: £1.9 million) for the services of property management during the year. At 31 March 2009 and 31 March 2008 none of the fee remained outstanding.

LSI Management LLP is also entitled to receive £758,000 (2008: £nil) in performance fees for the year ended 31 March 2009 from both the LSP Green Park Property Trust, in which the Company has a 31.4% interest and the Company itself. The Company's share of the performance fee charge in its associate was £315,000 (2008: £nil) and £443,000 was charged direct to the Group. At 31 March 2009 all of this fee remained outstanding.

Mr P Firth is managing director of Butterfield Fulcrum Group (Guernsey) Limited, the Company's administrator. Butterfield Fulcrum Group (Guernsey) Limited received £73,000 (five months to 31 March 2008: £29,000) in payment of administration services during the year. At 31 March 2009 £23,000 (31 March 2008: £18,000) remained outstanding and is reflected in the year end creditor balance.

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

20. Disposals

In November 2007 the Group disposed of its Belgian subsidiary LSI Retail NV. The loss on disposal in the period was £17,000. Net assets disposed of amounted to £21,883,000 and consisted primarily of investment property valued at £22,189,000, cash balances of £314,000 and other net liabilities of £620,000. The cash consideration received in full settlement amounted to £21,866,000.

21. Events after the balance sheet date

On 8 May 2009, the Group completed the acquisition of No. 1 Whitehall Riverside, Leeds for £37.6 million. The purchase was part financed with a new debt facility from Deutsche Postbank AG.

On 12 June 2009, the Group completed the acquisition of the Somerfield Distribution Unit, Wellingborough for £19.6 million.

On 23 June 2009 the Group completed the acquisition of Racecourse Retail Park, Aintree for £61 million.

22. Net asset value

Net asset value per share is based on Group net assets at 31 March 2009 of £291,681,000 (31 March 2008: £277,898,000) and the number of ordinary shares in issue at that date of 285 million.

PART 7

OPERATING AND FINANCIAL REVIEW OF THE COMPANY

The financial information contained in this section has been extracted without material adjustment from the audited report and accounts of the Company for the five month period ended 31 March 2008 and the year ended 31 March 2009. The financial information has been prepared in accordance with IFRS. UK investors should read the whole of this document and not just rely on the key or summarised data below.

1. Business overview

The Company is a closed-ended investment company incorporated in Guernsey, whose principal activity is the generation of rental income and capital growth through investments in commercial property, primarily in the United Kingdom.

The Company was established on 1 October 2007, in order to exploit opportunities that it anticipated in the UK property cycle and to invest in commercial property, including office, retail and industrial real estate assets, principally in the UK. The Company raised £247.5 million (gross proceeds) through a placing in November 2007, when it was admitted to trading on AIM. The Company owned investment properties with a value of £120.6 million at 31 March 2009.

The Company is provided with investment advisory and property management services by LSI Management, which has a highly experienced management team.

2. Dividends

A final dividend of 1.6 pence per Ordinary Share (£4.56 million) was paid in respect of the five month period ended 31 March 2008. For the six months ended 30 September 2008 an interim dividend of 2 pence (£5.70 million) per Ordinary Share was paid. In addition the Directors recommended on 11 June a final dividend of 2 pence (£5.70 million) per Ordinary Share in respect of the year to 31 March 2009 and is expected to be paid on 27 July 2009 to Shareholders on the register on 19 June 2009, subject to Shareholder approval at the 2009 annual general meeting. The foregoing dividend amounts are adjusted to cater for changes in the number of Ordinary Shares to make them comparable.

3. Key Factors affecting the Group's financial performance and results

The following discussion highlights the key factors the Directors believe are significant to an understanding of the Group's results of operations.

3.1 Real estate market conditions

In November 2007, when the Company was admitted to trading on AIM, the Management Team expressed its view that the UK property market had reached unsustainable levels and that a major correction in yields was expected. The severity of that correction and the problems in the financial markets which resulted in the limited availability of affordable finance, have had a considerable adverse impact on the property markets throughout the period under review. A further factor which has taken place during the period under review is that the economy has weakened with a consequent weakening in the occupational market and a slow down in tenant demand. These factors led the Group to take a cautious attitude towards investment in new property transactions during the period under review with the Group's first acquisition completing in January 2009.

During the first quarter of 2009, the formal CB Richard Ellis yield index continued to show outward yield shifts for the majority of sectors, taking the overall decline from the accepted peak of June 2007 to approximately 38 per cent. Recently released IPD figures show that UK property capital values fell almost 9 per cent. in the first quarter of 2009, but slowing against a figure of 14.3 per cent. in the last quarter of 2008.

Despite this overview, there have been pockets of competition in certain areas but very much restricted to smaller lot sizes or the city of London where, in the Management Teams' opinion, there has been a stabilisation of yields and in some cases a hardening. Over and above these smaller lot sizes, the story is very different with the lack of debt capital firmly suppressing activity and allowing those with access to debt and equity to take advantage of potential opportunities. The emphasis on prime assets with relatively safe and secure long income remains the focus of those parties buying, with the market for secondary or poorly short let income being in the main, shunned. The banking market remains difficult with many banks effectively closed to new business. There is lending appetite amongst a small number of German banks able to access funds through the Pfandbrief markets. However, loan to values are cautious (60/65 per cent.), margins are increasing and demand is such that those banks lending can be selective in respect of asset and sponsor.

The supply of opportunities or deal flow in the Management Teams' opinion has slowed slightly since the end of 2008 but this has been allied to an increase in the quality of those assets being marketed openly or otherwise. In the main these assets failed to sell and the Management Team are now seeing a number of quality assets at pricing which is beginning to look attractive.

3.2 *Rental income from investment properties*

The principal factors which influence the Group's rental income include:

- **Acquisitions and disposals:** The Group's rental income can fluctuate due to the net sale or purchase of properties during any given period. During the period under review, the net effect of acquisitions and disposals was primarily responsible for the change in Group rental income.
- **Occupancy/void rates:** The signing of a new lease with a significant tenant or a tenant not continuing in occupation after a lease break or expiry could result in fluctuations in the Group's rental income.
- **Rent reviews:** The settlement of a rent review with a significant tenant could have an impact on rental income in any given period.
- **Tenant defaults and delinquencies:** The loss of any of the Group's significant tenants through default or tenant administration could result in reduced rental income. During the period under review the effect of tenant defaults and delinquencies did not have a significant impact on Group rental income. Going forward, tenant defaults and delinquencies may have a greater impact on rental income as a result of the current market and economic conditions leading to an increase in business failures. This is partly mitigated by rent deposits and bank guarantees.
- **Joint ventures:** Rental income associated with the properties held by joint ventures in which the Group participates is reflected in the share of profits of associates, which is reported as a separate line item in the income statement.

3.3 *Revaluation of investment properties*

The Property Portfolio is valued by a professionally qualified, external valuation firm. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement net of capital expenditure is included in the income statement as a gain or deficit from investment property. By contrast, revaluation gains or deficits on development properties are principally recognised in shareholders' equity, but will be recognised in the Group's income statement to the extent that the valuation of a given property falls below its cost. During the period under review, valuation changes to the Group's investment properties resulted in the recognition of a loss of £4.9 million in the year ended 31 March 2009 compared with a loss of £3.0 million in the five months ended 31 March 2008. Included in the loss on revaluation is a credit of £730,000 (31 March 2008: £625,000) which represents the movement in the provision for enhanced management fees payable to third parties on future disposals, and is based on the carrying values of properties at the balance sheet date. Valuation changes recognised in the Group's consolidated income statement do not have an impact on the Group's cash position until the sale of a property.

The Group's share of revaluations of investment properties held by its joint venture are recognised in the Group's income statement under share of profits of associates. The joint venture arrangement was entered into on 22 April 2008 and in the year to 31 March 2009 the properties were revalued on an open market basis by CB Richard Ellis Limited, Chartered Surveyors, resulting in an increase of £3.1 million in the Group's share of profits of associates.

At 31 March 2009 the external valuation firm highlighted that the current volatility in the global financial system has created a significant degree of turbulence in commercial real estate markets across the world. Furthermore, the lack of liquidity in the capital markets means that it may be very difficult to achieve a sale of property assets in the short-term.

3.4 *Acquisitions and disposals of properties*

Original portfolio at IPO

Prior to admission to trading on AIM on 7 November 2007 the Company had an existing portfolio comprising investment properties in the UK and Belgium. The Company subsequently sold the Belgian portfolio in November 2007 for net proceeds of £21.4 million. The Company has retained the following portfolio of investment properties since IPO.

<i>Original portfolio at IPO</i>	<i>Ownership</i>	<i>Type of property</i>
Campbell Road, Stoke-on-Trent	100%	Industrial Warehouse
Elm Park Court and Forest House, Crawley	100%	Offices
Barracks Road, Newcastle-under-Lyme	100%	Retail warehouse
Copse Road, Yeovil	100%	Mixed use development site
Gillingham Business Park, Kent	100%	Mixed use development site
Glaisedale Parkway, Nottingham	100%	Mixed use development site

On 22 April 2008 the Group entered into a new joint venture arrangement with Cavendish Limited (which subsequently assigned its interests to its affiliates Green Park Investments), a wholly-owned subsidiary of a major gulf institution. The Group has a 31.4 per cent. interest in the joint venture vehicle, LSP Green Park Property Trust, which is equity accounted for by the Group as an associate. On 11 February 2009 LSP Green Park Property Trust acquired a 50 per cent. indirect interest in the Meadowhall shopping centre from British Land.

The Company made its first acquisition in January 2009, One Fleet Place, EC4. The two transactions mentioned above have affected the Group's results of operations in the periods under review:

The Company has acquired the following investment properties in the period from IPO to 31 March 2009.

<i>New acquisitions</i>	<i>Ownership</i>	<i>Type of property</i>
One Fleet Place, EC4	100%	Offices
Meadowhall Shopping Centre, Sheffield	15.7%	Shopping Centre

Please see paragraph 3.2 of Part 4 and Part 9 and Part 10 of this document for further information regarding the properties acquired and the investments made by the Group.

3.5 *Finance costs, income and interest rates*

The Group's business requires significant capital resources to fund the acquisition and development of properties. The Group finances these activities to a considerable extent (between 60 per cent. and 65 per cent. of the gross value of real estate assets) by means of loans from lending banks which participate in borrowing activities. At 31 March 2009 the Group had £70.5 million (2008: £22.8 million) of loans outstanding.

It is the Group's policy that a reasonable portion of external borrowings are at a fixed interest rate. The Group uses interest rate swaps to manage its interest rate exposure and hedge future interest rate

risk for the term of the bank loan. At 31 March 2009 the Group had £70.5 million of hedges in place (2008: £15 million), and its debt was 100 per cent. fixed (2008: 66 per cent. fixed).

The Group raised £247.5 million (gross proceeds) in November 2007, a significant proportion of which is held as cash and cash equivalents on the Company's balance sheet. The Group earns interest on its cash balance. At 31 March 2009 the Group had £169.9 million (2008: £182.1 million) of cash and cash equivalents.

3.6 *Exchange rate factors*

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group disposed of its subsidiaries in Belgium in November 2007 and has not entered into any other foreign currency transactions. Therefore the Group's foreign exchange risk is low.

3.7 *Taxation*

United Kingdom taxation

It is the intention of the Directors that the affairs of the Company will continue to be conducted so that the Company will not itself (as opposed to certain of its subsidiaries) be subject to tax in the United Kingdom. It is the intention that the central management and control of the Company will only be in Guernsey and the Company will not carry out any trade in the United Kingdom (whether or not through a permanent establishment situated there). Any trade carried out by the Group in the United Kingdom will be carried out by subsidiaries of the Company. On that basis, the Company will not be resident in the United Kingdom for taxation purposes and the Company should not be liable to United Kingdom tax on its income and gains, although any of its subsidiaries resident in the United Kingdom or with United Kingdom property may well be subject to United Kingdom taxation on their income and gains.

Guernsey taxation

The Company currently has tax exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (the "Ordinance"). The Company will need to reapply annually for exempt status for Guernsey tax purposes, incurring a fee which is currently £600 per annum.

The Company is therefore not considered resident in Guernsey for Guernsey income tax purposes.

Further information regarding the Company's taxation status can be found in paragraph 15.1 of Part 11 of this document.

3.8 *Pensions and other liabilities*

The Company has no employees and does not operate any pension schemes.

4. Financial information

The following information summarises the trading record of the Group. This information has been prepared in accordance with IFRS for the five month period ended 31 March 2008 (audited) and the year ended 31 March 2009 (audited).

Profit and loss

	<i>Five months ended 31 March 2008</i>	<i>Year ended 31 March 2009</i>
	<i>£000</i>	<i>£000</i>
	<i>IFRS</i>	<i>IFRS</i>
Gross rental income	808	2,654
Other income	–	1,000
Property outgoings	(183)	(572)
Net rental income	625	3,082
Administrative expenses – general	(3,364)	(5,987)
Administrative expenses – goodwill impairment	–	(2,745)
Loss on revaluation of investment properties	(2,964)	(4,938)
(Loss)/profit on sale of investment properties	(36)	36
Loss on sale of subsidiaries	(17)	–
Share of profits of associates	–	23,599
Operating (loss)/profit	(5,756)	13,047
Finance income	5,772	10,613
Finance costs	(874)	(2,296)
Change in fair value of derivative financial instruments	(181)	(1,270)
(Loss)/profit before tax	(1,039)	20,094
Taxation	1,444	3,949
Profit for the period/year	405	24,043
Earnings per share		
Basic and diluted	0.14p	8.4p

Net rental income

Net rental income comprises gross rental income and property outgoings which include service charges and other property expenses. Gross rental income increased from £0.8 million in the period ended 31 March 2008 to £2.7 million in the year ended 31 March 2009. The increase is due to a full year of rental income in 2009 and rental income from One Fleet Place of £1 million which was acquired in January 2009.

For the year ended 31 March 2009 the Group generated £1 million of other income which relates solely to a surrender premium paid by a tenant at the Group's retail warehouse at Barracks Road, Newcastle-Under-Lyme.

Administrative expenses – general

The Group's administrative expenses consist of costs not directly attributable to individual properties. The Group's administrative costs increased from £3.4 million in the five month period ended 31 March 2008 to £6.0 million in the year ended 31 March 2009. The main element of administrative expenses are management and performance fees paid to the Property Adviser which amounted to £1.9 million in the five month period to 31 March 2008 and £5.2 million in the year ended 31 March 2009. In the period ended 31 March 2008 the Group had non-recurring costs associated with the formation of the Company and costs associated with share based payments amounting to £898,000.

Fees are paid to certain of the non-executive directors who are not members of the Property Adviser, amounting to £83,000 in the period ended 31 March 2008 and £165,000 in the year ended 31 March 2009. The Group does not have any employees.

Administrative expenses – goodwill impairment

On 30 October 2007 the Company entered into the Share Exchange Agreement pursuant to which it acquired the entire issued share capital of LSIL for £37.5 million settled in full by issuing 37.5 million ordinary shares of 10 pence each. Under the terms of the Share Exchange Agreement 2,812,500 ordinary shares were subject to a claw back based on the valuation of certain investment property owned by LSIL at the date of acquisition. In accordance with the acquisition agreement, the affected shareholders had an option to make up the shortfall by making a cash payment to the Company. On 31 March 2008 the Company and these individual shareholders entered into a contractual obligation to contribute the cash in the event of a valuation shortfall and the shortfall outstanding at 31 March 2008 of £2.745 million was shown as receivable. In the year ended 31 March 2009 planning consent to allow food retail from the site at Barracks Road, Newcastle-under-Lyme was achieved. The granting of this planning permission led to an adjustment to the cost of the acquisition, giving rise to goodwill of £2.745 million which has been fully impaired in the year ended 31 March 2009 and is reflected in the income statement.

Loss on revaluation of investment properties

Loss from the investment portfolio reflects deficits arising from changes in the market value of portfolio properties during the period. During the period under review, valuation changes to the Group's investment properties resulted in the recognition of a loss of £4.9 million in the year ended 31 March 2009 compared with a loss of £3.0 million in the five months ended 31 March 2008. In the year ended 31 March 2009 all of the Group's properties suffered a fall in value with the exception of One Fleet Place which increased by £7.6 million since the date of acquisition. Included in the loss on revaluation is a credit of £730,000 (31 March 2008: £625,000) which represents the movement in the provision for enhanced management fees payable to third parties on future disposals, and is based on the carrying values of properties at the balance sheet date.

Share of profits from associates

On 22 April 2008 the Group entered into a new joint venture arrangement with Cavendish Limited (which subsequently assigned its interest to its affiliate Green Park Investments), a wholly-owned subsidiary of a major gulf institution. The Group has a 31.4 per cent. interest in the joint venture vehicle, LSP Green Park Property Trust, which is equity accounted for by the Group as an associate. On 11 February 2009 LSP Green Park Property Trust acquired a 50 per cent. indirect interest in the Meadowhall shopping centre from British Land. In the year ended 31 March 2009 the Group's 31.4 per cent. share of profit after tax amounted to £23.6 million.

This included LSP's share of negative goodwill, amounting to £20.5 million net of deferred tax, as a result of the fair value of the net assets acquired being greater than the fair value of the consideration payable. This adjustment has arisen mainly due to bonds issued by Meadowhall being recognised at fair value on acquisition and for which no corresponding adjustment was made to the purchase price. As two of these bonds are quoted on the LSE the market value of these bonds is used as their fair value. The remaining bond has been valued by JC Rathbone. In accordance with IFRS 3 'Business Combinations' the negative goodwill has been included in the acquirer's share of the associate's profit in the year to 31 March 2009.

	<i>Year ended</i> <i>31 March 2009</i> <i>£000</i> <i>IFRS</i>
Net rental income	1,715
Administration expenses	(475)
Surplus on revaluation of investment properties	3,063
Net finance costs	(1,120)
Tax	(60)
	<hr/>
	3,123
Excess of fair value of net assets acquired over consideration paid	20,476
	<hr/>
Share of profits of associates	23,599
	<hr/>

Net finance income

The Group generated net finance income of £4.9 million in the five months ended 31 March 2008 and £8.3 million in the year ended 31 March 2009. This has been generated due to the significant cash balance that the Group has retained throughout the period since IPO.

Taxation

The taxation credit in the five months ended 31 March 2008 and the year ended 31 March 2009 of £1.4 million and £3.9 million respectively have been generated predominantly due to the provision for deferred tax assets arising on the revaluation of the investment portfolio.

5. Liquidity and capital resources

The Group's cash requirements stem primarily from the purchase and development of properties and the payment of interest and dividends. During the review period the Group has met these requirements through a combination of the proceeds of a share issue, operating cash flows and long-term debt financing. The Group's borrowings consist of a mixture of committed bank facilities and financial derivatives.

5.1 Cash flows

The following table sets out certain information with respect to the Group's cash flows for the five month period ended 31 March 2008 and the year ended 31 March 2009:

	<i>Five months</i> <i>ended</i> <i>31 March 2008</i> <i>£000</i> <i>IFRS</i>	<i>Year ended</i> <i>31 March 2009</i> <i>£000</i> <i>IFRS</i>
Cash flows from operating activities	(1,748)	10,404
Cash flows from investing activities	(39,846)	(60,130)
Cash flows from financing activities	223,706	37,470
Net increase/(decrease) in cash and cash equivalents	182,112	(12,256)
Cash and cash equivalents at the end of the period/year	182,112	169,856

Cash flows from operating activities

The Group generated cash from operating activities of £10.4 million in the year ended 31 March 2009 compared with a cash outflow of £1.7 million in the period ended 31 March 2008. This was mainly as a result of net interest received of £11.1 million in the year ended 31 March 2009.

Cash flow from investing activities

The Group's cash flow from investing activities mainly relates to the acquisition and sale of investment property and cash flows in relation to associates. In the five months ended 31 March 2008 the Group generated an outflow of £39.8 million. This reduced to £60.1 million in the year ended 31 March 2009.

In the year ended 31 March 2009 the Group spent £77.5 million on the acquisition of its first investment property in January 2009. In addition £4.9 million was spent on capital expenditure for investment properties compared with £1.5 million in the period ended 31 March 2008. The capital expenditure in the year ended 31 March 2009 was mainly in relation to the refurbishment of Forest House, Crawley.

In the period ended 31 March 2008 the Group received £21.9 million from the sale of its portfolio of Belgian properties in November 2007.

The Group had a cash outflow of £39.2 million in the year ended 31 March 2009 which related to the acquisition via the joint venture of the Meadowhall Shopping Centre.

In the period ended 31 March 2008 the Group acquired £61.5 million of short term financial deposits, these were sold in the year ended 31 March 2009 with a resultant cash inflow.

Cash flow from financing activities

The Group's net cash received from financing activities in the period ended 31 March 2008 was £223.7 million, mainly comprising of the proceeds of shares issued at IPO of £239.7 million. In addition existing loans of £38.8 million were repaid and new bank loans amounting to £22.8 million were entered into. In the year ended 31 March 2009 the Group generated a cash flow from financing activities of £37.5 million, being £47.7 million of new bank loans related to the Group's first property acquisition in January 2009 and a £10.3 million dividend paid.

5.2 Balance sheet

The following information summarises the consolidated balance sheet of the Group. This information has been prepared in accordance with IFRS.

	<i>31 March 2008</i>	<i>31 March 2009</i>
	<i>£000</i>	<i>£000</i>
	<i>IFRS</i>	<i>IFRS</i>
Non-current assets		
Investment properties	49,370	127,147
Investments in equity accounted associates	–	62,844
Deferred tax assets	1,190	5,172
	<u>50,560</u>	<u>195,163</u>
Current assets		
Trade and other receivables	8,036	1,386
Other financial assets	61,500	–
Cash and cash equivalents	182,112	169,856
	<u>251,648</u>	<u>171,242</u>
Total assets	<u>302,208</u>	<u>366,405</u>
Current liabilities		
Trade and other payables	1,364	3,429
	<u>1,364</u>	<u>3,429</u>
Non-current liabilities		
Borrowings	21,825	69,634
Derivative financial instruments	181	1,451
Provisions	940	210
	<u>22,946</u>	<u>71,295</u>
Total liabilities	<u>24,310</u>	<u>74,724</u>
Net assets	<u>277,898</u>	<u>291,681</u>

Investment properties

The value of investment properties at 31 March 2008 of £49.4 million, represented the original portfolio, as discussed in paragraph 3.4 of this Part 7, and was revalued by an external firm of chartered surveyors at that date. The uplift in the value of investment properties to £127.1 million at 31 March 2009 was driven mainly by the acquisition of One Fleet Place, in January 2009 for £77.5 million and capital expenditure mainly in relation to the refurbishment of Forest House, Crawley of £4.9 million. In addition due to volatility in the commercial property markets, the Group's overall portfolio was revalued downwards by £5.7 million.

Investments in equity accounted associates

On 11 February 2009, the Group acquired an effective 31.4 per cent. in the Meadowhall Shopping Centre via its joint venture arrangement with Green Park Investments, as discussed previously in paragraph 3.4 of this Part 7. The table below sets out the breakdown of the balance sheet value of £62.8 million as at 31 March 2009.

