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# London & Stamford Property Plc Half Year Report 2011



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## Financial highlights

	Unaudited Six months to 30 September 2011	Unaudited Six months to 1 October 2010	Audited Year to 31 March 2011
Net income	<b>£21.5m</b>	£15.0m	£41.8m
Underlying trading profit*	<b>£13.0m</b>	£6.1m	£14.7m
Revaluation surplus*	<b>£1.6m</b>	£20.9m	£51.0m
Movement in derivatives*	<b>£(10.2)m</b>	£(4.3)m	£7.0m
Exceptional costs and tax	<b>£(9.7)m</b>	£(6.4)m	£(29.4)m
Earnings for the period	<b>£(5.3)m</b>	£16.3m	£43.3m
EPRA earnings for the period	<b>£11.5m</b>	£3.7m	£15.8m
Investment properties*	<b>£1,012.3m</b>	£722.7m	£987.7m
Cash deposits	<b>£124.6m</b>	£188.8m	£156.8m
Bank debt	<b>£316.3m</b>	£289.3m	£383.0m
Net assets	<b>£645.5m</b>	£658.5m	£668.7m
NAV per share	<b>118.3p</b>	120.7p	122.5p
EPRA NAV per share	<b>120.6p</b>	122.1p	122.4p
Earnings per share	<b>(1.0)p</b>	3.3p	8.3p
EPRA earnings per share	<b>2.1p</b>	0.7p	3.0p
Dividend per share	<b>3.5p</b>	3.0p	6.3p

\* Includes share of associates and joint ventures

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## Financial Calendar

Announcement of Interim results	24 November 2011
Financial dividend – Ex dividend date	30 November 2011
– Record date	2 December 2011
– Payable on	21 December