	<i>31 March 2009</i>
	<i>£000</i>
	<i>IFRS</i>
At 31 March 2008	–
Additions - cost of acquisition of associate	39,245
Excess of fair value of net assets acquired over consideration paid	20,476
Share of profit for the year	3,123
	<u>62,844</u>

Trade and other receivables

Trade and other receivables reduced from £8 million at 31 March 2008 to £1.4 million at 31 March 2009. This reduction was mainly due to the conditional amount receivable from the shareholders of LSI of £2.7 million in relation to the planning consent on the Newcastle property not becoming receivable as planning consent was granted during the year ended 31 March 2009. Interest receivable at the year end reduced significantly from £2.2 million at 31 March 2008 to £0.1 million at 31 March 2009 as a result of interest rate movements. In addition, at 31 March 2008 there was £1 million due on the sale of a site in Nottingham. This transaction did not complete.

Other financial assets

At 31 March 2008 the Group had £61.5 million in a six month fixed deposit account.

5.3 *Group debt*

The Group's debt obligations, not including the Group's share of joint venture debt, as at 31 March 2008 and 31 March 2009 is summarised in the table below.

	<i>Five months ended 31 March 2008</i>	<i>Year ended 31 March 2009</i>
	<i>£000</i>	<i>£000</i>
	<i>IFRS</i>	<i>IFRS</i>
Non-current financial liabilities		
Secured bank loans	22,820	70,550
Unamortised finance costs	(995)	(916)
	<hr/>	<hr/>
	21,825	69,634
Derivative financial instruments	181	1,451
	<hr/>	<hr/>
	22,006	71,085
	<hr/>	<hr/>

The Group had a £150 million revolving credit facility at 31 March 2009. Borrowings under this facility bear interest at a floating rate of 0.8 per cent. over LIBOR. A commitment fee of 0.3 per cent. is payable on the un-utilised element of the facility.

The bank loan is secured by fixed charges over certain of the Group's investment properties and can be extended for a further two years at the initial maturity date of October 2012. As at 31 March 2009 properties with a carrying value of £114.1 million were pledged as security.

The Group has entered into three further bank loans post year end which are discussed in paragraph 14 of Part 11 of this document.

5.4 *Joint venture debt*

As at 31 March 2009, the Group's share of outstanding debt raised in relation to joint ventures was £106.6 million. The debt has been raised specifically for the purpose of the joint venture.

5.5 *Covenants*

The Group's key covenants in relation to its £150 million revolving credit facility are set out below:

	<i>Covenant</i>	<i>As at 31 March 2009</i>
Loan to value	< 80%	62%
Interest cover	> 125%	257%

6. Capitalisation and indebtedness

The capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) of the Group is set out below. Unless indicated otherwise, these figures are as at 12 June 2009 and have been extracted from the Group's unaudited accounting records.

Indebtedness

	<i>Audited as at 12 June 2009 £000</i>
Total current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–

Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	–
Secured	95,003
Unguaranteed/unsecured	–

	95,003

Total indebtedness as at 12 June 2009	95,003

Capitalisation

This information is as at 31 March 2009 and has been extracted from the Group's unaudited accounting records. There has been no material change in the capitalisation of the Group between that date and the date of this document.

	<i>Audited as at 31 March 2009 £000</i>
Shareholder's equity	
Called up share capital	28,500
Special reserve	248,597

Total	277,097

Capital and reserves do not include retained earnings.

Net indebtedness in the short term and in the medium-long term:

	<i>Unaudited as at 12 June 2009 £000</i>
Cash	131,040
Liquidity	131,040
Current bank debt	
Current financial debt	—
Net current financial indebtedness	131,040
Non current bank loans	95,003
Non current financial indebtedness	95,003
Net financial indebtedness as 12 June 2009	36,037

On 23 June 2009, the Group completed the purchase of Racecourse Retail Park, Aintree for £60.9 million. The acquisition was part financed with a new debt facility from Deutsche Postbank AG amounting to £38.4 million which was drawn down on the same date. This loan is secured on the property acquired.

7. Critical accounting policies and judgements

The Company's financial statements are prepared in accordance with IFRSs. The financial statements have been prepared on the historical cost basis, except for investment and development properties and derivative financial instruments which are stated at fair value. In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions that may affect the financial statements. The Board believes that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated.

The Group's critical accounting policies where management is required to make judgements are set out below. The Group's full accounting policies are set out in Section B of Part 6.

- (a) *Associates*
- (b) *Investment properties*
- (c) *Development properties*
- (d) *Tenant leases*
- (e) *Net rental income*
- (f) *Financial assets and liabilities*
 - (i) Loans and receivables
 - (ii) Cash and cash equivalents
 - (iii) Other financial assets
 - (iv) Equity instruments
 - (v) Other financial liabilities
 - (vi) Derivative financial instruments
- (g) *Capitalisation of interest*

8. Qualitative disclosure on market risk

The principal categories of market risk the Group is exposed to are credit risk, liquidity risk and interest rate risk.

8.1 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 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 number of different reputable banks with strong credit ratings and for varying periods of time, thereby spreading 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.

8.2 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 undrawn committed borrowing facilities are monitored against projected cash flows. The Group prepares annual budgets and working capital forecasts to assess future cash requirements.

The Group had available but undrawn bank loan facilities of £79.5 million at 31 March 2009 (31 March 2008: £127.2 million), maturing between two and five years.

8.3 Interest rate risk

The Group is exposed to interest rate risk from long-term borrowings at a variable rate. It is Group policy that a reasonable portion of external borrowings are at a fixed interest rate.

The Group uses interest rate swaps 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 2009 the Group had £70.5 million of hedges in place (2008: £15 million), and its debt was 100 per cent. fixed (31 March 2008: 66 per cent. fixed). Consequently, based on year end debt levels, a 1 per cent. change in interest rates would decrease or increase the Group's annual profit before tax by £176,000 (31 March 2008: £102,000 or £228,000 respectively). The sensitivity has been calculated by applying the interest rate change to the variable rate borrowings, net of interest rate swaps, at the year end.

The average interest rate payable by the Group on all bank borrowings at 31 March 2009 net of undrawn facility commitment fees was 4.1 per cent. (31 March 2008: 6.4 per cent.).

PART 8

UNAUDITED PRO FORMA STATEMENT OF FINANCIAL INFORMATION OF THE GROUP



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Chartered Accountants

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10 July 2009

Dear Sirs

London & Stamford Property Limited (the “Company”)

Pro forma financial information

We report on the pro forma statement of net assets (the “Pro Forma Financial Information”) set out in Part 8 of the prospectus dated 10 July 2009 which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the purchase of three investment properties since 1 April 2009 and the placing and open offer might have affected the financial information presented on the basis of accounting policies adopted by the Company in preparing the financial statements for the year ended 31 March 2009.

This report is required by item 20.2 of annex I of the Commission Regulation (EC) No. 809/2004 (the “PD Regulation”) and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro Forma Financial Information in accordance with item 20.2 of Annex I of the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of annex I of the PD Regulation consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex I of the PD Regulation.

Yours faithfully

BDO Stoy Hayward LLP

The unaudited pro forma statement of net assets of the Group set out in this part 8 has been prepared for illustrative purposes only to show the effect of the purchase of three investment properties since 1 April 2009 and the proposed Placing and Open Offer on the net assets of the Group as if they had occurred on 31 March 2009. Because of its nature, the unaudited pro forma statement of net assets addresses a hypothetical situation and does not therefore represent the Group's actual financial position.

If the Placing and Open Offer is successful, it will represent a significant gross change for the Company. The effect of the Placing and Open Offer will be to increase the Group's cash balances by approximately £219.5 million, being the net proceeds of the Placing and Open Offer.

Unaudited pro forma statement of net assets of the Group as at 31 March 2009

	<i>Adjustments</i>			
	<i>The Group</i>	<i>Property</i>		
	<i>As at</i>	<i>purchases</i>	<i>Net</i>	<i>Pro forma</i>
	<i>31 March 2009</i>	<i>since</i>	<i>placing</i>	<i>net assets</i>
	<i>(note 1)</i>	<i>1 April 2009</i>	<i>proceeds</i>	<i>of the</i>
	<i>£000</i>	<i>(note 2)</i>	<i>(note 4)</i>	<i>Group</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Non-current assets				
Investment properties	127,147	124,304	–	251,451
Investment in subsidiaries	62,844	–	–	62,844
Deferred tax assets	5,172	–	–	5,172
	<u>195,163</u>	<u>124,304</u>	<u>–</u>	<u>319,467</u>
Current assets				
Trade and other receivables	1,386	–	–	1,386
Cash and cash equivalents	169,856	(60,181)	219,500	329,175
	<u>171,242</u>	<u>(60,181)</u>	<u>219,500</u>	<u>330,561</u>
Total assets	<u>366,405</u>	<u>64,123</u>	<u>219,500</u>	<u>650,028</u>
Current liabilities				
Trade and other payables	3,429	1,976	–	5,405
	<u>3,429</u>	<u>1,976</u>	<u>–</u>	<u>5,405</u>
Non-current liabilities				
Borrowings	69,634	62,147	–	131,781
Derivative financial instruments	1,451	–	–	1,451
Provisions	210	–	–	210
Total liabilities	<u>74,724</u>	<u>64,123</u>	<u>–</u>	<u>138,847</u>
Net assets	<u>291,681</u>	<u>–</u>	<u>219,500</u>	<u>511,181</u>

Notes:

The pro forma statement of net assets has been prepared on the following basis:

1. The net assets of the Group at 31 March 2009 have been extracted without material adjustment from the financial information on the Group for the year ended 31 March 2009 set out in Section B of Part 6 of this document.

Adjustments:

2. Property purchases since 1 April 2009

<i>£000</i>	<i>Purchase of No 1 Whitehall Riverside, Leeds 18 May 2009</i>	<i>Purchase of Somerfield Distribution Unit, Wellingborough 12 June 2009</i>	<i>Purchase of Racecourse Retail Park, Aintree 23 June 2009</i>	<i>Total</i>
<i>Purchase date</i>				
Purchase price	37,620	19,600	60,904	118,124
Professional fees	1,915	1,004	3,261	6,180
Capitalised in investment properties	39,535	20,604	64,165	124,304
Rent apportionment	(408)	(57)	(17)	(482)
Accrual for professional fees	(412)	(219)	(863)	(1,494)
	<u>(820)</u>	<u>(276)</u>	<u>(880)</u>	<u>(1,976)</u>
	38,715	20,328	63,285	122,328
New secured bank loans net of capitalised professional fees	(24,142)	-	(38,005)	(62,147)
Reduction in cash balance	<u>14,573</u>	<u>20,328</u>	<u>25,280</u>	<u>60,181</u>

- a. On 8 May 2009, L&S Leeds Limited, a wholly owned subsidiary of the Company, acquired the leasehold land known as No 1 Whitehall Riverside, Leeds from The Royal Bank of Scotland Plc. The total purchase price was £37,620,000. The purchase was part financed with a new debt facility from Deutsche Postbank AG amounting to £24.5 million. In addition there were professional fees of £1.9 million of which £412,000 remained unpaid at the completion date. The purchase reduced the Group's cash balance by £14.6 million after taking account of rent apportionment of £408,000.
- b. On 12 June 2009, the Group completed the purchase of Somerfield Distribution Unit, Park Farm Industrial Estate, Wellingborough for £19.6 million. The purchase was financed out of the Group's retained cash. The purchase reduced the Group's cash balances by £20.3 million, being the purchase price of £19.6 million plus professional fees associated with the purchase of £1.0 million of which £219,000 had not been paid at completion and after taking account of the rent apportionment of £57,000.
- c. On 23 June 2009, the Group completed the purchase of Racecourse Retail Park, Aintree for £60.9 million. The acquisition was part financed with a new debt facility from Deutsche Postbank AG amounting to £38.4 million. In addition there were professional fees of £3.3 million of which £863,000 remained unpaid at the completion date. The purchase reduced the Group's cash balance by £25.3 million after taking account of rent apportionment of £17,000.
3. The Placing is estimated to raise net proceeds of £219.5 million (£225.75 million gross proceeds less estimated expenses of £6.25 million).

	<i>£000</i>
Gross proceeds	225,750
Professional fees	(6,250)
Net proceeds	<u>219,500</u>

4. For the purpose of the pro forma the adjusted cash balance has been calculated as follows:

	<i>£000</i>
Cash in the Group at 31 March 2009	169,856
Net placing proceeds	219,500
Net cash outflow in respect of No 1 Whitehall Riverside, Leeds	(14,573)
Net cash outflow in respect of Somerfield Distribution Unit, Park Farm Industrial Estate, Wellingborough	(20,328)
Net cash outflow in respect of Racecourse Retail Park, Aintree	(25,280)
Estimated adjusted cash balance	<u>329,175</u>

5. No account has been taken of the financial or trading performance of the Group since 31 March 2009, nor of any other event save as disclosed above.

Pro forma earnings of the Group

1. Had the transactions, as disclosed above, occurred at 1 April 2008 the impact on the Group's earnings would have been as follows:
- (i) as a result of the property purchases, the Group would have generated increased net rental income and would have incurred an associated increase in finance costs related to the new secured loans; and

- (ii) as a result of receiving the proceeds of the Placing and Open Offer, the Company would have had increased cash balances throughout the year ended 31 March 2009 which would have generated an increase in finance income.

The resulting impact on earnings of the two items above would have been to increase earnings before tax for the year ended 31 March 2009. However, this does not mean that the future earnings before tax will necessarily match or exceed historical published earnings.

PART 9

PROPERTY PORTFOLIO

Set out below is a summary of each of the investments the Group holds at the date of this document.

1. Retail portfolio

1.1 Meadowhall

Property	Meadowhall Shopping Centre, Sheffield
Ownership	15.7%
Property Gross Internal Retail Area	1,514,930
Key Dates	Development completed in 1990, rolling refurbishment
Tenure	Freehold
Principal Occupiers	Marks and Spencers, Debenhams, House of Fraser, BHS, Next
Number of Tenants	354
Weighted Average Unexpired Lease Term	12.0 yrs
Occupancy Rate	95.8%*
Rents Passing*	£77,948,337 pa
Average Rents Passing	£50.61 psf
Joint Venture	Yes (Green Park 31.4%, British Land 50.0%)

**Excludes income guarantees and top-ups from British Land.*

Background

Meadowhall shopping centre is one of the “Super 6” regional shopping centres in the UK. Situated 5 km east of Sheffield the centre benefits from close proximity to the M1 motorway. The shopping centre was constructed in 1990 and provides 1.5 million sq ft of accommodation with over 300 tenants on a weighted unexpired lease term of approximately 12 years. It is anchored by House of Fraser, Debenhams and Marks & Spencer. The wider Meadowhall estate comprises 12,000 car spaces, two petrol filling stations, a stand-alone restaurant, an industrial estate, and a 103 bedroom hotel. A 50 per cent. indirect interest in the freehold was acquired in February 2009 by LSPGP Trust No 1, a wholly owned subsidiary of LSP Green Park Property Trust and LSPGP Nominee No 1 Ltd. The equity split in LSP Green Park Property Trust between LSP Subsidiary and Green Park Investments was 51.4 per cent. and 68.6 per cent. respectively. The Meadowhall acquisition price structure is defensive and split into two tranches. The first, already paid, provides for clawback in the event that certain income hurdles are not met by British Land. The second tranche represents a deferred payment to be made on certain hurdles being achieved by British Land.

Strategy

The centre is being proactively managed to prepare for the next stage of income growth and enhancement whilst managing lease expiries and enhancing the tenant mix.

The property generates a quality income stream and it is intended that it is held in anticipation of capital growth.

1.2 Aintree – Racecourse Retail Park

Property	Racecourse Retail Park, Aintree
Ownership	100%
Property Net Internal Area	291,514 sq ft
Key Dates	Part bulky, part open A1
Tenure	Freehold
Principal Occupiers	Boots, M&S, Next, Mothercare, B&Q
Number of Tenants	12
Unexpired Lease Term	13 yrs
Occupancy Rate	100%
Rents Passing (p.a.)	£5,481,579
Average Rents Passing (psf)	£18.81
Joint Venture	No

Background

Racecourse Retail Park is prominently located off the A59 – the main arterial route linking the M57 and Liverpool city centre. Racecourse Retail Park is the principal scheme within Aintree with an Open A1 offer. The rents range from £13 psf for B&Q, to £22.50 psf for the bulky and £30 psf for the Open A1 element. The low rents and presence of sector leading retailers form part of the defensive investment strategy providing a strong foundation with potential for future growth. The original consent was for bulky goods only, however it has been proposed to open up the consent and achieve open A1 on 3 of the units.

Strategy

The properties generate a quality income stream and it is intended that they are held in anticipation of capital growth. In the meantime various planning and asset management initiatives are being explored to maximise value including the possibility of further opening of the planning consent.

2. Office portfolio

2.1 London – 1 Fleet Place

Property	1 Fleet Place, London EC4
Ownership	100%
Property Net Internal Area	169,631 sq ft
Key Dates	Development completed in 1992
Tenure Virtual	Freehold, held on a 999 year lease from 12 December 1990 at a Peppercorn
Principal Occupiers	Denton Wilde Sapte LLP (97% of the income)
Number of Tenants	6
Weighted Average Unexpired Lease Term	17 yrs
Occupancy Rate	100.0%
Rents Passing	£6,070,955 per annum
Average Rents Passing	£36 psf overall
Joint Venture	No

Background

1 Fleet Place is a 169,631 sq ft high quality, modern, Grade A office development. The building forms part of the Ludgate Estate and is located in the City of London. The building was designed by architects Skidmore, Owings & Merrill, developed by Rosehaugh Stanhope and completed in 1992. The office accommodation (approximately 97 per cent. of the income) is let to Denton Wilde Sapte LLP until September 2025 (17 years unexpired). This is an unusually long unexpired term in today's market of shorter occupational leases, where the norm is 10 years. There are five retail tenants representing approximately 3 per cent. of the income, including Corney & Barrow. The total rent is £6,070,955 per annum, which equates to a rent of approximately £36 per sq ft overall on the office accommodation. The purchase price reflected a net initial yield of approximately 7.81 per cent.

Strategy

The property generates a quality income stream and it is intended that it is held in anticipation of capital growth.

2.2 Leeds – No 1 Whitehall Riverside

Property	No. 1 Whitehall Riverside, Leeds
Ownership	100%
Property Net Internal Area	129,250 sq ft
Key Dates	Development completed in April 2006
Tenure	Long Leasehold – 999 years from 19 July 2005 at a Peppercorn
Principal Occupiers	Cobbett's LLP, Mellon Analytical Solutions Europe Ltd, Grant Thornton UK LLP
Number of Tenants	7
Weighted Average Unexpired Lease Term	17 yrs
Occupancy Rate	95.0%*
Rents Passing	£3,227,015 per annum
Average Rents Passing	£25 psf
Joint Venture	No

**Excludes two year guarantee vacant Ground floor office unit.*

Background

No.1 Whitehall Riverside is a prime regional office building developed in 2006 by Town Centre Securities. The building fronts the River Aire and is in a prime position within the city's office core, a short walk from Leeds Railway Station. The building provides 129,250 sq ft of grade A office/restaurant accommodation on the ground and seven upper floors as well as 72 car parking spaces. It is multi let to seven tenants with a weighted average unexpired lease term of approximately 17 years. Tenants include Cobbetts LLP, Mellon Analytical Solutions Europe Ltd and Grant Thornton UK LLP. The property is a virtual freehold interest. A 999 year lease from 19 July 2005 at a peppercorn. Total net income is £3,227,015 per annum (£25 psf) including a guarantee on the vacant ground floor office unit of 6,425 sq ft. which is to be let. 1 Whitehall Riverside forms part of a masterplan that includes 546,000 sq ft of office space, in addition to 400 residential units and cafe/bar retail units.

Strategy

The property generates a quality income stream and it is intended that it is held in anticipation of capital growth. A marketing campaign is being initiated to procure a tenant for the ground floor.

3. Business space portfolio

3.1 Crawley

Forest House

Property	Forest House, Crawley, RH11
Ownership	100%
Property Net Internal Area	38,477 sq ft
Key Dates	Fully refurbished 2008/9
Tenure	Freehold
Principal Occupiers	Bard Ltd
Number of Tenants	1
Unexpired Lease Term	20 yrs
Occupancy Rate	100.0%
Rent Passing	£909,000 per annum
Average Rents Passing	£24 psf overall
Joint Venture	No

Background

The property is located on Tilgate Forest Business Park, an established office location approximately 1.5 miles south of Crawley. LSI Investments Ltd own two of the four buildings on the complex, Forest House and Elm Park Court. A comprehensive refurbishment of Forest House has now been completed. The property was also extended by 10,000 sq ft and a new 20 year lease was granted in favour of Bard Ltd. Bard Ltd (tenant) are the UK operating company of CR Bard Inc. who are involved in the manufacture and marketing of health care products to hospitals worldwide. There is a guarantee in place from CR Bard Inc.

Elm Park Court

Property	Elm Park Court, Crawley RH11
Ownership	100%
Property Net Internal Area	29,105 sq ft
Key Dates	Acquired 2006
Tenure	Freehold
Principal Occupiers	Maple Oak Plc
Number of Tenants	1 (4 sub-lettings)
Unexpired Lease Term	6 yrs
Occupancy Rate	100.0%
Rent Passing	£438,500 per annum
Average Rents Passing	£15 psf overall
Joint Venture	No

Background

The second of two buildings that LSI Investments Ltd own at Tilgate Forest Business Park. Elm Park Court is an office building that was constructed in the 1980's. The property is let to Maple Oak plc with a guarantee from Mowlem plc. Mowlem plc is a wholly owned subsidiary of Carillion plc. Maple Oak are not in occupation, but there are a number of sub-lettings including Norwich Union and MWH (Montgomery Watson Harza). Maple Oak's liability extends until 2015. LSI Management will continue to review the situation. There is the potential for a full refurbishment as with Forest House, however this is dependant on an improvement in the occupational market and a stabilisation of property values.

Strategy

The properties generate a quality income stream and it is intended that they are held in anticipation of capital growth. Consideration will be given to a refurbishment of Elm Park Court as and when occupational market conditions stabilise.

3.2 Nottingham – Glaisdale Parkway

Property	Glaisdale Parkway, Nottingham
Ownership	100%
Property Net Internal Area	133,717 sq ft
Key Dates	Bought vacant possession, refurbished and let in 2007
Tenure	Long leasehold
Principal Occupiers	Hillary's Blinds Limited
Number of Tenants	1
Weighted Average Unexpired Lease Term	13 years
Occupancy Rate	100.0%
Rents Passing	£568,310 per annum
Average Rents Passing	£4.25 psf
Joint Venture	No

Background

The property is located approximately 4 miles west of Nottingham City Centre, in close proximity to the outer ring road (A6002) leading to J26 of the M1, which is approximately 4 miles to the North West. The property is situated on Glaisdale Industrial Estate. The long leasehold interest was acquired with vacant possession in 2007. Following refurbishment, the warehouse was let to Hillary's Blinds Ltd, by way of a 15 year lease at an initial rent of £568,310 per annum.

Strategy

The property generates a quality income stream and it is intended that it is held in anticipation of capital growth.

3.3 Wellingborough – Somerfield Distribution Unit

Property	Somerfield Distribution Unit, Park Farm Industrial Estate, Wellingborough
Use	Distribution
Ownership	100%
Property Net Internal Area	341,320 sq ft
Key Dates	Constructed in 1995. Extended in 1996.
Tenure	Freehold
Principal Occupiers	Somerfield Stores Ltd with Somerfield Ltd as guarantor
Number of Tenants	1
Weighted Average Unexpired Lease Term	18.4 yrs
Occupancy Rate	100%
Rents Passing (p.a.)	£1,792,279
Average Rents Passing (psf)	£5.25
Joint Venture	No

Background

The property is located on the established Park Farm Industrial Estate, in close proximity to junction 15 of the M1 motorway, with nearby occupiers including DHL/Homebase, TNT, Ricoh, Cummins and Budgens. The unit is well specified with 61 cross docked loading doors (1 per 5,502 sq ft), 180 trailer car parking spaces, large and segregated car park, a low site cover of 37 per cent. and lorry wash and diesel pumps. The warehouse is leased to Somerfield for a further 18.5 years although they are not in occupation however the building is sub-let to NYK Logistics (UK) Ltd until November 2012 at a rent of £1,584,125 (£4.64 psf).

Strategy

The property generates a quality income stream and it is intended that it is held in anticipation of capital growth.

4. Initial portfolio

4.1 Stoke-on-Trent

Property	Campbell Road, Stoke
Ownership	100%
Property Net Internal Area	433,783 sq ft
Key Dates	Acquired in March 2006
Tenure	Freehold
Principal Occupiers	Vacant
Number of Tenants	0
Weighted Average Unexpired Lease Term	0.0 yrs
Occupancy Rate	0.0%
Rents Passing	£0 per annum
Average Rents Passing	£0.00 psf
Joint Venture	No

Background

The premises are located in a prime distribution location on the outskirts of Stoke on Trent with excellent links to the M6 motorway. The site area is approximately 13.5 acres. The warehouse is approximately 430,000 sq ft with further office accommodation of approximately 16,600 sq ft. The original building was constructed during the late 1920s and since then has had a number of extensions, increasing the building area. The building was formerly let to Michelin Plc who vacated the premises in December 2007.

Strategy

The property continues to be marketed to secure a tenant or tenants for the whole or part.

4.2 Newcastle-Under-Lyme

Property	Barracks Road, Newcastle-Under-Lyme
Ownership	100%
Property Net Internal Area	30,033 sq ft
Key Dates	Open A1 Planning achieved in September 2008
Tenure	Freehold, part long leasehold
Principal Occupiers	Bathstore.com and Domino Pizzas
Number of Tenants	2
Weighted Average Unexpired Lease Term	n/a
Occupancy Rate	20.0%
Rents Passing	£63,700 per annum
Average Rents Passing	£16.00 psf
Joint Venture	No

Background

This property comprises four edge of town modern retail warehouse units with dedicated car parking, totalling approximately 32,833 sq ft. Two of the units are let to Bathstore.com and Dominos Pizza producing £63,700 per annum. The other two units are vacant, both with open A1 planning consent.

Strategy

The vacant units continue to be marketed in particular to foodstore operators either for letting or owner occupation. Upon letting it is envisaged that the properties will be sold.

4.3 Small Unit Industrial Development Sites

Gillingham

Property	Site at Bailey Drive, Gillingham
Ownership	100%
Property Net Internal Area Site	7.8 acres
Key Dates	Acquired 2007
Tenure	Freehold
Principal Occupiers	Vacant
Number of Tenants	0
Weighted Average Unexpired Lease Term	N/A
Occupancy Rate	0.0%
Rents Passing	£0 per annum
Average Rents Passing	£0.00 psf
Joint Venture	No

Background

A cleared site on Gillingham Business Park. Gillingham Business Park is considered to be the prime business park in the Medway and one of the most successful business parks in Kent. Planning permission has now been granted for 88,000 sq ft of industrial and 43,000 sq ft of office space.

Yeovil

Property	Site at Copse Road, Yeovil, BA22
Ownership	100%
Property Net Internal Area Site	5.47 acres
Key Dates	Acquired 2007
Tenure	Freehold
Principal Occupiers	Vacant
Number of Tenants	0
Weighted Average Unexpired Lease Term	N/A
Occupancy Rate	0.0%
Rents Passing	£0 per annum
Average Rents Passing	£0.00 psf
Joint Venture	No

Background

A former Yoplait Dairy Crest factory. The site was acquired in 2007 and planning has subsequently been granted for 46 units comprising of B1/B2 and B8 uses. Currently there are no plans to develop the site until values have stabilised and the occupational market has recovered. The factory still stands, however the property is vacant and no longer rateable.

Nottingham

Property	Site at Glaisdale Parkway, Nottingham
Ownership	100%
Property Net Internal Area Site	2.4 acres
Key Dates	Acquired 2007
Tenure	Leasehold, 124 yrs remaining
Principal Occupiers	Vacant
Number of Tenants	0
Weighted Average Unexpired Lease	Term N/A
Occupancy Rate	0.0%
Rents Passing	£0 per annum
Average Rents Passing	£0.00 psf
Joint Venture	No

Background

A cleared site on Glaisdale Parkway. The site is located within the established industrial area of the city of Nottingham. The location is considered good being on the fringe of the city centre but also being only a few minutes drive from the M1. The site benefits from detailed planning consent for approximately 40,000 sq ft of light industrial units.

Strategy

The properties are being held pending a recovery in the market for small unit industrial property.

PART 10
VALUATION REPORT

CBRE
CB RICHARD ELLIS

CB Richard Ellis Limited
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London W1G 0RE

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VALUATION

REPORT DATE	10 July 2009
ADDRESSEE	London & Stamford Property Limited (the "Company") Regency Court Glategny Esplanade St. Peter Port Guernsey GY1 3NQ KBC Peel Hunt Ltd ("KBC") 111 Old Broad Street London EC2N 1PH
THE PROPERTIES	As listed in the Schedule of Capital Values set out below.
INSTRUCTION	To value on the basis of the Group's freehold and leasehold Properties as at the valuation date in accordance with our agreed Terms of Engagement letter dated 18 June 2009.
VALUATION DATE	30 June 2009
CAPACITY OF VALUER	Independent
PURPOSE OF VALUATION	We understand that this valuation report and Schedule ("the Valuation Report") are required firstly, to confirm to the directors of the Company the current Market Value of the Properties and secondly, for inclusion in a prospectus which investors will rely on in making their decision to invest in the Company. We understand that this Valuation Report will be relied upon by KBC Peel Hunt Ltd.
MARKET VALUE	£427,982,000 (FOUR HUNDRED AND TWENTY SEVEN MILLION NINE HUNDRED AND EIGHTY TWO THOUSAND POUNDS) exclusive of VAT, as shown in the table below and further details of which are shown in the Schedule below. We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

This can be apportioned between different interests in properties as follows:

Market Values Apportioned by Tenure

	<i>Valuation</i>	<i>Current Net Annual Rent Receivable</i>	<i>Number of Properties</i>
Freehold Properties	£104,801,000	£8,624,988	4
Leasehold Properties	£130,616,000	£9,865,280	3
Freehold and Leasehold Properties	£4,950,000	£63,700	1
Special Assumption property⁽¹⁾	£187,615,000	£76,616,951	2
TOTAL	£427,982,000	£95,170,919	10

(1) The Special Assumption Property is Meadowhall (LH).

APPLICATION OF VALUATION FIGURES IN FINANCIAL STATEMENTS

We understand that the Company directly incorporates our assessment of Market Value into their financial statements in respect of all of the properties except those held in a joint venture. One of the properties is held within a joint venture and as at 31 March 2009 this had a value of £1,194,900,100. In respect of this, the Company incorporates into its financial statements the proportion of the Market Value proportionate to the Company's holding, totalling £187,599,000. The overall valuation of the assets (at 100 per cent. of Market Value for each asset) is £1,315,647,000, of which the Company's share (reflecting only the appropriate proportion of the joint venture properties) is **£308,246,000, (THREE HUNDRED AND EIGHT MILLION, TWO HUNDRED AND FORTY SIX THOUSAND POUND)**, exclusive of VAT.

We have also been asked to include an explanation of the difference between the valuation figures set out in this Valuation Report and the equivalent figure reported to the Company as at 31 March 2009 for the purposes of its year end financial statements. As at 31 March 2009, the equivalent figure was £308,246,000. The difference between these two figures is £119,736,000 which is primarily due to the acquisition of three properties at Aintree, Leeds and Wellingborough since 31 March 2009, with an aggregate value as at 30 June 2009 of £121,300,000. The remaining difference is due to market movement (a reduction of £2,279,000) and mitigation (an increase of £715,000). This is set out in the table below.

PORTFOLIO ANALYSIS

The values of the investment properties as at 30 June 2009 including the Group share of joint ventures, can be analysed by sector as follows:

Portfolio Analysis of Investment Properties

<i>Sector</i>	<i>Market Value as at 31 March 2009 (£)</i>	<i>Market Value Movements (£)</i>	<i>% Change</i>	<i>Mitigation (£)</i>	<i>Acquisition (£)</i>	<i>Market Value as at 30 June 2009 (£)</i>
Shopping Centres	187,599,000	£0	0%	£16,000	£0	£187,615,000
Retail	4,950,000	£0	0%	£0	£62,000,000	£66,950,000
Offices	100,349,000	-£118,000	0.12%	£699,000	£39,000,000	£139,930,000
Industrial	15,348,000	-£2,161,000	14.08%	£0	£20,300,000	£33,487,000
TOTALS	308,246,000	-£2,279,000	0.739%	£715,000	£121,300,000	£427,982,000

Portfolio Comments:

- Diversification by location, sector and product.
- High proportion of long dated income across the let units, to strong covenants.
- Overall the portfolio shows the following investment yields:

Portfolio Investment Yields as at 30 June 2009

<i>Sector</i>	<i>Market Value</i>	<i>MV %</i>	<i>Net Initial Yield %</i>	<i>Equivalent Yield %</i>	<i>Reversion Yield %</i>	<i>Average Rents/sq ft</i>
Shopping Centres	£187,615,000	44%	6.13%	6.41%	6.69% ⁽¹⁾	£68.73
Retail	£66,950,000	16%	7.83%	8.22%	8.20%	£17.10
Offices	£139,930,000	33%	7.19%	6.34%	6.02%	£29.05
Industrial	£33,487,000	8%	6.47%	8.18%	6.59%	£2.60

(1) 6.69% is yield in December 2013. Final Reversion Yield is 6.42% in 2007.

SPECIAL ASSUMPTIONS**Meadowhall Shopping Centre, Sheffield**

The Valuation of Meadowhall Shopping Centre, Sheffield is based on the following Special Assumption:

Under the terms of the Share Purchase Agreement dated 9 February 2009 made between (1) The British Land Company Plc and (2) Butterfield Trust Guernsey (Ltd) and Moulinet Trustees Ltd acting in their capacity as trustees of LSPGP Trust No 1 ("LSPGP") ('the Share Purchase Agreement'), the Company/LSPGP receives the benefit of certain payments which are equivalent to rental payments from, and, if contractual circumstances occur is under an obligation to make certain further payments (ie deferred consideration) to, The British Land Company Plc. Our valuation is based on the Special Assumption that, in the event of a sale, LSPGP enters into a supplemental agreement to transfer to the purchaser the burden and benefit of all such payments made under the Share Purchase Agreement.

COMPLIANCE WITH VALUATION STANDARDS

We believe this departure is justified for the following reasons.

Achieving the best price for Meadowhall Shopping Centre would be contingent upon the Company/LSPGP entering into an agreement to transfer the benefits and obligations of the Share Purchase Agreement to a third party purchaser. This Special Assumption therefore reflects the reality of the situation in that the Company benefits from certain rent guarantees receivable from The British Land Company Plc and the most likely course of action by the Company/LSPGP to achieve best price in the event of a sale.

Except insofar as we have not provided the Market Value of the Properties in their existing state, the valuations have been prepared in accordance with The RICS Valuation Standards, Sixth Edition. The property details on which these valuations are based are as set out in this report.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuations competently.

ASSUMPTIONS

The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

**VARIATION FROM
STANDARD ASSUMPTIONS**

None.

VALUER

The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation Standards.

INDEPENDENCE

The total fees, including the fee for this assignment, earned by CB Richard Ellis Ltd (or other companies forming part of the same group of companies within the UK) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0 per cent. of the total UK revenues.

DISCLOSURE

The principal signatory of this report has continuously been the signatory of valuations for the same addressee and valuation purpose as this report since 2007. CB Richard Ellis Ltd has continuously been carrying out valuation instructions for the Addressee of this report since 2007.

CB Richard Ellis Ltd has carried out Valuation, Agency and Professional services on behalf of the Addressee for less than 5 years.

RESPONSIBILITY

For the purposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for this Valuation Report and we will accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with Prospectus Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no 809/2004.

PUBLICATION

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards or the incorporation of the special assumptions referred to herein.

Yours faithfully

Yours faithfully

Michael Brodtman FRICS
Executive Director
For and on behalf of
CB Richard Ellis Ltd

Jo Winchester MRICS
Director
For and on behalf of
CB Richard Ellis Ltd

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SCHEDULE

<i>Address</i>	<i>Building Size sq ft</i>	<i>Vacant %</i>	<i>Market Value Net (rounded)</i>	<i>Total Value £ per sq ft</i>	<i>Current Annual Rent</i>	<i>Comments</i>
AINTREE, Racecourse Retail Park	291,514	0%	£62,000,000	£212	£5,485,209	Retail warehouse park built in phases between 1986 and 1990, and refurbished between 2003 and 2007. Comprises of 13 units, 10 with restricted bulky goods consent and 3 with full open A1 consent. Key tenants are Marks and Spencer, B&Q, Next and Mothercare. Overall average unexpired term certain of 13 years. Freehold.
CRAWLEY, Forest House, Tilgate Forest Business Park	38,477	0%	£11,464,000	£297	£909,000	Newly refurbished and extended office building in edge of town business park location. Let to Bard UK Ltd, with CR Bard Inc as guarantor, on a lease expiring on 21 June 2029. Freehold.
CRAWLEY, Elm Park Court, Tilgate Forest Business Park	29,105	0%	£4,366,000	£154	£438,500	Late 1980s office building located adjacent to Forest House above. Building in good condition. Let to Maple Oak Plc with Carillion Plc as guarantor on a lease expiring 20 September 2015. Freehold.
LEEDS, 1 Whitehall Riverside	129,250	5.2%	£39,00,000	£302	£3,226,015 ⁽¹⁾	Office building consisting constructed in 2006, multi-let on leases expiring between 28 September 2017 and 24 March 2026. Tenants include Cobbetts LLP and Grant Thornton UK LLP. The property is held on a 999 year lease from 1/7/2005 at a peppercorn.
LONDON, EC4, One Fleet Place	169,631	0%	£85,100,00	£501	£6,070,955	Office building completed in 1992 comprising a total of 15,759.4 sq m (169,631 sq ft) arranged over basement, ground and 1st to 9th floors with some retail and ancillary accommodation. Located in the City of London. Majority let to Denton Wilde Sapte LLP on leases expiring 28 September 2025. The property is held on a 999 year lease from the British Railways Board, commencing on 21 December 1990 at a peppercorn.

<i>Address</i>	<i>Building Size sq ft</i>	<i>Vacant %</i>	<i>Market Value Net (rounded)</i>	<i>Total Value £ per sq ft</i>	<i>Current Annual Rent</i>	<i>Comments</i>
NEWCASTLE-UNDER-LYME, Retail Units, Barracks Road	33,033 ⁽²⁾	88%	£4,950,000	£150	£63,700	Consists of a vacant unit originally constructed as health and fitness unit in shell condition (never occupied), which benefits from a planning consent for a change of use to A1 retail use. There are also three further retail units, one of which is vacant. The two occupied units are let on leases expiring in December 2024. Edge of town centre location. Buildings in good condition. Part freehold, with leasehold rights over part of the car park.
NOTTINGHAM, Hillary's Blinds, Glaisdale Parkway	133,717	0%	£6,516,000	£49	£568,310	Detached industrial unit located in established employment zone. Let to Hillary's Blinds Ltd on a lease expiring 2 July 2022. Building in good condition. Held leasehold expiring October 2132 at a peppercorn.
SHEFFIELD, Meadowhall shopping centre, M1 Distribution Centre, TGI Friday's restaurant, Premier Travel Inn Hotel, Meadowhall Road Petrol Filling Station, Vulcan Road Petrol Filling Station, Passenger Transport Interchange	1,514,930 (gross internal area)	815% (vacant units and those where income is deferred)	£1,195,000,000 ⁽³⁾	£788	£76,616,951 ⁽³⁾	Prime out-of-town retail and leisure complex adjacent to the M1 in South Yorkshire; anchored by Marks & Spencer, House of Fraser and Debenhams. Held predominantly long leasehold at aggregate ground rent of £875 per annum. Prime Zone A rental values £400 per sq ft. Extensive guarantees received in respect of vacant space, tenants in administration, tenants at risk, rent review uplift (both past and future). Income in respect of certain retail units is deferred, until the income received from such units is deemed satisfactory, whereupon the valuation assumes the income and yield will increase accordingly. London & Stamford Property also have an option to acquire adjacent development land at Market Value at the time the option is exercised. Held leasehold for 999 years from 2001 at a fixed ground rent of £250 per annum.
STOKE-ON-TRENT, The Campbell Centre	433,783	100%	£6,671,000	£15	£0	Detached vacant factory/depot premises located within close proximity to Junction 15 of the M6. Refurbishment opportunity. Freehold.

<i>Address</i>	<i>Building Size sq ft</i>	<i>Vacant %</i>	<i>Market Value Net (rounded)</i>	<i>Total Value £ per sq ft</i>	<i>Current Annual Rent</i>	<i>Comments</i>
WELLINGBOROUGH, Industrial Distribution Unit, Park Farm Industrial Estate	341,320	0%	£20,300,000 ⁽²⁾	£59	£1,792,279	Distribution warehouse with ancillary offices. Let to Somerfield Stores Plc with Somefield Ltd (formerly Somerfield Plc) as guarantor on lease expiring on 14 November 2027. Located on established industrial estate. Freehold.
Total	£3,114,760		£1,435,367,000		£95,170,919	

Notes:

- (1) Rent includes Rent Guarantee of £144,562 per annum on part of the ground floor and a rental top up on the ground floor cafe of £6,250 per annum.
- (2) Floor area includes first floor (10,000 sq ft) of vacant gym unit.
- (3) The figure stated is 100 per cent. of the value. The Company effectively owns a 15.7 per cent. share in the asset (31.4 per cent. of a 50:50 Joint Venture with British Land Plc). Please see Special Assumptions above.

SCOPE OF WORK & SOURCES OF INFORMATION

SOURCES OF INFORMATION	We have carried out our work based upon information supplied to us by the Company and their professional advisors, as set out within this report, which we have assumed to be correct and comprehensive.
THE PROPERTIES	Our report contains a brief summary of the property details on which our valuation has been based.
INSPECTIONS	We have not inspected the properties for the purpose of this valuation. All properties have been inspected between July 2008 and May 2009.
REVALUATION WITHOUT INSPECTION	As instructed, we have not re-inspected all the properties for the purpose of this valuation. With regard to those properties which have not been subject to re-inspection, the Company has confirmed that it is not aware of any material changes to the physical attributes of the Properties, or the nature of their locations, since the last inspection. We have assumed this advice to be correct.
AREAS	We have not measured the properties but have relied upon the floor areas provided.
ENVIRONMENTAL MATTERS	<p>We have not been provided with copies of environmental reports as follows:</p> <p>We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
REPAIR AND CONDITION	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.</p> <p>We have not been provided with building condition surveys.</p>
TOWN PLANNING	We have made verbal Planning enquiries only. Information supplied to us by planning officers is given without liability on their part. We cannot, therefore, accept responsibility for incorrect information or for material omissions in the information supplied to us.
TITLES, TENURES AND LETTINGS	Details of title/tenure under which the Properties are held and of lettings to which they are subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal advisers.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

CAPITAL VALUES

Each valuation has been prepared on the basis of "Market Value" which is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

RENTAL VALUES

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent.

THE PROPERTIES

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our report are approximate.

ENVIRONMENTAL MATTERS

In the absence of any information to the contrary, we have assumed that:

- (a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;
- (b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the property. Our valuation reflects our current

understanding of the market and we have not made a discount to reflect the presence of this equipment.

We have assumed that the properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive.

REPAIR AND CONDITION

In the absence of any information to the contrary, we have assumed that:

- (a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;
- (b) the Properties are free from rot, infestation, structural or latent defect;
- (c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- (d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

TITLES, TENURES, PLANNING AND LETTINGS

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Properties are not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the Disability Discrimination Act 1995;
- (f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- (g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

- (h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- (i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- (j) where more than 50% of the floorspace of a property is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;
- (k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- (l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

PART 11

ADDITIONAL INFORMATION

1. Directors' responsibilities

The Company together with the Directors, whose full names appear on page 20 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and its Directors (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information.

2. Information about the Company

- 2.1 The Company was incorporated in Guernsey under the Companies (Guernsey) Law 1994 as amended on 1 October 2007 with registered number 47816 as a closed-ended investment company limited by shares.
- 2.2 The principal activities of the Group are real estate investment.
- 2.3 The Company is domiciled in Guernsey. The principal legislation under which the Company operates is the Companies Laws. The Ordinary Shares were created under the Companies (Guernsey) Laws, 1994 to 1996 as amended.
- 2.4 The Company's website address is www.londonandstamford.com.
- 2.5 The Company's telephone number is +44 (0)1481 720321.
- 2.6 The Directors intend to propose that the Shareholders vote in the 12 months following 7 November 2012 on whether or not to liquidate the Company in the 12 months following 7 November 2014.

3. Share capital

- 3.1 The authorised and issued share capital of the Company as at 9 July 2009 (being the latest practicable date prior to publication of this document) is shown below. The authorised and issued share capital of the Company immediately following the New Issue is also shown:

	<i>Ordinary Shares</i>			
	<i>Authorised</i>		<i>Issued and Fully Paid</i>	
	<i>£</i>	<i>Number</i>	<i>£</i>	<i>Number</i>
At present	50,000,000	500,000,000	28,500,000	285,000,000
Following the New Issue*	50,000,000	500,000,000	50,000,000	500,000,000

* If the special resolution referred to in paragraph 5.5 of this Part 11 is passed the Company will have an unlimited authorised share capital following the New Issue.

- 3.2 The nominal value of the Existing Ordinary Shares is ten pence (£0.10) each. There is no issued share capital that is not fully paid up. Pursuant to the Share Exchange Agreement 13.16 per cent. of the current issued share capital of the Company was issued on 30 October 2007 for non-cash consideration in the form of shares in LSIL.
- 3.3 As at 9 July 2009, being the latest practicable date before publication of this document, the Company held no Ordinary Shares as treasury shares.
- 3.4 There are no Ordinary Shares in the Company held by or on behalf of the Company itself or by any of the subsidiaries of the Company.
- 3.5 The Company has not issued any convertible securities, exchangeable securities or securities with warrants.
- 3.6 There are no acquisition rights and or obligations over authorised but unissued share capital or an undertaking to increase the capital of the Company.

- 3.7 On 30 October 2007 the Company issued 37,500,000 Ordinary Shares as consideration for the acquisition of LSIL.
- 3.8 The Company did not issue any Ordinary Shares during the financial year ending 31 March 2009.
- 3.9 As at 31 March 2008 there were 285,000,000 Ordinary Shares in issue and as at 31 March 2009 there were 285,000,000 Ordinary Shares in issue.
- 3.10 The existing Ordinary Shares and New Ordinary Shares will be in registered form with ISIN GG00B1Z5TP40.

4. Options

No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

5. Share capital authorities

- 5.1 The Directors are authorised under the Articles of Association to allot the authorised but unissued Ordinary Shares on such terms and conditions and at such times as the Directors may determine.
- 5.2 There are no provisions of Guernsey Law equivalent to sections 89 to 96 of the 1985 Act which confer pre-emption rights on existing Shareholders in connection with the allotment of equity securities for cash or otherwise and there are no automatic pre-emption rights under the Articles of Association.
- 5.3 Subject to paragraph 5.5 of this Part 11 of this document, immediately following Admission, the authorised share capital of the Company will be fifty million pounds (£50,000,000) divided into 500,000,000 Ordinary Shares of which 500,000,000 will be in issue. The full amount of the authorised share capital will be issued.
- 5.4 Save for the issue of New Ordinary Shares pursuant to the New Issue, or as otherwise disclosed in this document, the Directors have no present intention of exercising the authorities referred to in paragraph 5.5 below.
- 5.5 In accordance with recent changes to Guernsey companies legislation, a special resolution will be proposed at the annual general meeting of the Company on 22 July 2009 to enable the Company to have an unlimited authorised share capital. If the special resolution is passed the Company will have an unlimited authorised share capital at the time of Admission.

6. Organisational structure, subsidiary undertakings and other holdings

- 6.1 The Company is the holding company of the Group and has the following subsidiary undertakings and holdings in Guernsey unit trusts each of which is directly or indirectly wholly owned by the Company. In each case, the issued share capital is fully paid.

<i>Name</i>	<i>Date and Place of Incorporation</i>	<i>Authorised Share Capital</i>	<i>Issued Share Capital</i>	<i>Nature of Business</i>	<i>% Held by the Company</i>
LSI (Investments) Limited	02.04.1998 England & Wales	1,000 shares of £1.00 each	2 shares of £1 each	Property Investment Company	100 (indirect)
London & Stamford Investments Limited	27.06.2005 England & Wales	40,000,000 shares of £1.00 each	32,799,750 shares of £1 each	Property Investment Company	100 (direct)
LSI Bruton Limited	20.03.2006 England & Wales	100 shares of £1.00 each	1 share of £1.00	Property Investment Company	100 (indirect)
Clearstage Limited	04.04.2006 England & Wales	1,000 shares of £1.00 each	1 share of £1.00	Property Investment Company	100 (indirect)
LSI Developments Limited	03.02.2006 England & Wales	1,000 shares of £1.00 each	1 share of £1.00	Property Investment Company	100 (indirect)

<i>Name</i>	<i>Date and Place of Incorporation</i>	<i>Authorised Share Capital</i>	<i>Issued Share Capital</i>	<i>Nature of Business</i>	<i>% Held by the Company</i>
LSI Europe Limited	11.07.2006 England & Wales	1,000 shares of £1.00 each	1,000 shares of £1.00 each	Property Investment Company	100 (indirect)
LSI Belgium Limited	11.07.2006 England & Wales	1,000 shares of £1.00 each	1,000 shares of £1.00 each	Property Investment Company	100 (indirect)
London & Stamford Offices Limited	09.12.2008 Guernsey	Unlimited	100 shares of £1.00 each	Property Investment Company	100 (direct)
London & Stamford Offices Trust	17.12.2008 Guernsey	N/A	22,500,000 units of £1.00 each	Property Investment Unit Trust	100 (indirect)
London & Stamford Offices Unitholder 2 Limited	16.12.2008 Guernsey	Unlimited	100 shares of £1.00 each	Property Investment Company	100 (direct)
London & Stamford Retail Limited	14.04.2009 Guernsey	Unlimited	100 shares of £1.00 each	Property Investment Company	100 (direct)
L&S Leeds Limited	14.04.2009 Guernsey	Unlimited	100 shares of £1.00 each	Property Investment Company	100 (direct)
London & Stamford Property Subsidiary Limited (Guernsey)	14.04.2008 Guernsey	10,000 shares of £1.00 each	2 Shares of £1.00 each	Property Investment Company	100 (direct)
LSP Green Park Property Trust (Guernsey)	22.04.2008 Guernsey	N/A	121,265,777 units of £1 each	Trust	31.4 (indirect)
LSPGP Nominee No 1 Limited	06.02.2009 Guernsey	2 shares of £1.00 each	2 shares of £1.00 each	Nominee Unitholder	31.4 (indirect)
LSPGP Trust No 1	09.02.2009 Guernsey	N/A	125,740,577 units of £1 each	Property Investment Trust	31.4 (indirect)
MSC Property Intermediate Holdings Limited	24.08.2001 England & Wales	£4,175 divided into: 1,100,000 A shares 1,100,000 B shares 7,900 C shares	119,166 A shares 119,166 B shares 7,400 C shares	Holding company for the Meadowhall structure	15.7 (indirect)
LSP Green Park Management Limited	16.04.2008	50 A Ordinary Shares and 50 B Ordinary Shares	2 A Shares of £1.00 each and 2 B Shares of £1.00 each	Joint Venture Property Investment Company	50 (indirect)
L&S Business Space Limited	01.06.2009	Unlimited	100 Shares of £1.00 each	Asset Holding Company	100 (direct)

6.2 Save for the significant subsidiaries disclosed in paragraph 6.1 above, the Company does not hold any capital in any other undertakings that have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.

7. Memorandum and Articles of Association

7.1 The Company's objects are to carry on business as an investment company and a property investment company. The Company's objects are set out in full in clause 3 of the Company's memorandum of association.

7.2 The Articles contain the following provisions (amongst others):

7.2.1 *Votes of members*

Members have the right to receive notice of, and to vote at, general meetings of the Company. Each member who is present in person or by proxy at a general meeting has one vote on a show of hands and, on a poll, every such member has one vote in respect of each share held.

7.2.2 *Transfer of shares*

The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of CREST.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share which is not fully paid or on which the Company has a lien, provided, in the case of a listed share that this would not prevent dealings in the share from taking place on an open and proper basis. In addition, the Directors may refuse to register a transfer of shares unless:

- (i) it is in respect of only one class of shares;
- (ii) it is in favour of a single transferee or not more than four joint transferees; and
- (iii) in the case of certificated shares, it is delivered for registration to the Company's registered office or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in regulations issued for this purpose under Guernsey Law or such as may otherwise from time to time be adopted by the Board on behalf of the Company in circumstances permitted by the London Stock Exchange and the rules of any relevant system and practices of the operator, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

If the Board refuses to register the transfer of a share it shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.

The registration of transfers may be suspended at such time and for such periods (not exceeding 30 days in any one year) as the Board may decide and either generally or in respect of a particular class of share provided that the Board may not suspend the registration of transfers of any participating security without the consent of the operator of the relevant system.

7.2.3 *Compulsory transfer of shares*

A person who becomes aware that he is holding or owning a Prohibited Share must disclose this fact to the Company and transfer such Prohibited Share to another person in circumstances where such Prohibited Share will cease to be a Prohibited Share.

The Directors shall give written notice to the holder of any share in the Company which appears to the Directors to be a Prohibited Share requiring such holder within 21 days of receipt of such notice,

or such extended time as the Directors consider reasonable (the "Transfer Period") to transfer (and/or procure the disposal of interests in) such Prohibited Share to another person such that it will cease to be a Prohibited Share.

From the date of such notice until registration of such a transfer or a transfer arranged by the Directors as referred to below, the Prohibited Share will not confer any right on the holder (a) to attend or vote at general meetings of the Company and of any class of Shareholders and those rights will vest in the chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion; or (b) to any dividend or other distribution of the Company, including on any winding-up.

If the notice is not complied with within the Transfer Period to the satisfaction of the Directors, the Directors shall arrange for the Company (as agent for the holders of interests in such Prohibited Share), to sell the Prohibited Share to another person, at the best price reasonably obtainable, in circumstances where the Prohibited Share will cease to be a Prohibited Share. The holders of interests in such Prohibited Share shall be deemed to consent to such sale absolutely and shall be bound to provide all reasonable assistance to the Company and the Directors in connection with such sale as the same shall require, including the surrender to the Company of any relevant share certificate. The net proceeds of sale shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate.

7.2.4 *Return of capital on a winding up*

If the Company should be wound up the liquidator may with the authority of a special resolution, divide amongst the members *in specie* the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes or property, and may determine how such division should be carried out as between the members or different classes of members.

7.2.5 *Dividends and other distributions*

- (i) The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Board. No dividend shall be paid otherwise than out of the profits of the business of the Company.
- (ii) The Directors may at any time declare and pay such interim dividends as appear to be justified by the position of the Company.
- (iii) No dividend or other amount payable to any Shareholder shall bear interest against the Company.
- (iv) All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and shall revert to the Company.

7.2.6 *Alteration of share capital*

- (i) The Company may by ordinary resolution increase the share capital by such sum to be divided into shares of such amount as the resolution prescribes.
- (ii) The Company may from time to time, subject to the provisions of the Companies Law, purchase its own shares (including any redeemable shares) in any manner authorised by the Companies Law.
- (iii) Any shares that are purchased by the Company in accordance with the Companies Law and out of distributable profits may be held by the Company as Treasury Shares.
- (iv) The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the memorandum of association; cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish its

authorised share capital accordingly; convert all or any fully paid-up shares into stock and reconvert that stock into paid-up shares of any denomination; and convert its fully paid shares expressed in one currency into shares expressed in a different currency.

- (v) The Company may by special resolution reduce its share capital, any redemption reserve fund or any stated capital account in any manner permitted by the Companies Law.

7.2.7 Directors – powers and duties of the Board

- (i) Save as mentioned below, a Director may not vote (or be counted in the quorum) on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest in shares or debentures or other securities of the Company).
- (ii) A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
 - (a) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (b) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to participate;
 - (c) a contract, arrangement, transaction or proposal concerning any other company in which he (and any persons connected with him) is interested, directly or indirectly, as an officer, creditor or shareholder or otherwise if he does not to his knowledge hold an interest in shares representing 1 per cent. or more of any class of the equity share capital of any such company (or of any third party company through which his interest is derived) or of the voting rights of such company;
 - (d) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; and
 - (e) a contract, arrangement, transaction or proposal for the purchase or maintenance of any insurance policy for the benefit of the Director or persons including the Directors.
- (iii) Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (iv) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the Company or in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

7.2.8 Directors – remuneration

- (i) The Directors shall be entitled to receive by way of fees for their services such sum as the Board shall determine provided that the aggregate amount of such fees, shall not exceed £200,000 in any financial year (or such greater sum as may be determined from time to time by ordinary resolution of the Company). The Directors shall also be entitled to be paid all reasonable out-of-pocket expenses properly incurred by them in attending general meetings, Board or committee meetings or otherwise in connection with the performance of their duties.

- (ii) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to remuneration and otherwise as the Directors may determine.

7.2.9 *General meetings*

- (i) Not less than 14 days' notice specifying the time and place of any general meeting and specifying also in the case of any special business the general nature of the business to be transacted shall be given by notice sent in electronic form or by post to such members as are entitled to receive notices provided that, with the consent in writing of all the members entitled to receive notices of such meeting, a meeting may be convened by shorter notice or at no notice and in any manner they think fit.
- (ii) In every notice there shall appear a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend or vote instead of him and that a proxy need not be a member.
- (iii) The accidental omission to give notice of any meeting to or the non-receipt of such notice by any member shall not invalidate any resolution passed or proceeding at any meeting.

7.2.10 *Power to require disclosure of interests in shares*

The Directors may serve notice on any member requiring that member to disclose to the Company the identity of any person other than the member who has an interest in the shares held by the member and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors shall determine.

If any member is in default in supplying to the Company the information required by the Company within the prescribed period, the Directors in their absolute discretion may at any time thereafter serve a direction notice on the member. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") and any other shares held by the member, the member shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may additionally direct that dividends on such shares will be retained by the Company (without any liability of the Company to pay interest) and that no transfer of the shares (other than a transfer authorised under the Articles) shall be registered unless the member is not himself in default in supplying the information and when presented for registration the transfer is accompanied by a certificate stating that the member is satisfied that no person in default is interested in any shares the subject of the transfer.

7.2.11 *Transparency Directive*

- (i) Where a person either:-
 - (a) to his knowledge acquires a material interest in shares, or increases his interest in shares, or ceases to be interested in shares in which he was previously interested; or
 - (b) becomes aware that he has acquired a material interest in shares, or that he has increased his interest in shares, or that he has ceased to be interested in shares in which he was previously interested; or
 - (c) acquires, increases or reduces the voting rights at general meetings of the Company which he holds as a shareholder or controls through his direct or indirect holding of financial instruments linked to shares in the Company or a combination of such holdings;

then, if the aggregate number of shares in which he has a material interest is equal to, or more than, 3 per cent. of the number of shares in issue, or is increased above the number previously notified to the Company, or if the percentage of voting rights (described in (c) above) reaches,

exceeds or falls below 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent., he shall be obliged, without delay, to make a notification to the Company of such fact and the Company shall enter the details of such notice upon the register of interested parties kept for such purposes and shall make such announcement or disclosure of such notification as may be required by the rules of any stock exchange or securities exchange or market on which the shares are listed or admitted to trading.

- (ii) A “material interest” is any interest other than an interest which a person authorised to manage investments belonging to another has by virtue of having the management of such investments under an agreement in or evidenced in writing.

7.2.12 *Borrowing*

The Directors may exercise all and any powers of the Company to borrow money or to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property or assets and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party.

7.2.13 *Register of Shareholders*

The Company shall keep the register at its registered office, in accordance with the Companies Laws.

7.2.14 *Variation of class rights and class meetings*

The consent in writing of the holders of three-fourths of any class of shares (excluding any Treasury Shares) or an extraordinary resolution of such holders of the shares of that class (unless otherwise provided by the terms of issue) is required to vary any class rights.

The provisions in the Articles relating to general meetings apply to any class meetings but the quorum is at least two persons present in person or by proxy holding at least one-third of the issued shares of that class (excluding Treasury Shares) and any holder of shares of that class (excluding Treasury Shares) present in person or by proxy may demand a poll.

7.2.15 *Proposed variation to Articles*

A special resolution will be proposed at the 2009 annual general meeting to vary the Articles to enable the Company to have an unlimited authorised share capital. Further details are set out in paragraph 5.5 of this Part 11 of this document.

8. **Directors’ and others’ interests**

8.1 *Interests in Ordinary Shares*

As at 9 July 2009 (being the latest practicable date prior to the publication of this document) and, following Admission, the interests of the Directors, their immediate families and persons connected with the Directors (within the meaning of section 252-255 of the 2006 Act) (all of which are beneficial unless otherwise stated) in the issued share capital of the Company are as follows:

	<i>Ordinary Shares</i>			
	<i>Before Admission No. of issued Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>On Admission No. of issued Ordinary Shares</i>	<i>Percentage of issued share capital</i>
<i>Directors*</i>				
Raymond Mould	5,294,130	1.85%	7,500,000	1.50%
Patrick Vaughan**	5,836,130	2.04%	6,836,130	1.37%
Rupert Evans	500,000	0.18%	700,000	0.14%
Martin McGann	–	–	142,857	0.03%
Richard Crowder	–	–	100,000	0.02%
Lewis Grant	–	–	150,000	0.03%
Patrick Firth	–	–	25,000	0.01%

* The following Directors have given irrevocable undertakings to subscribe for New Ordinary Shares under the Open Offer: Raymond Mould 2,205,870, Patrick Vaughan 1,000,000 and Rupert Evans 200,000. The following Directors have given undertakings to subscribe for New Ordinary Shares under the Placing: Martin McGann 142,857, Richard Crowder 100,000, Lewis Grant 150,000 and Patrick Firth 25,000.

** A total of 542,000 of these Ordinary Shares are held by a nominee company on trust for Patrick's spouse, children, grandchildren and his pension fund.

8.2 As at 9 July 2009 (being the latest practicable date prior to the publication of this document), the Directors held no options over the Company's Ordinary Shares.

8.3 Save as disclosed in this paragraph, none of the Directors (or persons connected with the Directors within the meaning of sections 252-255 of the 2006 Act) has any beneficial or non-beneficial interest in any securities of the Company or its subsidiaries.

8.4 Set out below are, in so far as is known to the Company, the names of those persons other than the Directors, who directly or indirectly, have an interest in three per cent. or more of the issued share capital of the Company as at 9 July 2009 (being the latest practicable date prior to the publication of this document):

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
General Electric Pension Trust	42,535,267	14.92
Taube Hodson Stonex Partners Limited	24,050,000	8.44
Electra Partners Europe	20,000,000	7.02
Caledonia Investments Plc	19,500,000	6.84
Fidelity International Limited	18,233,703	6.40
Worldstar Limited	15,000,000	5.26
Blackrock Inc	11,019,597	3.87
Manx Capital Partners Limited	10,000,000	3.51
Sir Robert McAlpine	10,000,000	3.51

8.5 There are no differences between the voting rights enjoyed by those Shareholders set out in paragraph 8.4 above and those enjoyed by any other holder of Ordinary Shares in the Company.

8.6 So far as the Company is aware, there are no persons who, now or at Admission, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

9. Directors' remuneration and Directors' terms and conditions

9.1 Martin McGann was appointed as a non-executive Director on 7 April 2009 for an initial term of one year. In accordance with the Articles, each of the other Directors who were appointed on 30 October 2007 retired from office at the first annual general meeting of the Company held on 18 September 2008 and all were re-elected by the members.

9.2 Each of Rupert Evans, Richard Crowder, Lewis Grant and Patrick Firth receive a director's fee of £40,000 per annum and have agreed a minimum time commitment of two days per month. In addition, Lewis Grant receives a fee of £5,000 per annum as chairman of the audit committee. None of Raymond Mould, Patrick Vaughan or Martin McGann are entitled to a director's fee.

9.3 Each of the Directors has agreed to give not less than three months' notice should he wish to resign prior to expiry of his term of appointment. In addition to the powers of removal conferred by the Articles, the Company may request that the Director resigns by giving the Director one month's prior notice.

9.4 None of the Directors currently has a service contract with the Company or with any of its subsidiaries.

- 9.5 The Directors shall be subject to retirement by rotation.
- 9.6 Save as aforesaid, there are no existing or proposed service agreements between any Director and the Company or any of its subsidiaries with a notice period of one year or more.
- 9.7 The total emoluments receivable by the Directors will not be varied in consequence of the New Issue.
- 9.8 The Company does not run any pension schemes and so did not accrue any amounts in respect of pension contributions to Directors for the financial year ended 31 March 2009.
- 9.9 There are no circumstances where there are special provisions in any of the appointment letters for the non-executive Directors.
- 9.10 Save as mentioned above in this paragraph 9, there are no existing or proposed appointment letters between any Director and the Company or any of its subsidiaries providing for benefits upon termination of employment.

10. Additional information on directors

- 10.1 The Directors currently hold, or have held within the past five years, the following directorships and partnerships outside the Group:

<i>Name of Director</i>	<i>Existing directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Martin	Clearstage Limited	35 Basinghall Street First Limited
McGann	Ingenious Film Partners 2 LLP	35 Basinghall Street Limited
	London and Stamford Investments Ltd	35 Basinghall Street Second Limited
	LSI (Investments) Limited	Arena Leisure Plc
	LSI Belgium Limited	BL European Holdings Limited
	LSI Bruton Limited	Blackbird Logistics Limited
	LSI Developments Limited	British Land Fund Management Limited
	LSI Europe Limited	British Land Hercules Limited
	LSI Management LLP	British Land Hercules No.1 Limited
	Meadowhall (MLP) Limited	British Land Hercules No.3 Limited
	Meadowhall Contracts Limited	British Land Hercules No.4 Limited
	Meadowhall Finance PLC	British Land HIF Limited
	Meadowhall HoldCo Limited	British Land Offices Limited
	Meadowhall Nominee 1 Limited	British Land Offices No.1 Limited
	Meadowhall Nominee 2 Limited	British Land Property Advisers Limited
	Meadowhall Shopping Centre Limited	Buyunite Limited
	Meadowhall Shopping Centre Property Holdings Limited	City Place House Limited
	Meadowhall SubCo Limited	Cortonwood (Management) Company Limited
	MSC (Cash Management) Limited	Cricklewood Regeneration Limited
	MSC Property Intermediate Holdings Limited	Daws Investments Limited
		Dimelight Services Limited
		Diomedes Property No.1 Limited
		Diomedes Property No.2 Limited
		Diomedes Property No.3 Limited
		Diomedes Property No.4 Limited

Name of Director Existing directorships/partnerships

Martin

McGann

(cont.)

Past directorships/partnerships

Diomedes Property No.5 Limited
Diomedes Property No.6 Limited
Diomedes Property No.7 Limited
Diomedes Property No.8 Limited
Dreamclose Limited
Edgecool Limited
Eurocoast Limited
Fibblings Limited
Gaskell Estates Limited
Grantchester Nominees (Torbay 1)
Limited
Grantchester Nominees (Torbay 2)
Limited
Grantchester Nominees (Wren
Torquay 1) Limited
Grantchester Nominees (Wren
Torquay 2) Limited
Hercules Property UK Limited
Ivorydell Limited
Ivoryhill Limited
Jetbloom Limited
Kandahar (Bishop's Stortford) Limited
Kandahar (Cambridge) Limited
Kandahar (Caterham) Limited
Kandahar (Caterham) No.1 Limited
Kandahar (Droitwich) Limited
Kandahar (Droitwich) Nominee
No.1 Limited
Kandahar (Droitwich) Nominee
No.2 Limited
Kandahar (Great Malvern) Limited
Kandahar (Houndsgate) Limited
Kandahar (Ipswich) Limited
Kandahar (Kingston) Limited
Kandahar (Leicestershire) Limited
Kandahar (Leicestershire)
No.1 Limited
Kandahar (Leicestershire) Nominee
No.1 Limited
Kandahar (Leicestershire) Nominee
No.2 Limited
Kandahar (Luxembourg)
No.1 Limited S.a.r.l
Kandahar (Luxembourg)
No.2 Limited S.a.r.l
Kandahar (Luxembourg)
No.3 Limited S.a.r.l
Kandahar (Luxembourg)
No.4 Limited S.a.r.l
Kandahar (Nottingham) Limited
Kandahar (Nottingham) No.1 Limited
Kandahar (Witney) S.a.r.l
Kandahar Academy II Limited
Kandahar Academy Limited

Name of Director Existing directorships/partnerships

Martin

McGann

(cont.)

Past directorships/partnerships

Kandahar (Nottingham) Nominee

No.1 Limited

Kandahar (Nottingham) Nominee

No.2 Limited

Kandahar (Salisbury) Limited

Kandahar (Tavern Street) Limited

Kandahar Asset Management

Company Limited

Kandahar Group Limited

Kandahar Knutsford Limited

Kandahar Limited

Kandahar Management Company

Limited

Kandahar No.2 Limited

Kandahar Real Estate Limited

Number 80 Cheapside Limited

Pardev (Broadway) Limited

Pardev (ChurchLee) Limited

Pardev (Luton) Limited

Pardev (Weston Favell) Limited

Parinv (Bilston) Limited

Parinv Northern Limited

Pillar (Beckton) Limited

Pillar (Birstall) Limited

Pillar (Cricklewood) Limited

Pillar (Dartford) Limited

Pillar (Fulham) Limited

Pillar (Kirkcaldy) Limited

Pillar (Preston) Limited

Pillar (York) Limited

Pillar Auchinlea Limited

Pillar Brent Cross Limited

Pillar Broadway Limited

Pillar Cheetham Hill Limited

Pillar City Plc

Pillar Dartford No.1 Limited

Pillar Denton Limited

Pillar Developments Limited

Pillar Estates Limited

Pillar Estates No.2 Limited

Pillar Europe Management Limited

Pillar Farnborough Limited

Pillar Fort Limited

Pillar Fulham No.2 Limited

Pillar Gallions Reach Limited

Pillar Hercules No.2 Limited

Pillar Kinnaird Limited

Pillar Leisure Limited

Pillar Northern Limited

Pillar Nugent Limited

Pillar Parks Limited

Pillar Projects Limited

Pillar Property Developments Limited

Pillar Property Group Limited

Name of Director Existing directorships/partnerships

**Martin
McGann**
(cont.)

Past directorships/partnerships

Pillar Property Investments Limited
Pillar Retail No.1 Limited
Pillar Retail Parks Limited
Pillar Speke Limited
Pillar Wimbledon Limited
PillarCaisse (Banbury) Limited
PillarCaisse Management Limited
Pillarman Limited
PillarStore Limited
PillarStore No.3 Limited
PPCR (No.1) Ltd
PPCR (No.2) Ltd
PPCR Investments Limited
PPCR Subco 1 Limited
PPCR Subco 2 Limited
Vintners' Place Limited
W.H. (Cannon Street) Limited
Wates City Development Management
Limited
Wates City of London Properties
Limited
Wates City Point First Limited
Wates City Point Limited
Wates City Point Second Limited
Wates City Property Management
Limited
Wavegrange Limited
WK (Austral House) First Limited
WK (Austral House) Limited
WK (Austral House) Second Limited
WK Holdings Limited

**Raymond
Mould**

Arena Leisure Plc
Clearstage Limited
FF&P Russia Real Estate Limited
FF&P Russia Real Estate
Development Limited
Half Moon Partners LLP
London & Stamford Investments
Limited
London & Stamford Property Limited
LSP Green Park Management Limited
LSI (Investments) Limited
LSI Belgium Limited
LSI Bruton Limited
LSI Developments Limited
LSI Europe Limited
Miltons Shoot Limited
LSI Management LLP
Meadowhall Finance PLC
Meadowhall Nominee 1 Limited
Meadowhall Nominee 2 Limited
Meadowhall Contracts Limited
Meadowhall HoldCo Limited

Arlimmo S.A.
Auchinlea One Limited
Auchinlea Two Limited
BL European Holdings Limited
British Land Fund Management
Limited
British Land Hercules Limited
British Land Hercules No.1 Limited
British Land Hercules No.3 Limited
British Land Hercules No.4 Limited
British Land HIF Limited
British Land Offices Limited
British Land Offices No.1 Limited
British Land Property Advisers
Limited
Bruton Cork Investments Limited
Cricklewood Regeneration Limited
Dinwell Limited
Diomedes Property No. 1 Limited
Diomedes Property No. 2 Limited
Edgecool Limited
Hercules Property UK Limited

<i>Name of Director</i>	<i>Existing directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Raymond	Meadowhall (MLP) Limited	Ivorydell Limited
Mould	Meadowhall SubCo Limited	Ivoryhill Limited
<i>(cont.)</i>	Meadowhall Shopping Centre Property Holdings Limited	Jetbloom Limited
	Meadowhall Shopping Centre Limited	JPMorgan Overseas Investment Trust Plc
	MSC (Cash Management) Limited	Lansdowne SGPS SA
	MSC Property Intermediate Holdings Limited	Pardev (Broadway) Limited
	The Hampshire Film LLP	Pardev (Churchlee) Limited
		Pardev (Luton) Limited
		Pardev (Weston Favell) Limited
		Parinv (Bilston) Limited
		Parinv Northern Limited
		Pillar (Beckton) Limited
		Pillar (Birstall) Limited
		Pillar (Cricklewood) Limited
		Pillar (Dartford) Limited
		Pillar (Fulham) Limited
		Pillar (Kirkcaldy) Limited
		Pillar (Preston) Limited
		Pillar (York) Limited
		Pillar Auchinlea Limited
		Pillar Beaucaire SAS
		Pillar Bilbao SA
		Pillar Brent Cross Limited
		Pillar Broadway Limited
		Pillar Cheetham Hill Limited
		Pillar City Plc
		Pillar Dartford No.1 Limited
		Pillar Denton Limited
		Pillar Developments Limited
		Pillar Estates Limited
		Pillar Estates No.2 Limited
		Pillar Europe Management Limited
		Pillar Farnborough Limited
		Pillar Fort Limited
		Pillar Fulham No 2 Limited
		Pillar Getafe SL
		Pillar Glasgow 1 Limited
		Pillar Glasgow 2 Limited
		Pillar Glasgow 3 Limited
		Pillar Hercules No.2 Limited
		Pillar Kinnaird Limited
		Pillar Leisure Limited
		Pillar Nanterre SAS
		Pillar Navile SpA
		Pillar Netherlands 2VB
		Pillar Netherlands 3BV
		Pillar Netherlands BV
		Pillar Northern Limited
		Pillar Nugent Limited
		Pillar Parks Limited
		Pillar Projects Limited
		Pillar Property Developments Limited
		Pillar Property Group Limited
		Pillar Property Investments Limited

<i>Name of Director</i>	<i>Existing directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Raymond Mould <i>(cont.)</i>		Pillar Retail No.1 Limited Pillar Retail Parks Limited Pillar Speke Limited Pillarcaisse Management Limited Pillarlux Avlon SA Pillar Beaucaire SA Pillarlux Holdings 2 SA Pillarlux Holdings SA Pillarman Limited Pillarstore Limited Pillarstore No. 3 Limited PREF Management Co S.A. Sintrea Retail Park – Parques Commercials S.A. The Doncaster Racecourse Management Company Limited Trewena Properties Limited
Patrick Vaughan	Half Moon Partners LLP London & Stamford Investments Limited London & Stamford Property Limited LSP Green Park Management Limited LSI (Investments) Limited LSI Belgium Limited LSI Bruton Limited LSI Developments Limited LSI Europe Limited Valderrama SA LSI Management LLP Meadowhall (MLP) Limited Meadowhall Finance PLC Meadowhall HoldCo Limited Meadowhall Nominee 1 Limited Meadowhall Nominee 2 Limited Meadowhall Shopping Centre Limited Meadowhall Shopping Centre Property Holdings Limited Meadowhall SubCo Limited MSC (Cash Management) Limited MSC Property Intermediate Holdings Limited	British Land Company Public Limited Company (The) British Land Corporation Limited (The) British Land Fund Management Limited British Land Hercules No.4 Limited British Land HIF Limited British Land Offices Limited Bruton Cork Investments Limited Hercules Property UK Limited Pardev (Broadway) Limited Pardev (Churchlee) Limited Pardev (Luton) Limited Parinv Northern Limited Pillar (Dartford) Limited Pillar City Plc Pillar Developments Limited Pillar Hercules No.2 Limited Pillar Kinnaird Limited Pillar Parks Limited Pillar Projects Limited Pillar Property Group Limited Pillar Retail No.1 Limited Pillar Retail Parks Limited Pillar Speke Limited Rigphone Limited The National Hospital for Neurology and Neurosurgery Development Foundation

<i>Name of Director</i>	<i>Existing directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Richard Crowder	Absolute Alpha Fund PCC Ltd	Absolute Alpha Nominees Limited
	Affinity Partners Ltd	BC Property Holdings Limited
	Asia Direct Limited	(BC) US Growth & Income Fund Limited
	Aviva Investors Alternative Funds PCC (formerly Morley Alternative Investment Strategy Fund PCC Limited)	(BC) Property Income & Growth Fund Limited
	Bracken Partners Investments Channel Islands Limited	BC Property Securities Limited
	Bluecrest (formally Close Allblue Fund Limited)	BFS Asian Assets Trust Limited
	Consulta Alternative Strategy Fund PCC Limited	Burnaby Insurance (Guernsey) Limited
	Consulta Canadian Energy Fund	Burnaby Insurance Limited
	Consulta Capital Fund PCC Limited	Cairngorm Insurance Limited
	Consulta CI Ltd	Consulta Smaller Companies Fund
	Consulta Collateral Fund PCC Limited	Consulta Hedge Funds Limited
	Consulta High Yield Fund PCC Limited	Consulta Hedge (Holding) One Limited
	FCM Asia-Pacific Fund Limited	Consulta Hedge (Holding) Two Limited
	FCM Asia-Pacific Master Fund Limited	Consulta Hedge (Holding) Three Limited
	FCM European Frontier Fund Limited	Consulta Hedge (Holding) Four Limited
	FCM European Frontier Master Fund Limited	Consulta Hedge (Holding) Five Limited
	FCM European Opportunities Fund Limited	Consulta Hedge (Holding) Six Limited
	FCM European Opportunities Master Fund Limited	Consulta Hedge (Holding) Seven Limited
	FCM Funds Public Limited Company	Consulta Hedge (Disposal) One Limited
	FCM Global Opportunities Fund Limited	Consulta Emerging Markets Debt Fund
	FCM Global Opportunities Master Fund Limited	Consulta Technology Fund
	FF&P Alternative Strategy Income PCC Limited	Consulta Trust Company (Channel Islands) Limited
	FF&P Global Property Fund PCC Limited	Da Vinci Capital Management Limited
	FF&P Enhanced Opportunities Fund PCC Limited	Electricity Producers Insurance Company Ltd
	FF&P Russia Real Estate Limited	Electricity Producers Insurance Company (Bermuda) Limited
	FF&P Russia Real Estate Development Limited	Exeter Equity Growth & Income Fund Ltd
	FF&P Venture Funds PCC Limited	Exeter Securities (Guernsey) Limited
	FRM Access Fund PCC Limited	Exeter Smaller Companies Income Fund Securities Limited
	Jupiter Insurance Limited	FF&P Alternative Strategy Income Holdings Limited
	London & Stamford Property Limited	FF&P Venture Funds II Limited
	Mysia Investments Limited	Four Leaf Clover Limited
	Olivant Limited	FCM Japan Kachi Master Fund Limited
	Pantheon Asia Fund II Limited	FCM Japan Kachi Fund Limited
	Pantheon Asia Fund III Limited	FRM International Limited
	Pantheon Asia Fund IV Limited	
	Pantheon Asia Fund Limited	

<i>Name of Director</i>	<i>Existing directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Richard Crowder <i>(cont.)</i>	Pantheon Europe Fund IV Limited	FRM Investment Management Limited
	PASIA V GP Limited	FRM Manufactured Alpha Fund SPC
	PEURO V GP Limited	FRM Manufactured Alpha Master Fund SPC
	PEURO VI GP Limited	Gartmore Multi-Funds PCC Limited (never traded)
	Pantheon International Participations Plc	Govett Asian Income & Growth Fund Limited
	Royal London Asset Management C.I. Limited	HedgeFirst Limited
	Rufford & Ralston PCC Limited	Hinton Insurance Limited
	Samos Investments Limited	J Henry Schroder (Guernsey) Limited
	Schroder Property Managers (Jersey) Limited	Latin America Capital Partners (Chile) Limited
	Consulta Alternative Strategy Holdings Limited	Messenger Insurance PCC Limited
	Consulta Capital Holdings Limited	Morley Absolute Growth Investment Company Limited
	Consulta Collateral Holdings Limited	Multi Risk Limited, Malta
	Consulta High Yield Holdings Limited	Parkmead Special Situations Energy Fund
	FF&P Enhanced Opportunities Subsidiary Limited	PIP Securities Limited
	Royal London Custody Services C.I. Limited	Prosperco Investment Management Limited
	Alster Limited	Prosperco New Century (Guernsey) Limited
	Horos Limited	Prosperco Small Cap (Guernsey) Limited
	Prelude Limited	Royal London Property Investment Company Ltd
	Four Leaf Clover (Jersey) Limited	Royal London Property Portfolio Limited
	Vincitas Limited	Rutherford Indemnity Limited
	Veritas Limited	Schroder Administrative Services (Bermuda) Limited
	Englehall Limited	Schroder Administrative Services (Guernsey) Limited
	One-Forty-Five Limited	Schroders C.I. Limited
	PLMS Limited	Schroder Mutual funds (Africa) Limited
	Depth (Bermuda) Ltd	Schroder Asian Property Managers Limited (formerly Schroder Property Ventures Limited)
	Pur (Bermuda) Ltd	Schroders Asseily (Guernsey) Limited
	Stee (Bermuda) Ltd	Schroder Cayman Bank & Trust Company Limited
	Vest (Bermuda) Ltd	Schroder Executor & Trustee Company (C.I.) Ltd
	Greenford (Bermuda) Ltd	Schroder International Selection Fund
	Gold Hawk (Bermuda) Ltd	Schroder Investment Management (Guernsey) Limited
	Friar (Bermuda) Ltd	Schroder Investment Management Africa (Proprietary) Limited
	Felix (Bermuda) Ltd	Schroder Investments (Bermuda) Limited
	Chateaneuf (Bermuda) Ltd	
	Burnt Oak Holdings (Bermuda) Ltd	
	Tio (Bermuda) Ltd	
	Stowe Holdings (Bermuda) Ltd	
	Somana (Bermuda) Ltd	
	Width Holdings (Bermuda) Ltd	
	Breadth Holdings (Bermuda) Ltd	
	Hexagon Investments (Bermuda) Ltd	
Procida (Bermuda) Ltd		
Hillingdon (Bermuda) Ltd		
Fervida (Bermuda) Ltd		
Flavida (Bermuda) Ltd		
PC Seventy Two C Limited		
B Sixty Four B Limited		
B Eighty C Limited		
B Eighty D Limited		

<i>Name of Director</i>	<i>Existing directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Richard Crowder <i>(cont.)</i>	B Eighty E Limited	Schroder Investments (Guernsey) Limited
	B Eighty F Limited	Schroder Investments (SVIIT) Limited
	B Eighty A (Bermuda) Limited	Schroder Management Services (Jersey) Limited
	B Eighty B (Bermuda) Limited	Schroder Money Funds Limited
	C Eighty Three C (Bermuda) Limited	Schroder Nominees (Guernsey) Limited
	C Eighty Three D (Bermuda) Limited	Schroder Special Situations Fund
	H Fifty Eight A (Bermuda) Limited	Schroders (Bermuda) Limited
	H Fifty Eight B (Bermuda) Limited	SITCO Nominees Ltd
	H Fifty Eight C (Bermuda) Limited	Thomas & Dessain Limited
	H Fifty Eight D (Bermuda) Limited	US Growth & Income Fund Limited
	M Fifty Eight (Bermuda) Limited	Vodafone Insurance Company Limited
		Vodafone Malta
		Xavex Income 1 Limited
		Xavex SectorLeader Limited
	Xavex US SectorLeader Limited	
	Xavex US ValueGrowth Select Limited	
Lewis Grant	FF&P Alternative Strategy PCC Limited	Accelt Company Ltd
	FF&P Global Property Fund PCC Limited	Acorn Jersey Four Limited
	FF&P Russia Real Estate Limited	Acorn Jersey One Limited
	FF&P Russia Real Estate Development Limited	Acorn Jersey Three Limited
	FF&P Venture Funds PCC Limited	Acorn Jersey Two Limited
	Kiskadee Limited	Aidan Limited
	Glendevon Limited	Alball Limited
	Noirmont Holdings Limited	Alpmeed Limited
	London & Stamford Property Limited	Anna Catrina A Limited
	Judolia Limited	Anna Catrina C Limited
		Applied Technology Limited
		Ashrama Limited
		Auto Chen Bros. Limited
		Azur Air Ltd
		Bannis Limited
		Biddeford International Corp.
		Bookman Limited
		Brightways Limited
		Bromfield Investment Company Limited
		Cacique Investments Limited
	Canonbury Investors Limited	
	Canyon Property Limited	
	Cardmasters Limited	
	Carrefour Holdings Limited	
	Chab Limited	
	Chamlang Limited	
	Charter Employment Services Ltd	
	Charterhouse Buy-Out Fund Inv	
	Charwelton Invs Ltd	
	Clarendon Limited	
	Conamore Limited	
	Craighall Limited	

Name of Director Existing directorships/partnerships

Lewis Grant

(cont.)

Past directorships/partnerships

Damor Investments Limited
Daro Investments Limited
DCB Services Limited
Delfury Investments Limited
Demoiselle Limited
Devonbury Investors Limited
Digerati Productions Limited
Drake Investments Limited
Eastmead Limited
Eikkon Limited
Esprit Libre Limited
European & Pacific Hldgs Ltd
European Entertainment Cons.
Excanco Trading & Development Ltd
Facts International Inc.
Feniton Limited
Ferrante Corporation
FF & P Alternative Strategy Inc PCC
Ltd.
FF & P Russia Real Estate Limited
FF & P Russia Real Estate
Development Limited
FF & P Venture Funds PCC Limited
FF & P Global Reports Fund PCC
Limited
Finsbury Limited
Flatley Limited
Flexim Investment Corporation
Foreign Lands Inc.
Garth A Limited
Garth C Limited
George A Limited
George C Limited
Glendevon Limited
Guy A Limited
Guy C Limited
Helianthus Limited
Hemja Investments Limited
Highland Oil Company Limited
Infinite Investments Limited
Interlect Enterprises Limited
Isabij Limited
Isolde Limited
Itako Limited
Jagmi Investments Limited
Jana Ruth A Limited
Jana Ruth C Limited
Jiflex Investment Corporation
Jobapt Ltd
Karakoram Limited
Keats Limited
Kerslake Limited
KisKedee Limited
Kram Investments Ltd.
Lanmoor Limited

Name of Director Existing directorships/partnerships

Lewis Grant

(cont.)

Past directorships/partnerships

Lanpro Services Limited
Lanus Limited
Lavender Limited
LB Ventures Limited
Les Belles Trois Limited
Leven Holdings Limited
Limerash Holdings Limited
Lomond Holdings Limited
London & Stamford Property Limited
The London Pentinco Limited
Lucy Co Investments Group Ltd
Lul Limited
Maidenair Limited
Margrave Limited
Mayril Limited
Mead Limited
Meijnderswijck Limited
Melody Search Limited
Mercia Finance Limited
Mistle Investments Limited
Muscatana Holdings Limited
Nationsbank Intl Tst (Jsy) Ltd
Newhold Limited
Noirmont Holdings Limited
Nuptse Limited
Oiram Holdings Limited
Omna Investments Limited
Orpe Limited
Paeonii Limited
Parallax Management Limited
Parel Limited
Paternoster Fund Admin Ltd
Paternoster Secretaries Ltd
Pedant Limited
Peerless Limited
Pereira Limited
Perfect Search Limited
Portia Investments Limited
Pratt Investments Limited
Quathlamba Limited
Ratazzi Properties Limited
RBC Trustees Ltd
RBC Trust Co (Jersey)
Regent Capital Trust Corp Ltd
The Regent Trust Company Limited
Renascent Investments Limited
Rhodora Limited
Ring Investments (C.I.) Limited
Robberg Limited
Rock Finance Corporation Limited
Rodbir International Limited
Roland Investments Inc.
Romer Investments Limited
Rosehill Management Inc

Name of Director Existing directorships/partnerships

Lewis Grant

(cont.)

Past directorships/partnerships

Rubidium Limited
Samara International Limited
Sameta Investments Limited
Sandarid Limited
Sanpin Investments Limited
Sapphire Developments Ltd
Savannah Investments Limited
Selenium Holdings Limited
Shetwood Inc.
Smile-Stone Ltd
Songphonic Limited
Sophia Mary A Limited
Sophia Mary C Limited
The Spanish Flipper Limited
Stalactite Investments Limited
Stargide Limited
Suaimhneas Limited
Sunshine Overseas Limited
Taif Holdings Corporation
Thames Int'l Fund Mangers S.A.
Tiriwell International Limited
Torilis Investments Limited
Torque Investments Limited
Treasure Drive Limited
Trimoulet Investments Limited
Tristan Investments Ltd
Turret Properties Limited
Tyroll Investments Holdings Ltd
Unicorn Holdings Limited
Vasco Real Estate Limited
Vasco Real Estate 2 Limited
Vasco Real Estate 3 Limited
Wardew Investments Limited
Westin Securities Limited
Willaud Trading Limited
Winchester Holdings Limited
Wolfberg Limited
Wonderland Investments Limited
Archipelago Fund SICAF
Asian Land Fund Ltd
Aviva Funds International Limited
AW Insurance Services (Guernsey)
Ltd
Barb Corporation
BC Property Holdings Limited
Brock Holdings Limited
BC Property Securities Limited
BMO (Channel Islands) Limited
Caldwell Associates Limited
Caledonia Realisation Limited
Christiani & Nielsen Limited
Christiania Finance (Guernsey)
Limited

Rupert Evans

Assicurazioni Generali (Insurance
Managers) Limited
Cassone Limited
Cayzer Continuation PCC Limited
C & G Channel Islands Limited
Challenger Investments Limited
Consulta Alternative Strategy Fund
PCC Limited
Consulta Alternative Strategy
Holdings Limited
Consulta (Channel Islands) Limited
Consulta Canadian Energy Fund
Limited
Consulta Capital Fund PCC Limited
Consulta Capital Holdings Limited

Rupert Evans	<p> Consulta Collateral Fund PCC Limited Consulta Collateral Holdings Limited Consulta High Yield Fund PCC Limited Consulta High Yield Holdings Limited Consulta Trust Company (Channel Islands) Limited Dawn (Guernsey) Limited Eagle and Dominion Growth Fund Limited Eagle and Dominion Growth Master Fund Limited El Oro Limited FF & P Alternative Strategy Income PCC Limited FF & P Alternative Strategy Income Subsidiary Limited FF & P Asset Management (Guernsey) Limited FF & P Asset Management (Cayman) Limited FF & P Enhanced Opportunities PCC Limited FF & P Global Property Fund PCC Limited FF & P Russia Real Estate Limited FF & P Russia Real Estate Development Limited FF & P Venture Fund PCC Limited FF & P World Equities Fund Limited Hope Investments Limited HSBC Private Bank (Guernsey) Limited Impkemix Trustee Limited Investec Bank (Channel Islands) Limited Lapco Limited Legis Corporate Services Limited Legis Group Limited Leonardo Investments Limited London & Stamford Property Limited Maersk Offshore (Guernsey) Limited Master Capital Fund Limited Monitor Fund Limited New Star Multi Strategy Fund Limited New Star Multi Strategy Master Hedge Fund Limited New Star European Liquidfunds Limited New Star European Liquidfunds GP (Cayman) Limited New Star UK Gemini Liquidfunds Limited </p>	<p> Christiania Finance (Guernsey) Limited Consulta Smaller Companies Fund Limited (IVL) Consulta Hedge (Holding) One Limited Consulta Hedge (Holding) Two Limited Consulta Hedge (Holding) Three Limited Consulta Hedge (Holding) Four Limited Consulta Hedge (Disposal) Limited Consulta Hedge Funds Limited Consulta Technology Fund Limited Consulta Emerging Markets Debt Fund Limited Courtil Holdings Ltd CTC (Guernsey) Limited Damocles Insurance Ltd Doric Limited Dragon (Guernsey) Limited Dunedin Unit Trust Managers (Guernsey) Ltd Eagle Star Trust Company (Guernsey) Limited Eagle Star Trust Company (Caribbean) Limited East European Food Fund Limited Financial Investment Portfolio Company (No.6) Limited Financial Investment Portfolio Co Limited First Apollo Limited First Gemini Limited FF & P (Guernsey) Limited FF & P Venture Fund II Limited Global High Yield Bond Trust Limited Global Technology Growth Fund Limited Guinness Flight Trustees SARL Home Investments Limited HSBC Republic Reinsurance (Guernsey) Limited Indochina Asset Management Limited Ionic Limited Invesco GT Asset Management Nominees Limited Invesco International (Guernsey) Limited Investec Asset Management Guernsey Limited (formerly Investec Guinness Flight Fund Managers Limited) Japan Index Fund Japan Special Opportunities Limited </p>
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Rupert Evans
(cont.)

New Star UK Gemini Liquidfunds Limited
New Star UK Gemini Liquidfunds GP (Cayman) Limited
Nippon Growth Fund Limited
North American Banks Fund Limited
Norton Waverley Insurance PCC Limited
NS Limited
NS Two Limited
Number One Limited
Olivant Limited
Oryx International Growth Fund Limited
Ovaco Limited
Personal Holdings Limited
Property Income & Growth Fund Limited
PIG Fund Guildford SPV Limited
PIG Fund Winchester SPV Limited
PIG Fund Farnborough SPV Limited
PIG Fund Horsham SPV Limited
PIG Fund Poole SPV Limited
Prospect Asset Management (CI) Limited
Prospect Japan Fund Limited
Rocknest (Guernsey) Limited
E.I. Sturdza Strategic Management Limited
E.I. Sturdza Strategic Funds plc
Strategic Euro Multi Hedge Limited
Strategic Europe Growth Fund Limited
Strategic Evarich Japan Fund Limited
Strategic Evarich USD Holdings Limited
Strategic Fixed Income Opportunities Limited
Strategic Fund Limited
Strategic Global Innovation Euro Holdings Limited
Strategic Global Innovation Fund Limited
Strategic Global Opportunities Euro Holdings Limited
Strategic Multi Hedge Fund Limited
Strategic Star Euro Holdings Limited
Strategic Star Limited
Towers Perrin Eagle Star Share Plan Services (Guernsey) Limited
WP Holdings Limited
Windward Overseas Limited
Jomer (Guernsey) Trustees Ltd
JT Limited
Land Development Fund Limited
Lazard Fund Managers (Guernsey) Limited
Lazard Select Investment Trust Limited
Legis BVI Limited
Legis Group BVI Limited
Legis Insurance Services Limited
Legis International Management Limited
Legis Maritime Services Limited
Legis Nominees Limited
Legis Trust Limited
Legis UK Limited
Lundie Limited
Merrill Lynch Investment Managers (Channel Islands) Limited
Mineur Holdings Limited
Minquier FI Limited
Moorfields Insurance Co (Guernsey) Ltd
Morley Investment Alternative Strategy Fund
New Generation Fund Ltd
New Star UK Hedge Fund Limited
New Star Asset Management (Guernsey) Limited
Nicam Japan Return Reversal Fund Ltd
Nomos Trustees Limited
Norton Waverley (Guernsey) Limited
Onthebrain.com Limited
Oryx Fund Limited
First Ovalap Limited
Second Ovalap Limited
Third Ovalap Limited
Fourth Ovalap Limited
Fifth Ovalap Limited
Sixth Ovalap Limited
Ovalap Nominees Limited
Ozannes Securities Limited
Paragon Asset Management Limited
Painewebber Trust Co (Guernsey) Ltd
Pharmacia & Upjohn Company Limited
Philippine Investment Co
Property Income & Growth Fund
Cheltenham SPV Limited
Property Income & Growth Fund
Frimley SPV Limited
PIG Fund Weymouth SPV Limited
PIG Fund Gloucester SPV Limited
PIG Fund Lynchford SPV Limited

<i>Name of Director</i>	<i>Existing directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Rupert Evans <i>(cont.)</i>		Recovery Investment Financial Co Limited Raintree Global Finance Limited SB Insurance Limited SCM Limited Second Apollo Limited Second Gemini Limited St Andrews Trust Co Ltd Stellar Holdings Limited Strategic US Opportunities Fund Limited Thornton Management (Guernsey) Ltd Tofco Limited Thame Insurance Company Limited Turnberry Limited The Slovenian Fund Management Co (Guernsey) Limited The 450 Wirefree Systems Fund Limited Underhill Company Limited W2 Limited Whittome Holdings Limited Partner in Ozannes
Patrick Firth	CLL Hedge Portfolio Ltd (formerly Cardona Lloyd Hedge Portfolio Limited) CLL Management Ltd (formerly Cardona Lloyd Limited) Deephaven Event Fund Ltd Deephaven Global Convertibles Select Opportunities Fund Ltd Deephaven Global Multi Strategy Fund Ltd (formerly Deephaven Market Neutral Fund Ltd) EuroDekania Limited FF&P Alternative Strategy Income Subsidiary Limited FF&P Alternative Strategy Income Subsidiary No 2 Limited FF&P Asset Management (Guernsey) Limited FF&P Russia Real Estate Adviser Holdings Limited FF&P Venture Funds Subsidiary Limited Global Industrial Investments Limited Grosvenor Short Selling Fund, Ltd Grosvenor U.S. Hedged Equity Specialists Fund Ltd Grosvenor Venture Firms Ltd Grosvenor Venture Funds Ltd Guernsey Portfolios PCC Limited JPMorgan Progressive Multi-Strategy Fund Limited	Blackfish Capital Fund I SPC Blackfish Capital (Master) Fund I Butterfield Fulcrum Corporate Nominees Limited Butterfield Fulcrum Group (Guernsey) Limited SPC Cardona Lloyd (Guernsey) Limited CBI Finance Limited Deephaven Credit Opportunities Fund Ltd Deephaven Long/Short Equity Fund Ltd FF&P Russia Real Estate Development Limited Investment Fund Services Limited Merchbanc Management (Guernsey) Limited Rosebank Management Limited Royal London Property Investment Company Limited Royal London Property Portfolio Limited Thornhill Premium Fund Limited

<i>Name of Director</i>	<i>Existing directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Patrick Firth <i>(cont.)</i>	JZ Capital Partners Limited L&S Leeds Limited London & Stamford Property Limited London & Stamford Property Subsidiary Limited London & Stamford Offices Limited London & Stamford Offices Unitholder 2 Limited London & Stamford Retail Limited LSP Green Park Management Limited (formerly LSP Cavendish Management Limited) Maple Leaf Canada Fund Limited Moneda Latin American Fund PCC Limited MRIF Guernsey GP Limited Olivant Limited Porton Capital Technology Funds Professional Investor Fund PCC Limited (The) Rufford & Ralston PCC Limited (formerly King Street Fund PCC Limited (The)) Saltus (Channel Islands) Limited Sierra GP Limited Star Asia Finance, Limited Stratos Ventures General Partner 1 Limited T2 Income Fund Limited Victoria Capital PCC Limited Waveland Partners, Ltd	

10.2 None of the Directors has at any time within the last five years:

10.2.1 has had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;

10.2.2 been adjudged bankrupt or the subject of any individual voluntary arrangement;

10.2.3 had a receiver appointed with respect to any assets belonging to him;

10.2.4 been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);

10.2.5 been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company;

10.2.6 been a partner in a partnership which, while he was a partner or within 12 months of his ceasing to be a partner, was put into compulsory liquidation or administration or entered into any partnership voluntary arrangement, or had a receiver appointed over any partnership asset; or

10.2.7 been a director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time while he was a director or senior manager of that company or within 12 months after his ceasing to be a director.

- 10.3 There are no family relationships between any of the Directors and there are no potential conflicts of interest between their duties to the Company and their private interests.
- 10.4 Save in respect of the orderly market undertakings given to KBC Peel Hunt as described in paragraph 14.7(e) below, there are no restrictions which have been agreed by the Directors on the disposal of their holdings in the share capital of the Company.
- 10.5 There are no outstanding loans or guarantees which have been granted or provided to or for the benefit of any Director by the Company or any of its subsidiaries.
- 10.6 No director of the Company or any of its subsidiaries has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or any of its subsidiaries and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected before then and remains in any respect outstanding or unperformed.

11. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which during the 12 month period prior to the publication of this document may have, or have had in the recent past, significant effects on the Company or the Group's financial position or profitability.

12. Corporate governance and Board practices

- 12.1 As a Guernsey incorporated AIM-listed company, the Company is not required to comply with the Combined Code. The Directors comply on a voluntary basis with aspects of the Combined Code relating to directors, accountability and audit, relations with shareholders and institutional investors to the extent they consider appropriate and practicable, taking into account the size, board structure and stage of development of the Company and the nature of its business.
- 12.2 The Board has established an audit committee which comprises Lewis Grant, as chairman, Richard Crowder, Patrick Firth and Rupert Evans. The audit committee meets at least three times a year and is responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.
- 12.3 The Company has not created remuneration and nomination committees as the Directors consider that, given the nature and scale of the Group's operations, such committees would not be appropriate. All matters relating to remuneration and nominations are dealt with by the Board as a whole. The Board reviews the remuneration of the Directors and agrees the level of non-executive fees once per annum. The Company takes all reasonable steps to ensure that the Directors and any applicable employees comply with the provisions of the AIM Rules relating to dealing in securities of the Company and has adopted a share dealing code to this effect.

13. Employees

The Group does not have any employees.

14. Material contracts

- 14.1 The following contracts have been entered into by members of the Group otherwise than in the ordinary course of business:
- (a) in the two years immediately preceding the date of this document and are or may be material;
and

- (b) otherwise than in the two years immediately preceding the date of this document which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

14.2 *Property Advisory Agreement*

LSI Management and the Company entered into the Property Advisory Agreement on 30 October 2007, pursuant to which LSI Management provides property advisory services to the Group. Among the services provided to the Group, the Property Adviser is required to provide day-to-day operational property management of the Property Portfolio, as well as services in connection with:

- (a) identifying and investigating the availability for purchase by the Group of property;
- (b) sales and lettings of property; and
- (c) the development and refurbishment of property.

The Property Adviser is required to provide regular reports to the Company, including its recommendations as to any of the above activities. The Property Adviser is further required to make available all expertise and knowledge necessary to the performance of the services and to perform the services faithfully and diligently. The Property Adviser has also agreed to devote as much time and attention to the performance of its responsibilities as is necessary to fulfil its obligations under the Property Advisory Agreement.

Term and termination

The Property Advisory Agreement shall remain in force until 7 November 2014, unless terminated earlier due to, amongst other reasons, negative financial performance of the Company (shareholder returns that are negative or more than 5 per cent. below the prevailing FTSE 350 Real Estate Total Return Index for two successive performance fee calculation periods, excluding the initial period), insolvency of the Property Adviser, material breach by the Property Adviser, loss by either party of the required regulatory authorisations or failure by the Company to pay fees to the Property Adviser. After the initial five year period, the Property Advisory Agreement is terminable by the Company on two years' notice.

Fees costs and expenses

The Property Adviser is entitled to a basic fee and a performance fee together with reasonable expenses incurred by it in the performance of its duties.

Pursuant to a deed of variation relating to the Property Advisory Agreement dated 9 July 2009 the calculation of the basic and performance fees in the Property Advisory Agreement were amended as described below.

Basic fee

The basic fee is payable quarterly in advance, at an annual rate of 1.75 per cent. of NAV.

NAV for this purpose is determined by reference to the most recent audited consolidated financial statements of the Company, with certain adjustments, plus the aggregate net proceeds received in respect of any further share allotments during the relevant financial year.

Performance fee

The performance fee is payable annually. The Property Adviser is eligible to receive a performance fee if NAV at the end of the relevant period exceeds an amount on the last day of the relevant period sufficient to provide Shareholders with an IRR equal to a 10 per cent. per annum (expressed as an annualised percentage as measured from the date of the IPO Placing to the end of the relevant calculation period) ("**Cumulative Hurdle Amount**").

In respect of each relevant calculation period (other than the final period) if the Cumulative Hurdle Amount is exceeded, the performance fee payable is an amount equal to half of 20 per cent. of the amount by which NAV (having added back any amount deducted in the calculation of such NAV on account of the performance fee itself) at the end of the period exceeds the Cumulative Hurdle Amount; less all performance fees previously paid out.

In respect of the final calculation period, the performance fee payable is equal to 20 per cent. of the amount by which the NAV at the end of the final period exceeds the Cumulative Hurdle Amount; less the amount of all previous performance fees paid out.

Procedure for calculation of performance fee

The NAV for this purpose is determined by reference to the most recent audited consolidated financial statements of the Company, with certain adjustments.

The performance fee is determined contemporaneously with the preparation of the annual audited accounts of the Company. Once ascertained the performance fee earned during the relevant performance fee calculation period will be paid to the Property Adviser within five days of being determined.

The performance fee calculation period is each financial year ending 31 March, save in respect of the final period which shall run until the date the Property Advisory Agreement terminates.

Conflicts

The Property Adviser is required to make full disclosure to the Company of any conflict of interest that may arise in its performance of property advisory services and other duties and obligations to the Company. The Property Advisory Agreement requires that the Property Adviser and those of its members who devote substantially all their business time and efforts to its activities are not interested (directly or indirectly) in commercial real estate. However, the Company may permit members of the Property Adviser to hold specific investments in commercial real estate at any time. In addition, the following interests will be specifically permitted:

- ownership for investment purposes of securities in any entity whose securities are dealt in on a stock exchange, provided that if part of the business of such entity is commercial real estate investment, the interest of such member of the Property Adviser must not exceed 3 per cent. in nominal value of the units in that entity (or of any class of its securities); and
- interests held in an investment portfolio managed on a discretionary basis.

The Property Advisory Agreement also provides that, subject to the Company's consent, the Property Adviser and each of its members is entitled to provide services to any third party that are similar to the services provided by the Property Adviser to the Company, provided that the Property Adviser continues to commit sufficient resources to providing the latter to the Company upon the terms of the Property Advisory Agreement. If the Company reasonably believes that the Property Adviser is not complying with this obligation, the Company is entitled by written notice to the Property Adviser to require the Property Adviser to comply. If, following such notice period, the Company continues reasonably to believe that the Property Adviser is not in compliance, the Company may by further notice require the Property Adviser to cease providing services to the relevant third party. The Property Advisory Agreement provides that the provision of such services to third parties will not constitute a conflict of interest that the Property Adviser is required to disclose to the Company.

The Property Adviser may from time to time provide services to a third party outside the Group, in connection with the acquisition by such third party of an interest in property or an entity holding property in which a member of the Group subsequently acquires an interest. The Company shall be entitled to deduct from the fees payable by the Company to the Property Adviser the same proportion of the fees paid by such third party to the Property Adviser as the proportion of the equity investment

made by the Group in such property or entity bears to the aggregate equity investment of all investors in such property or entity.

Indemnities

The Property Advisory Agreement includes mutual indemnity provisions in respect of liabilities and losses incurred by the parties (and certain third parties) in connection with the Property Advisory Agreement, save for those arising out of the negligence, fraud, wilful default or bad faith of the indemnified party.

14.3 *Leeds Facility Agreement*

On 8 May 2009, L & S Leeds Limited (“**L & S**”) as borrower entered into an English law governed facility agreement (the “**Leeds Facility Agreement**”) with Deutsche Postbank AG, London Branch (“**Deutsche Postbank**”) as arranger, agent, security trustee, original lender and as hedging counterparty, pursuant to which Deutsche Postbank made available to L & S a term loan of up to twenty four million four hundred and fifty three thousand pounds (£24,453,000) (the “**Leeds Facility**”) to finance the acquisition by L & S of 1 Whitehall Riverside, Leeds (the “**Property**”).

The liabilities shall be paid and repaid in full on the earlier of a sale of the whole of the Property or any part, (unless, amongst other things, Deutsche Postbank as agent has given its prior written consent to the disposal) and the repayment date which is the earlier of five years from and including the utilisation date (being the date on which the loan is made) (the “**Utilisation Date**”) and 15 May 2014.

The full amount of the Leeds Facility was drawn down on 8 May 2009. L & S may not re-borrow any part of the Leeds Facility which is repaid.

The following are prepayment events under the Leeds Facility Agreement:

1. if it becomes unlawful in any jurisdiction for Deutsche Postbank to perform any of its obligations under the Leeds Facility Agreement or to fund or maintain its participation in the loan; and
2. if the Company ceases to control L & S.

The rate of interest per annum on the Leeds Facility is 2.25 per cent. above LIBOR, plus any mandatory costs. L & S shall pay accrued interest on the loan on each quarterly interest payment date with a final payment on 8 May 2014.

If L & S fails to pay any amount payable by it under the Leeds Facility Agreement and any finance document entered into pursuant to the Leeds Facility Agreement, on its due date, interest shall accrue on the unpaid sum from the due date up to the date of actual payment (both before and after judgement) at a rate which is two per cent. higher than the rate which would have been payable if the unpaid sum, had, during the period of non-payment, constituted the loan in the currency of the unpaid sum for successive interest periods, each of a duration selected by Deutsche Postbank as agent (acting reasonably).

The events of default in the Leeds Facility Agreement include, but are not limited to, non-payment, not using the Leeds Facility for its designated purpose, insolvency, cross default and breach of other obligations.

L & S undertakes, amongst other things, that from the date which is 24 months from the date of the Utilisation Date, the loan shall not, at any time, exceed 65 per cent. of the market value of the Property as shown in the then most recent valuation.

L & S may not assign any of its rights or transfer any of its rights or obligations under the Leeds Facility Agreement and any other document entered into pursuant to the Leeds Facility Agreement.

L & S entered into security documents with Deutsche Postbank acting as security trustee, whereby 100 ordinary shares of no par value comprising all the issued share capital of L & S was charged in favour of Deutsche Postbank acting as securities trustee.

14.4 *BoS Facility Agreement*

On 30 October 2007, LSIL and LSI (Investments) Limited (a wholly owned subsidiary of LSIL) (the “**Original Borrowers**”) entered into an English law governed facility agreement (the “**BoS Facility Agreement**”) with Bank of Scotland PLC as arranger, agent, security trustee and original lender.

The £150 million revolving credit facility (the “**BoS Facility**”) established pursuant to the BoS Facility Agreement was made available to the Original Borrowers and any additional borrowers (together the “**Borrowers**”) for the purpose, amongst other things, of (a) refinancing the properties comprising the Initial Portfolio and of financing the acquisition and development of any additional properties (together the “**Properties**”); and (b) repayment of the revolving credit facility between LSIL and Bank of Scotland.

The BoS Facility is available up to and including 30 October 2012, being the fifth anniversary of the first drawdown, unless extended pursuant to the terms of the BoS Facility Agreement for a further two years. Repayment must be made in full on either the fifth or seventh anniversary, as the case may be.

The following are prepayment events under the BoS Facility:

- (a) LSI Management ceases to be property adviser to the Company, and the Company does not appoint a replacement property adviser acceptable to Bank of Scotland PLC within 30 days;
- (b) any property investment is disposed of, in which event the relevant Borrower must prepay loans in an amount equal to 60 per cent. of the market value of that property as set out in the initial valuation;
- (c) any material part of a property is damaged or destroyed and reinstatement works have not commenced within two years, in which event the relevant Borrower shall prepay loans in an amount equal to 60 per cent. of the market value (or if partial destruction, a proportional part thereof) of that property as set out in the initial valuation; and
- (d) compulsory purchase of any property occurs which has a material adverse effect, in which event the relevant Borrower shall prepay loans in an amount equal to 60 per cent. of the market value of that Property (or if part only of a property is compulsorily purchased, a proportional part thereof) as set out in the initial valuation.

Accrued interest on each loan advanced under the BoS Facility is payable quarterly and is calculated at 80 basis points above LIBOR.

The obligations of each Borrower under the BoS Facility are cross-guaranteed by each other Borrower.

The Borrowers entered into security agreements with Bank of Scotland PLC as security trustee pursuant to which security interests have been granted over the properties and the Borrowers’ other assets to secure their obligations under the BoS Facility Agreement.

The BoS Facility Agreement contains representations, warranties, covenants and property covenants given by the Borrowers in favor of the finance parties.

The BoS Facility Agreement contains financial covenants to maintain a loan to value ratio of not more than 80 per cent. and to maintain a net 12 month forecast rental income of not less than 125 per cent. of the overall cost in respect of all drawn amounts under the BoS Facility.

The events of default in the BoS Facility Agreement include, but are not limited to, non-payment, breach of other obligations, material adverse effect, cross-acceleration and insolvency.

The Borrowers' consent is required for an assignment or transfer by an existing lender under the BoS Facility, unless the assignment or transfer is to another existing lender or an affiliate of an existing lender or an event of default is continuing. The Borrowers will be deemed to have given their consent five Business Days after the request unless consent is refused by the Borrowers within that time.

An assignment or transfer by an existing lender:

- (a) must be in a minimum amount of £25 million or the lender's total participation, if less;
- (b) must be subject to the existing lender, if it is not assigning or transferring the whole of its participation in the BoS Facility, retaining a participation of not less than £25 million;
- (c) must result in there being no more than three lenders; and
- (d) must be made to a financial institution:
 - (i) having a long term credit rating of at least A+ by Standard & Poor's or at least A1 by Moody's;
 - (ii) incorporated in an OECD Member Country; and
 - (iii) in a Qualifying Lender for tax purposes (as defined in the BoS Facility Agreement).

If a lender does not respond to a request for a waiver, consent or amendment within 15 Business Days of such communication such lender's participation will be excluded in determining whether the necessary percentage in favour of such consent, waiver or amendment has been achieved.

Any lender that seeks to make a claim in respect of increased costs, tax gross-up or tax indemnity may be required by the Borrowers to transfer its full participation to an affiliate or to another facility office.

The Borrowers entered into and maintain hedging agreements for the purpose of hedging the Borrowers' obligations to pay interest in respect of loans drawn under the BoS Facility in respect of not less than 50 per cent. of such at any time.

A non-utilisation fee is charged under the BoS facility at the rate of 30 basis points of the daily undrawn and uncanceled amount of the lender's available commitment.

14.5 *Share Exchange Agreement*

On 30 October 2007 the Company entered into a Share Exchange Agreement with Raymond Mould, Patrick Vaughan, Humphrey Price, Jeremy Bishop, Stewart Little, LSIL and GEPT to acquire LSIL and its subsidiaries. On 21 December 2007 the parties to the Share Exchange Agreement entered into a deed of variation amending and restating the terms of the Share Exchange Agreement.

Raymond Mould, Patrick Vaughan, Humphrey Price, Jeremy Bishop, Stewart Little and GEPT transferred their shares in LSIL to the Company in exchange for Ordinary Shares. LSIL was transferred on the basis that the value of LSIL shares was equal to £37.5 million. This valuation included a sum attributable to the future satisfaction of a value enhancement condition. The value enhancement condition was satisfied prior to the 30 September 2008 deadline.

The Share Exchange Agreement contains provisions terminating a shareholders agreement which governed the terms and conditions on which the subscribers to LSIL invested in LSIL and contained provisions for the management and administration of LSIL's affairs.

14.6 *Underwriting Agreement*

Under the terms of the Underwriting Agreement between the Company, LSI Management and KBC Peel Hunt, dated 10 July 2009 KBC Peel Hunt have agreed to procure subscribers for, or failing which itself to subscribe for, the New Ordinary Shares.

In consideration of its services under the Underwriting Agreement, KBC Peel Hunt will be paid, subject to the Underwriting Agreement becoming unconditional in all respects, a commission equal to 1.5 per cent. of the aggregate value of 27,500,000 New Ordinary Shares and 3 per cent. of the aggregate value of 162,170,545 New Ordinary Shares.

The Company will pay all other costs, commissions, charges and expenses of, or incidental to, the issue of the New Ordinary Shares, including the fees of the UK Listing Authority and the London Stock Exchange, printing costs, registrars' and receiving bankers' fees, the Company's legal expenses and KBC Peel Hunt's reasonably and properly incurred out of pocket expenses and all related irrecoverable VAT, if applicable.

The Underwriting Agreement, which contains certain warranties and indemnities by the Company and warranties by LSI Management, in both cases to KBC Peel Hunt, is conditional, among other things, on (i) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission and (ii) Admission taking place on or before 9.00 a.m. on 30 July 2009 (or such later date as KBC Peel Hunt and the Company may agree but not later than 9.00 a.m. on 14 August 2009).

KBC Peel Hunt may terminate the Underwriting Agreement up to the time of Admission if, among other things, an event occurs which materially and adversely affects the financial position and/or prospects of the Group, or if there is a change in national or international financial, monetary, economic, political or market conditions, which in KBC Peel Hunt's opinion is or may be materially prejudicial to the Company or the underwriting of the Placing and Open Offer.

The Underwriting Agreement may not be terminated once it has become unconditional in all respects including, without limitation, if a supplementary prospectus is required to be produced after Admission.

14.7 *IPO Placing Agreement*

Under the IPO Placing Agreement dated 2 November 2007 between the Company, each Director who is a Principal (each a "**Principal Director**"), the Property Adviser and KBC Peel Hunt:

- (a) KBC Peel Hunt agreed to act as the Company's nominated adviser for the purpose of the AIM Rules in relation to the AIM flotation in November 2007 and to use its reasonable endeavours to procure subscribers for the placing shares at the placing price;
- (b) the Company gave certain warranties to KBC Peel Hunt as to accuracy of the information in the admission document published in 2007 and certain other matters concerning the Company and the Group and gave an indemnity to KBC Peel Hunt and its affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the AIM flotation;
- (c) the Company agreed, subject to the IPO Placing Agreement becoming unconditional, to allot and issue the placing shares to the persons procured by KBC Peel Hunt to subscribe them under the placing and to pay KBC Peel Hunt a placing commission of 3 per cent. (1.5 per cent. on certain placees introduced by the Company);
- (d) the Property Adviser gave certain warranties to KBC Peel Hunt relating to itself and an indemnity to KBC Peel Hunt and its affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the AIM flotation;
- (e) Raymond Mould, Patrick Vaughan and Humphrey Price gave certain warranties to KBC Peel Hunt relating to the Group and themselves, a "lock-in" undertaking to KBC Peel Hunt and the Company not to dispose of Ordinary Shares before the first anniversary of the AIM flotation, subject to exceptions permitted by rule 7 in the AIM Rules (which applied at that time to the Company as a newly formed company), and an "orderly marketing" undertaking to KBC Peel Hunt and the Company not to dispose of Ordinary Shares between the first and second

anniversaries of the AIM flotation or at any time afterwards for so long as KBC Peel Hunt remains nominated adviser or broker to the Company for the purposes of the AIM Rules, other than through KBC Peel Hunt and subject to various other exceptions.

14.8 *Shareholders' Agreement with Green Park Investments ("Green Park")*

On 22 April 2008, the Company and LSP Subsidiary entered into an agreement in respect of a joint venture with Cavendish Limited ("**Shareholders' Agreement**"). Cavendish Limited subsequently assigned its interest and rights in the Shareholders' Agreement and the joint venture to its sister company Green Park. The Shareholders' Agreement was amended by a variation agreement dated 9 February 2009.

The Shareholders' Agreement governs, amongst other matters, the relationship between LSP Subsidiary and Green Park as 50 per cent. shareholders in LSP Green Park Management Limited ("**Manager**"), manager of the joint venture vehicle LSP Green Park Property Trust.

LSP Subsidiary is required to subscribe for units in the Trust up to an aggregate issue price of £50 million and abide by the terms of the Trust Instrument. The Trust's business plan must be approved by both LSP Subsidiary and Green Park and the term of the Trust may be extended beyond 7 years if both LSP Subsidiary and Green Park consent. The parties may also agree to terminate the Trust early.

All key decisions relating to the operation of the Trust, including investment acquisition and disposal decisions and levels of future expenditure are reserved for the approval of both LSP Subsidiary and Green Park by virtue of their 50/50 participation on the board of directors of the Manager. The following provisions apply in the event of a deadlock:

- (a) in relation to the proposed sale of an investment the disposal shall proceed;
- (b) in relation to the proposed acquisition of an investment the acquisition shall not take place;
- (c) valuation and letting matters are resolved by an independent surveyor;
- (d) other matters specific to an investment are resolved by a mechanism whereby each of LSP Subsidiary or Green Park can elect to purchase or, as the case may be, may be forced to purchase all units in the relevant investment at a specified price.

LSP Subsidiary and the Company have an obligation to ensure that LSI Management, as the property and investment adviser to the Trust, offers all suitable opportunities to the Trust first. LSI Management may only pursue such an investment opportunity outside the Trust if the investment is declined by the Trust and on no better terms and at no lower price than offered to the Trust. The Company, however, has the right to act wholly and solely on its own account on commercial property investments requiring less than £30 million of equity funding commitment and at any point when each unit-holder has paid 95 per cent. of its investment commitment to the Trust.

For opportunities of a larger nature, LSP Subsidiary is obliged under the Trust Instrument to participate in these alongside Green Park, 80:20 in favour of Green Park. LSP Subsidiary has the right to elect to invest more than its *pro rata* 20 per cent. share of the equity necessary:

- (a) on deals requiring less than £150 million of equity, or
- (b) with Green Park's consent.

If either LSP Subsidiary or Green Park fails to fund, becomes insolvent or breaches the terms of the Shareholders' Agreement, the defaulting shareholder will be forced to offer its interest in the Trust and the Manager for sale to the other at its then net asset value.

In addition, under the Trust Instrument, LSP Subsidiary will be deemed to be in default and therefore forced to dispose of its interest in the Trust if following an assignment of LSI Management's role as

the Trust's property adviser to any member of the Group, the termination of that appointment as a result of:

- (a) the Property Adviser's material breach of the terms of its appointment; or
- (b) following:
 - (i) on or before 30 October 2011, more than one of Patrick Vaughan and Raymond Mould; and
 - (ii) on or before 30 October 2012, both of Patrick Vaughan and Raymond Mould; ceasing to be (i) a director of the Company, (ii) directors of the Manager (iii) actively involved in the affairs of the property adviser or (iv) actively involved in the provision of the property advisory services,

and where replacement(s) are not approved by Green Park.

Neither LSP Subsidiary nor Green Park may freely dispose of its shares in the Manager or interest in the Trust to a third party without the other party's consent.

14.9 *LSI Retail N.V. Share Purchase Agreement*

On 6 November 2007 LSI Belgium entered into a share purchase agreement with Ascencio CVA ("**Purchaser**") relating to the disposal of the entire issued share capital in LSI Retail N.V. ("**Share Purchase Agreement**") At the time of the disposal LSI Retail N.V and its subsidiary companies were the owners of a portfolio of 36 retail warehouse units throughout Belgium. The purchase price paid by the Purchaser to LSI Belgium was €10,304,558.

LSI Belgium agreed to indemnify the Purchaser in respect of any liabilities arising from the breach of any representations, warranties, covenants or obligations in the Share Purchase Agreement. The indemnity only applies in respect of claims exceeding an aggregate amount of €250,000 and no claim may be brought by the Purchaser after 9 November 2009. To support the warranties and representations LSI Belgium deposited a sum of €257,613.96 into an escrow account and this is due to be released on 23 November 2009 subject to no claim being made by the Purchaser.

14.10 *Acquisition of One Fleet Place*

On 17 December 2008 Butterfield Trust (Guernsey) Limited and Moulinet Trustees Limited (the "**Trustees**") established and constituted a unit trust scheme pursuant to Guernsey Law known as London & Stamford Offices Trust (the "**Unit Trust**") for the initial purpose of acquiring the leasehold land known as One Fleet Place, London, EC4M 7WS ("**One Fleet Place**").

Pursuant to the terms of the agreement between the Trustees, Legal and General Assurance Society Limited and the Company dated 22 December 2008, the Unit Trust acquired One Fleet Place from Legal and General Assurance Society Limited (the "**Sale Agreement**"). The total purchase price was £74,000,000. The Company guaranteed the obligations of the Unit Trust under the terms of the Sale Agreement.

Savills Commercial Limited was appointed as managing agent of One Fleet Place.

14.11 *Acquisition of No 1 Whitehall Riverside*

On 8 May 2009 L&S Leeds Limited, a wholly owned subsidiary of the Company, acquired the leasehold land known as No 1 Whitehall Riverside, Leeds from The Royal Bank of Scotland Plc. The total purchase price was £37,620,000.

14.12 *Acquisition of Racecourse Retail Park, Aintree*

On 23 June 2009 London & Stamford Retail Limited, a wholly owned subsidiary of the Company acquired from LS Retail Warehouses Limited and Ravenside Investments Limited the leasehold and

freehold interests in Racecourse Retail Park, Ormskirk Road, Aintree, Sefton, Merseyside. The total purchase price was £60,904,375.

14.13 *Acquisition of Wellingborough*

On 12 June 2009 L & S Business Space Limited, a wholly owned subsidiary of the Company acquired from Phoenix Life Limited the freehold property known as the land on the west side of Rutherford Drive, Park Farm Industrial Estate, Wellingborough. The total purchase price was £19,600,000.

14.14 *Aintree Facility Agreement*

On 23 June 2009, London & Stamford Retail Limited ("**L & S Retail**") as borrower entered into an English law governed facility agreement (the "**Aintree Facility Agreement**") with Deutsche Postbank, as arranger, agent, security trustee, original lender and as hedging counterparty, pursuant to which Deutsche Postbank made available to L & S Retail a term loan of up to thirty eight million four hundred and thirty seven thousand five hundred pounds (£38,437,500) (the "**Aintree Facility**") to finance the acquisition by L & S Retail of Racecourse Retail Park, Aintree, Liverpool (the "**Property**").

L & S Retail shall repay the loan in instalments at £187,500 per quarter from October 2012, unless the loan then outstanding is less than 55 per cent. of the market value of the Property as confirmed by a revised revaluation.

The liabilities shall be paid and repaid in full on the earlier of a sale of the whole of the Property or any part, (unless, amongst other things, Deutsche Postbank as agent has given its prior written consent to the disposal) and the repayment date which is 23 June 2014.

The full amount of the Aintree Facility was drawn down on 23 June 2009. L & S Retail may not re-borrow any part of the Aintree Facility which is repaid.

The following are prepayment events under the Aintree Facility Agreement:

1. if it becomes unlawful in any jurisdiction for Deutsche Postbank to perform any of its obligations under the Aintree Facility Agreement or to fund or maintain its participation in the loan; and
2. if the Company ceases to control L & S Retail.

The rate of interest per annum on the Aintree Facility is calculated as the aggregate of (i) a margin of between 2 per cent. and 2.5 per cent. (depending on the level of interest cover), (ii) LIBOR and (iii) any mandatory costs. L & S Retail shall pay accrued interest on the loan on each quarterly interest payment date with a final payment on 23 June 2014.

If L & S Retail fails to pay any amount payable by it under the Aintree Facility Agreement and any finance document entered into pursuant to the Aintree Facility Agreement, on its due date, interest shall accrue on the unpaid sum from the due date up to the date of actual payment (both before and after judgment) at a rate which is two per cent. higher than the rate which would have been payable if the unpaid sum, had, during the period of non-payment, constituted the loan in the currency of the unpaid sum for successive interest periods, each of a duration selected by Deutsche Postbank as agent (acting reasonably).

The events of default in the Aintree Facility Agreement include, but are not limited to, non-payment, not using the Aintree Facility for its designated purpose, insolvency, cross default and breach of other obligations.

L & S Retail undertakes, amongst other things, that from the date which is 24 months from 23 June 2009, the loan shall not, at any time, exceed 62.5 per cent. of the market value of the Property as shown in the then most recent valuation.

L & S Retail may not assign any of its rights or transfer any of its rights or obligations under the Aintree Facility Agreement and any other document entered into pursuant to the Aintree Facility Agreement.

L & S Retail entered into security documents with Deutsche Postbank acting as security trustee, whereby 100 ordinary shares of no par value comprising all the issued share capital of L & S Retail was charged in favour of Deutsche Postbank acting as securities trustee.

15. Taxation

The information below, which is of a general nature only and which relates only to United Kingdom and Guernsey taxation, is applicable to the Company and its subsidiaries and to persons who are resident or ordinarily resident in the United Kingdom (except where indicated) and who hold Ordinary Shares as an investment. It is based on existing law and practice as at the date of this document and is subject to subsequent changes therein. Any change in the tax status of the Company or its subsidiaries or in taxation legislation in Guernsey or the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company or its subsidiaries or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post-tax returns to Shareholders. You are strongly recommended to consult your own professional adviser in relation to any investment in the Company.

The rules set out below may be subject to change as a result of enactment of the Finance Bill 2009 and/or if the Company (or a new UK holding company) elects for UK REIT status.

15.1 *The Company*

United Kingdom taxation

Subject to the Directors' ongoing review of the optimal structure as explained in paragraph 6 of Part 4 of this document it is the intention of the Directors that the affairs of the Company will continue to be conducted so that the Company will not itself (as opposed to certain of its subsidiaries) be subject to tax in the United Kingdom. It is the intention that the central management and control of the Company will only be in Guernsey and the Company will not carry out any trade in the United Kingdom (whether or not through a permanent establishment situated there). Any trade carried out by the Group in the United Kingdom will be carried out by subsidiaries of the Company. On that basis, the Company will not be resident in the United Kingdom for taxation purposes and the Company should not be liable to United Kingdom tax on its income and gains, although any of its subsidiaries resident in the United Kingdom or with United Kingdom property may well be subject to United Kingdom taxation on their income and gains.

Guernsey taxation

The Company currently has tax exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (the "Ordinance"). The Company will need to reapply annually for exempt status for Guernsey tax purposes, incurring a fee which is currently £600 per annum.

The Company is therefore not considered resident in Guernsey for Guernsey income tax purposes. A company that has exempt status for Guernsey tax purposes is exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax. Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey.

In the absence of an exemption, the Company would be treated as resident in Guernsey for Guernsey income tax purposes and subject to the zero rate regime, described below.

In response to the review carried out by the European Union Code of Conduct Group, the States of Guernsey agreed to abolish exempt tax status for the majority of companies and to introduce a zero

rate of tax for companies carrying on all but a few specified types of regulated business from January 2008. However, the States of Guernsey also agreed that because collective investment schemes were not one of the regimes in Guernsey that were classified by the EU Code of Conduct Group as being harmful, collective investment schemes would continue to be able to apply for exempt status for Guernsey tax purposes after 31 December 2007. The Company will therefore continue to apply for exempt status regardless of the changes to the general corporate tax regime changes introduced by the zero tax regime and these changes are not expected to have any material impact on the Company. The Company, in the absence of an exemption, together with any Guernsey incorporated subsidiaries, and any other companies controlled by the Company would however become Guernsey resident companies subject to the zero rate of Guernsey tax. Under this regime, the Company and any subsidiaries would not be required to withhold Guernsey income tax from interest or dividends paid by them other than in respect of distributions to Guernsey resident individuals.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in 2011/2012, including possibly the introduction of a goods and services tax, depending on the state of Guernsey's public finances at that time.

Non-Guernsey resident Shareholders will not be subject to Guernsey tax on the redemption or disposal of their holding of Ordinary Shares in the Company.

Guernsey currently does not levy taxes upon capital inheritances, capital gains (with the exception of a dwellings profit tax) gifts, sales or turnover, nor are there any estate duties, save for an *ad valorem* fee for the grant of probate or letters of administration. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of shares in the Company.

EU Savings Tax Directive

Guernsey has introduced measures that are the same as the EU Savings Tax Directive. However, paying agents located in Guernsey are not required to operate the measures on distributions made to shareholders by closed ended investment companies established in Guernsey.

15.2 Shareholders

United Kingdom Shareholders

The taxation of Shareholders depends on their circumstances and the following comments are intended as a general guide and may not necessarily apply once a Shareholder's specific circumstances are taken into account.

- (a) UK resident individual Shareholders are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit (the "Gross Dividend"), the amount of the tax credit being 10 per cent. of the sum of the dividend and the tax credit (i.e. the tax credit will be one ninth of the Gross Dividend excluding the tax credit). The tax credit will effectively satisfy a UK resident individual shareholder's dividend ordinary rate income tax liability in respect of the Gross Dividend. UK resident individual Shareholders who are subject to tax at the higher rate will have to account for additional tax. The special rate of tax set for higher rate taxpayers who receive dividends is 32.5 per cent. of the Gross Dividend. After taking account of the 10 per cent. tax credit, such a taxpayer would have to account for additional tax of 22.5 per cent. of the Gross Dividend. In determining what tax rates apply to a UK resident individual Shareholder, dividend income is treated as his top slice of income. The 2009 Budget proposes to introduce from April 2010 an additional rate of 42.5 per cent. on dividends where an individual's taxable income exceeds £150,000.
- (b) A UK resident (for tax purposes) corporate Shareholder will be subject to UK corporation tax on dividends paid by the Company, as the Company is an off-shore company. The Finance Bill 2009 proposed however to change this; provided the Company meets certain conditions (which are anticipated to be met), dividends paid after 1 July 2009 should not be subject to UK

corporation tax, but UK pension funds will not be able to reclaim the tax credit associated with the dividend paid by the Company.

- (c) The Company should not be an offshore fund for the purposes of the provisions of Chapter V Part XVII of the Income and Corporation Taxes Act 1988 (the “Taxes Act”) as the Company is not a “Collective Investment Scheme” within the meaning of sections 235 and 236 of the Financial Services and Markets Act 2000, as amended by section 756A of the Taxes Act. The Finance Bill 2009 widens the definition of an offshore fund, but under current drafting, there is an exception for entities in respect of which there are no arrangements under which investors would expect to realise their investment on a basis calculated by reference to the net asset value of the assets of the Company or an index. On that basis, the Company should remain outside the off-shore fund rules.
- (d) The issue of the New Ordinary Shares by the Company will be regarded as a reorganisation of the Company’s share capital for the purposes of United Kingdom tax on chargeable gains. Accordingly, a Qualifying Shareholder will not be treated as making a disposal of all or part of his corresponding holding of Ordinary Shares by reason of taking up all or part of his entitlement to New Ordinary Shares.

To the extent that a Qualifying Shareholder takes up the New Ordinary Shares allotted to him, the New Ordinary Shares so allotted, will, for the purposes of United Kingdom tax on chargeable gains, be treated as having been acquired at the same time as the Qualifying Shareholder’s existing holding was acquired (save that, where an individual’s existing holding of Ordinary Shares is treated for tax purposes as consisting of more than one asset, the New Ordinary Shares acquired will be attributed *pro rata* to those existing assets). The amount of subscription monies paid for the New Ordinary Shares will be added to the allowable expenditure for the Qualifying Shareholder’s existing holding(s). In the case of a corporate Qualifying Shareholder, indexation allowance will apply to the new amount paid for the New Ordinary Shares only from the date the moneys for the New Ordinary Shares are paid or liable to be paid. Gains are taxable at the Shareholders’ marginal rate of corporation tax. In the case of a non-corporate Qualifying Shareholder indexation allowance will not be given in respect of amounts paid for the New Ordinary Shares. Gains are taxable at 18 per cent.

Pension funds should not be liable to United Kingdom tax in respect of any gain, provided such gain is realised for the purposes of the scheme.

- (e) The attention of persons resident or ordinarily resident in the United Kingdom for taxation purposes (and, if individuals, who are also domiciled in the United Kingdom for taxation purposes) is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 (“section 13”). Section 13 could be material to any such person who has an interest in the Company as a “participator” for United Kingdom taxation purposes (which includes an investor) at a time when any gain accrues to the Company or a subsidiary which constitutes a chargeable gain for those purposes if, at the time the Company is controlled by five or fewer persons so that, if the Company were resident in the United Kingdom for taxation purposes, it would be a “close company” for those purposes. In determining whether the Company is controlled by five or fewer persons, the interests of “connected” persons are aggregated and counted as those of one person. Generally, if the Company is a “close company”, its capital gains are apportioned among the participators in the Company and taxed in their hands if they are United Kingdom taxpayers. These rules do not apply to non-United Kingdom domiciled persons. There is an exception for any person that does not have a greater than 10 per cent. interest in the Company. The provisions of section 13 could, if applied, result in any such person who is a “participator” in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person’s proportionate interest in the Company as a “participator”.

- (f) Individual Shareholders who are resident or ordinarily resident in the United Kingdom but not domiciled in the United Kingdom will only be liable to United Kingdom capital gains tax to the extent that any gains on the Ordinary Shares are remitted to the United Kingdom.
- (g) Individual Shareholders who are resident or ordinarily resident in the United Kingdom should consider the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 which can make such individuals liable to tax on the income of the Company (before any deduction for interest) in certain circumstances.
- (h) A corporate Shareholder who is resident in the United Kingdom and who, together with connected investors, is entitled to at least 25 per cent. of the share capital of the Company should consider the provisions of the controlled foreign companies legislation in sections 747 to 756 of the Taxes Act.

Non-United Kingdom Shareholders

Shareholders who are not resident or ordinarily resident in the United Kingdom and do not carry on a trade or profession or vocation through a branch or permanent establishment in the United Kingdom through which the Ordinary Shares are held will not normally be liable to tax in the United Kingdom on income or gains from Ordinary Shares or the disposal of Ordinary Shares.

Shareholders resident outside Guernsey will not be subject to any income tax in Guernsey in respect of any Ordinary Shares owned by them. Any Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will incur Guernsey income tax on any dividends paid on Ordinary Shares owned by them but will suffer no deduction of tax by the Company from any such dividends payable by the Company where the Company is granted exempt status. The Company is required to provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Administrator of Income Tax in Guernsey.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No stamp duty or SDRT will be due on the issue or transfer of any Ordinary Shares provided the register of the company is located outside the UK.

16. Overseas Shareholders

16.1 General

The Placing and Open Offer as it relates to Overseas Shareholders may be affected by the laws of their relevant jurisdictions.

No person receiving a copy of this document and/or an accompanying document in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to him to subscribe. Receipt of this document and/or an accompanying document will not constitute an offer in those territories in which it would be unlawful to make such an offer and, in such circumstances, this document and/or an accompanying document are being sent for information only, are confidential and should not be copied or redistributed.

Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any other formalities to enable them to take up their rights. It is the responsibility of all persons resident outside the United Kingdom receiving this document and/or an accompanying document and wishing to accept the offer of New Ordinary Shares to satisfy themselves as to full observance of the laws of the relevant territory, including obtaining all necessary governmental or other consents which may be required, observing all other requisite formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

The Company reserves the right, but shall not be obliged, to treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the

laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of definitive share certificates for New Ordinary Shares in any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates.

Persons (including, without limitation, nominees, agents and trustees) receiving a Application Form should not distribute or send it to or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

This document and any accompanying documents will not be sent to Overseas Shareholders. Notwithstanding any other provision of this document, the Company reserves the right (provided the Company has obtained the prior written approval of KBC Peel Hunt) to permit a Qualifying Shareholder with a registered address outside the United Kingdom to take up his entitlement under the Placing and Open Offer if the Company is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirements.

16.2 *United States and Canada*

None of the Existing Ordinary Shares nor the New Ordinary Shares have been or will be registered under the United States Securities Act of 1933 (as amended) (the “**Securities Act**”), the laws of any state of the United States of America or the securities legislation of any province or territory of Canada, and may not be offered, sold, renounced, taken up, delivered or transferred, directly or indirectly in or into the United States or Canada, or to or for the account or benefit of any person in the United States or Canada. Subject to certain exemptions, New Ordinary Shares will not be allotted to a Qualifying Shareholder with a registered address in the United States or Canada.

The Company reserves the right to treat as invalid any acceptance or purported acceptance of an allotment of New Ordinary Shares that appears to the Company or its agents to have been executed in or despatched from the United States or Canada, or that provides an address in the United States or Canada for the delivery of definitive certificates for the New Ordinary Shares or which does not make the warranty set out in the Application Form to the effect that the persons accepting the allotment of New Ordinary Shares does not have a registered address (and is not otherwise located in) the United States or Canada and is not acquiring rights to New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery, or distribution directly or indirectly of any such New Ordinary Shares in the United States or Canada.

If prospective investors who are “benefit plan investors” within the meaning of Section 3(42) of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) become aware that they are holding or owning (directly or indirectly) such number of shares or interest in shares in the Company that, in the opinion of the Directors, results in (a) 25 per cent. or more of the issued share capital of the Company being held by “benefit plan investors” or (b) any asset of the Company or its subsidiaries from time to time being “plan assets” within the meaning of United States Department of Labor Regulation 29 C.F.R. Section 2510 101, as modified by Section 3(42) of ERISA, they must disclose this fact to the Company and transfer such shares to another person in circumstances where the shares will cease to fall within sub-paragraphs (a) and (b) above. See the provisions in respect of “Compulsory transfer of shares” in paragraph 7.4 of Part 11 of this document.

16.3 *Japan, Australia, South Africa New Zealand*

Due to restrictions under the securities laws of Japan, the Commonwealth of Australia, its states, territories or possessions (“**Australia**”), the Republic of South Africa and New Zealand, this document and the Application Form will not be sent to any Shareholders with registered addresses in, and the New Ordinary Shares may not be transferred or sold to or renounced or delivered in, any of those countries. Accordingly, no offer of New Ordinary Shares is being made under this document to Shareholders with registered addresses in, or to residents of any of, Japan, Australia, South Africa and New Zealand and neither this document nor the Application Form should be forwarded to or transmitted in or into any of these countries.

16.4 *Notice to EEA investors*

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) (except for the UK), with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the “Relevant Implementation Date”), no New Ordinary Shares have been offered nor will be offered pursuant to the Placing and Open Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the New Ordinary Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, offers of New Ordinary Shares may be made to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than Euro 43 million; and (iii) an annual turnover of more than Euro 50 million, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Ordinary Shares shall result in a requirement for the publication by the Company or KBC Peel Hunt of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression an offer of any New Ordinary Shares to the public in relation to any New Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Placing and Open Offer and any New Ordinary Shares to be offered so as to enable an investor to decide to acquire any New Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any New Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the New Ordinary Shares acquired by it in the Placing and Open Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any New Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Company and KBC Peel Hunt has been obtained to each such proposed offer or resale.

16.5 *For the attention of residents of Bermuda*

The New Ordinary Shares being offered hereby are being offered to investors who satisfy the criteria set out in this document.

This document is not subject to and has not received approval from either the Bermuda Monetary Authority or the Registrar of Companies in Bermuda and no statement to the contrary, explicit or implicit, is authorised to be made in this regard. The New Ordinary Shares being offered may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 of Bermuda. Additionally, non-Bermudian persons may not carry on or engage in any trade or business in Bermuda unless such persons are authorised to do so under applicable Bermuda legislation. Engaging in the activity of offering or marketing the New Ordinary Shares being offered in Bermuda to persons in Bermuda may be deemed to be carrying on business in Bermuda.

16.6 *For the attention of residents of the Isle of Man*

This document does not need to be delivered to the Isle of Man Financial Supervision Commission for registration as a prospectus pursuant to the Isle of Man Companies Act 1931. This document and the Placing and Open Offer have not therefore been approved by the Isle of Man Financial Supervision Commission or any other governmental or regulatory authority in or of the Isle of Man.

Investors are not protected by any statutory compensation arrangements in the event of the Company's failure and the Isle of Man Financial Supervision Commission does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it in this document.

16.7 Other overseas territories

Any Qualifying Shareholder resident in other overseas territories wishing to subscribe for New Ordinary Shares must satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining all governmental or other consents, observing all other requisite formalities and paying all issue, transfer or other taxes due in such territory. Such Overseas Shareholder should consult his professional advisers about whether they require any governmental or other consents or need to observe any other formalities to enable them to take up his entitlements.

17. Consents

- 17.1 KBC Peel Hunt, of 111 Old Broad Street, London EC2N 1PH, which is regulated by the Financial Services Authority, has given and has not withdrawn its written consent to the issue of this document with references to its name being included in it in the form and context in which they appear.
- 17.2 BDO Stoy Hayward LLP of Emerald House, East Street, Epsom, Surrey KT17 1HS has given and has not withdrawn its written consent to the issue of this document with the inclusion in it of its reports and the references to such reports and to itself in the form and context in which they respectively appear. BDO Stoy Hayward LLP has authorised the contents of its reports for the purposes of Schedule Two of the AIM Rules and Prospectus Rule 5.5.3R(2)(f).
- 17.3 CB Richard Ellis of St. Martin's Court, 10 Paternoster Row, London EC4M 7HP, whose Company number is 03536032, has given and not withdrawn its written consent to the inclusion of its report on the Company set out in Part 10 of this document in the form and context in which it appears and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules and Prospectus Rule 5.5.3R(2)(f). CB Richard Ellis has no material interest in the Company.
- 17.4 The information sourced from IPD and Bloomberg, as applicable, has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

18. Working capital

For the purpose of paragraph 3.1 of Annex III of Appendix 3 to the Prospectus Rules, the Company is of the opinion that, taking into account the bank and other facilities available to the Group and the proceeds of the Placing and Open Offer, the working capital of the Group is sufficient for its present requirements, that is for at least 12 months following the date of this document.

For the purpose of paragraph (c) of Schedule Two of the AIM Rules, the Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months from the date of Admission.

19. Significant change

Save for the acquisition of the properties at No 1 Whitehall Riverside, Racecourse Retail Park Aintree and Wellingborough, further details of which are set out in paragraphs 14.11, 14.12 and 14.13 of this Part 11 of this document, there has been no significant change in the financial or trading position of the Group since 31 March 2009, being the date to which the Group's last audited accounts have been made up to.

There has been no material change to the Property Valuation set out in Part 10 of this document since 30 June 2009, being the date the Property Valuation was prepared.

20. Related party transactions

LSI Management is a related party of the Company. Messrs Mould, Price, Vaughan and McGann are members of LSI Management and, save for Mr. Price, are directors and, save for Mr McGann, Shareholders in the Company following the sale of LSIL to the Company. LSI Management received £4.8 million (five months to 31 March 2008: £1.9 million) for the services of property management during the year provided pursuant to the Property Advisory Agreement.

LSI Management is also entitled to receive £758,000 (2008: £nil) in performance fees for the year ended 31 March 2009 from both LSP Green Park Property Trust, in which the Company has a 31.4 per cent. interest and the Company itself. The Company's share of the performance fee charge in its associate was £315,000 (2008: £nil) and £443,000 was charged direct to the Group. At 31 March 2009 all of this fee remained outstanding.

Mr P. Firth is managing director of Butterfield Fulcrum Group (Guernsey) Limited, the Company's administrator. Butterfield Fulcrum Group (Guernsey) Limited received £73,000 (five months to 31 March 2008: £29,000) in payment of administration services during the year. At 31 March 2009 £23,000 (31 March 2008: £18,000) remained outstanding and is reflected in the year end creditor balance.

Certain of the Directors have undertaken to subscribe for New Ordinary Shares under the Placing and Open Offer. Further details are set out in paragraph 8.1 of this Part 11 of the document.

21. General

21.1 The joint auditors of the Company are BDO Novus Limited of PO Box 180, Place du Pre, Rue du Pre, St. Peter Port, Guernsey GY1 3LL and BDO Stoy Hayward LLP of Emerald House, East Street, Epsom KT17 1HS who have audited the Company's accounts for the five month period ended 31 March 2008 and the financial year ended 31 March 2009. The audit reports were unqualified.

21.2 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has (i) received, directly or indirectly, from the Company within the 12 months preceding the date of this document or (ii) entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:

- (i) fees totalling £10,000 or more; or
- (ii) securities in the Company where these have a value of £10,000 or more calculated by reference to the Issue Price; or
- (iii) any other benefit with a value of £10,000 or more on the date of Admission.

21.3 No Director or member of a Director's family has any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares.

21.4 The accounting reference date of the Company is 31 March.

21.5 The Company's annual report and accounts are prepared up to 31 March each year and copies are sent to shareholders within four months of this date. Shareholders will also receive an unaudited interim report covering the six months to 30 September each year, which are despatched in December.

21.6 The Company's net asset value per Ordinary Share is calculated half yearly, as at 31 March and 30 September in each year, and published at the same time as the corresponding preliminary or interim results.

21.7 CB Richard Ellis provides semi-annual independent valuations of the assets of the Company.

21.8 The total costs and expenses of or incidental to the Placing and Open Offer, including commissions and fees payable to advisers, legal and accounting fees and expenses, and the costs of printing and distribution of documents are estimated to amount to approximately £6,250,000 (including VAT) and are payable by the Company.

- 21.9 None of the Property Adviser, Butterfield, Capita Registrars and the Reporting Accountants have any interest in the Ordinary Shares.
- 21.10 No person has been authorised to give any information or to make any representations other than those contained in this document and, if given or made, such information or representation must not be relied on as having been authorised by the Company or KBC Peel Hunt. Subject to the AIM Rules, FSMA, the Prospectus Rules and the Disclosure and Transparency Rules, neither the delivery of this document nor any subscription or acquisition made under it shall, in any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in it is correct as at any subsequent date. No statement in this document is intended as a profit forecast.
- 21.11 Unless otherwise indicated, financial information in respect of the Company or the Group in this document has been prepared in accordance with IFRS.
- 21.12 The contents of this document should not be construed as legal, financial or tax advice. Each prospective investor should consult its own solicitor, financial adviser or tax adviser for legal, financial or tax advice.
- 21.13 Capitalised terms have the meaning ascribed to them in part 12 of this document.
- 21.14 Percentages in tables have been rounded and accordingly may not add up to 100 per cent. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.
- 21.15 The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this document.

22. Takeover bids

22.1 *Mandatory bids*

The City Code applies to the Company and will do so for so long as its place of central management and control is in Guernsey. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for the Ordinary Shares in the Company by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties) Ordinary Shares carrying between 30 to 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

22.2 *Squeeze-out*

The Companies (Guernsey) Law 2008, as amended, provides for compulsory acquisition of shares by transferees. The circumstances are:

- (a) a scheme or contract (the "**Offer**") involving the transfer of shares or any class of shares in a company (the "**transferor**") to any person (the "**transferee**") is approved within four months of making the offer or arrangement by shareholders comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares);
- (b) the transferee may, within two months of the expiration of those four months give notice to any dissenting shareholders that the transferee desires to acquire his shares; and
- (c) the transferee is entitled and bound to acquire those shares on terms on which the shares of the opposing shareholders are to be transferred to the transferee.

22.3 Takeover bids

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

23. Documents available for inspection

Copies of the following documents may be inspected at the offices of KBC Peel Hunt, at 111 Old Broad Street, London, EC2N 1PH and at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date of that is 12 months after Admission:

- 23.1 the memorandum of association of the Company and the Articles;
- 23.2 the audited consolidated accounts of the Company and its subsidiaries for the five month period ended 31 March 2008 and the financial year ended 31 March 2009 and the unaudited interim results for the period ended 30 September 2008;
- 23.3 the reports of BDO Stoy Hayward LLP and CB Richard Ellis contained in Parts 6, 8 and 10 of this document; and
- 23.4 this document.

In addition, copies of this Prospectus are available, for inspection only, from the Document Viewing Facility, UK Listing Authority, The Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

24. Availability of the Prospectus

Copies of this document will be available free of charge from the registered office of the Company and KBC Peel Hunt, 111 Old Broad Street, London, EC2N 1PH during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of Admission and are available at www.londonandstamford.com.

PART 12

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“1985 Act”	the Companies Act 1985 (as amended);
“2006 Act”	the Companies Act 2006 (as amended);
“Acquisition”	the acquisition by the Company, of LSIL, including its subsidiaries, pursuant to the Share Exchange Agreement;
“Admission”	admission of the New Ordinary Shares to trading on AIM and PLUS;
“AIM”	AIM, a market operated by London Stock Exchange;
“AIM Rules”	the AIM rules for companies published by London Stock Exchange;
“Applicant”	a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form or relevant CREST instruction under the Open Offer;
“Application Form”	the application form accompanying this document on which Qualifying non-CREST Shareholders may apply for Open Offer Shares under the Open Offer;
“Arlington”	Supertwice Services Limited, formerly named Arlington Securities Plc (company no. 1277236);
“Articles” or “Articles of Association”	the articles of association of the Company, as further described in paragraph 7 of part 11 of this document;
“Bank of Scotland”	the Governor and Company of the Bank of Scotland;
“Bank of Scotland PLC”	the Bank of Scotland PLC;
“Board” or “Directors”	the directors of the Company as at the date of this document, whose names are set out on page 20 of this document;
“BoS Facility Agreement”	as specified in paragraph 14.4 of Part 11 of this document;
“British Aerospace”	BAE Systems plc, formerly named British Aerospace plc (Company no. 01470151) whose registered office is 6 Carlton Gardens, London SW1Y 5AD;
“British Land”	The British Land Company Public Limited Company (company no. 00621920) whose registered office is York House, 45 Seymour Street, London W1H 7LG;
“Business Day”	a day (other than Saturday or Sunday or a bank holiday) on which banks are generally open for normal banking business in the City of London;
“Butterfield”	Butterfield Fulcrum Group (Guernsey) Limited, 2nd Floor, Regency Court, Glatigny Esplanade, St. Peter Port, Guernsey GY1 3NQ;
“Capita Registrars”	a trading name of Capita Registrars Limited;
“CB Richard Ellis”	CB Richard Ellis Limited;

“certificated” or “in certificated form”	in relation to an Ordinary Share, title to which is recorded in the relevant register of Ordinary Shares as being held in certificated form (that is, not in CREST);
“City Code”	the UK City Code on Takeovers and Mergers;
“Combined Code”	the UK Combined Code on Corporate Governance;
“Companies Laws”	the Companies (Guernsey) Laws 2008, as amended;
“Company” or “LSP”	London & Stamford Property Limited;
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations;
“CREST Manual”	the rules governing the operation of CREST as published by Euroclear;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
“Disclosure and Transparency Rules”	the disclosure and transparency rules of the FSA;
“EEA”	the European Economic Area;
“Enlarged Issued Share Capital”	the issued ordinary share capital of Group immediately following Admission;
“ERISA”	the United States Employee Retirement Income Security Act of 1974, as amended;
“EU”	the European Union;
“Euroclear”	Euroclear UK & Ireland Limited;
“Excluded Jurisdictions”	Canada, Australia, Japan, the Republic of South Africa and New Zealand;
“Existing Ordinary Shares”	the 285,000,000 Ordinary Shares in issue at the date of this document;
“Facility Agreements”	the BoS Facility Agreement, the Leeds Facility Agreement and the Aintree Facility Agreement (as defined in paragraphs 14.3 and 14.14 of Part 11);
“Firm Placing”	the agreement by KBC Peel Hunt on behalf of the Company, to procure places for the Firm Placed Shares pursuant to the Underwriting Agreement;
“Firm Placed Shares”	the 72,500,000 New Ordinary Shares which are to be allotted pursuant to the Firm Placing;
“FSA”	the Financial Services Authority;
“FSMA”	the Financial Services Market Act 2000 as amended from time to time;
“GEAM”	GEAM L&S Management Investor (Scotland), a limited partnership registered in Scotland under the Limited Partnership Act 1907 and controlled by GEPT;

“GEPT”	GE Asset Management Incorporated, acting in its capacity as investment manager of the General Electric Pension trust;
“Green Park Investments” or “Green Park”	Green Park Investments, a company incorporated in Cayman Islands with registration no. 214124;
“Group”	the Company and its subsidiaries at the date of this document;
“Guernsey Law”	the laws of the Bailiwick of Guernsey;
“HMRC”	Her Majesty’s Revenue & Customs and, where relevant, any predecessor body which carried out part of its functions and references to any approved HMRC shall, where appropriate, include approval by an officer of Her Majesty’s Revenue & Customs;
“IDs”	identifications;
“Initial Portfolio”	the property portfolio of LSIL and its subsidiaries at the date LSIL was acquired by the Company pursuant to the Share Exchange Agreement;
“International Financial Reporting Standards” or “IFRS”	International Financial Reporting Standards maintained by the International Accounting Standards Board (IASB) and which are in force from time to time, as adopted by the European Union;
“IPD”	International Property Databank Limited;
“IPO Placing”	the placing by KBC Peel Hunt of Ordinary Shares pursuant to the IPO Placing Agreement;
“IPO Placing Agreement”	the agreement dated 2 November 2007, between the Company, Raymond Mould, Patrick Vaughan, Humphrey Price, LSI Management and KBC Peel Hunt further details of which are set out in paragraph 14.7 of Part 11 of this document;
“IRR”	internal rate of return;
“ISIN”	International Securities Identification Number;
“Issue Price”	105 pence per New Ordinary Share;
“ISA”	individual savings accounts;
“KBC Peel Hunt” or “Broker”	KBC Peel Hunt Ltd;
“Lending Banks”	Bank of Scotland PLC and Deutsche Postbank;
“LIBOR”	The British Bankers’ Association Interest Settlement Rate for Sterling for the relevant period, displayed on the appropriate page of the Reuters screen, or if unavailable another name or screen as agreed between the parties to the agreement;
“London Stock Exchange” or “LSE”	London Stock Exchange plc;
“LSI Management” or “Property Adviser”	LSI Management LLP;
“LSIL”	London & Stamford Investments Limited;
“LSP Green Park Property Trust” or “Trust”	the unit trust scheme constituted by the Trust Instrument;

“LSP Subsidiary”	London & Stamford Property Subsidiary Limited;
“Management Team”	Raymond Mould, Patrick Vaughan, Humphrey Price, Martin McGann, Stewart Little, Jeremy Bishop, Jazzia Duzniak and Jackie Jessop;
“Member Account ID”	the identification code or number attached to any member account in CREST;
“Member State”	a sovereign state which is a member of the European Union;
“Money Laundering Regulations 2007”	the Money Laundering Regulations 1993 (SI 1993 No. 1933), as amended, and the Money Laundering Regulations 2007;
“NAV” or “Net Asset Value”	the value of the assets of the Group less its liabilities, determined in accordance with the accounting principles adopted by the Group from time to time or, as the context requires, the net asset value per Ordinary Share calculated in accordance with the Company’s accounting policies;
“New Issue”	the issue of 215,000,000 New Ordinary Shares pursuant to the Placing and Open Offer;
“New Ordinary Shares”	215,000,000 new Ordinary Shares proposed to be allotted and issued by the Company pursuant to the Placing and Open Offer;
“Official List”	the Official List of the UKLA;
“Open Offer”	the invitation contained in this document to Qualifying Shareholders inviting them to apply to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in Part 5 of this document and where applicable, in the Application Form;
“Open Offer Entitlements”	the <i>pro rata</i> entitlements to subscribe for Open Offer Shares allocated to a Qualifying Shareholder pursuant to the Open Offer;
“Open Offer Placing”	the conditional placing of Open Offer Shares by KBC Peel Hunt on behalf of the Company pursuant to the Underwriting Agreement, subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer;
“Open Offer Shares”	142,500,000 New Ordinary Shares to be allotted and issued pursuant to the Open Offer;
“Ordinary Shares”	fully paid ordinary shares of 10 pence each in the capital of the Company;
“Overseas Shareholders”	holders of Ordinary Shares with registered addresses outside the United Kingdom or who are citizens of, incorporated in, registered in or otherwise resident in, countries outside the United Kingdom;
“participant ID”	identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“PEP”	personal equity plan;
“Pillar”	Pillar Property Group Limited, formerly named Pillar Property plc (company no. 2570618);
“Placing”	the Firm Placing and the Open Offer Placing;

“PLUS”	PLUS Markets plc;
“Prohibited Share(s)”	such number of shares or interest in shares in the Company as are held directly or indirectly by a person who is a “benefit plan investor” within the meaning of Section 3(42) of ERISA that, in the opinion of the Directors, results in (a) 25 per cent. or more of the issued share capital of the Company being held by “benefit plan investors” or (b) any asset of the Company or its subsidiaries from time to time being “plan assets” within the meaning of United States Department of Labor Regulation 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA;
“Property Adviser” or “LSI Management”	LSI Management LLP;
“Property Advisory Agreement”	the property advisory agreement dated 30 October 2007 (as varied by a deed of variation dated 9 July 2009) between the Company and the Property Adviser pursuant to which the Property Adviser provides certain property advisory services to certain members of the Group, a summary of which is set out at paragraph 14.2 of Part 11 of this document;
“Property Portfolio”	the property portfolio of the Group from time to time;
“Prospectus Directive”	Directive 2003/73/EC, and including any relevant implementing measure in each Member State of the European Economic Area;
“Prospectus Rules”	the prospectus rules made of the FSA for the purpose of Part VI of FSMA;
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company on the Record Date are in uncertificated form;
“Qualifying non-CREST Shareholders”	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company on the Record Date are in certificated form;
“Qualifying Shareholders”	holders of Ordinary Shares on the register of members of the Company on the Record Date other than certain Overseas Shareholders as set out in paragraph 16 of Part 11 of this document;
“Record Date”	the record date for the Open Offer, being 5.00 p.m. on 8 July 2009;
“REIT”	a UK Real Estate Investment Trust;
“Regulatory Information Service”	a service provided by the LSE for the distribution to the public company announcements;
“Reporting Accountant”	BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey KT17 1HS;
“SDRT”	stamp duty reserve tax;
“Securities Act”	the United States Securities Act of 1933, as amended;
“Share Exchange Agreement”	the agreement dated 30 October 2007 between LSIL, Raymond Mould, Patrick Vaughan, Humphrey Price, GEPT, Jeremy Bishop, Stewart Little and the Company relating to the Acquisition, as varied by a deed of variation dated 31 December 2007, a summary of which is set out at paragraph 14.5 of Part 11 of this document;
“Shareholder”	a holder of Ordinary Shares;

“subsidiary”	a subsidiary as defined in section 736(1) of the 1985 Act, any interest in a Guernsey unit trust or an English limited partnership;
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
“Takeover Panel”	the Panel on Takeovers and Mergers;
“Trust Instrument”	the trust instrument dated 22 April 2008 (as amended by a supplemented trust instrument dated 9 February 2009) between Butterfield Trust (Guernsey) Limited (as trustee), Moulinet Trustees Limited (as trustee) and LSP Cavendish Management Limited (as manager), relating to LSP Green Park Property Trust;
“UK GAAP”	generally accepted accounting principles in the United Kingdom;
“UK Listing Authority” or “UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies;
“uncertificated” or “in uncertificated form”	an Ordinary Shares recorded on the Company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“Underwriting Agreement”	the conditional agreement dated 10 July 2009 between the Company, LSI Management and KBC Peel Hunt relating to the Placing and Open Offer, details of which are set out in paragraph 14.6 of Part 11 of this document;
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“USE”	unmatched Stock Event;
“Valuation Report”	the valuation report prepared by CB Richard Ellis included as Part 10 of this document; and
“VAT”	value added tax.

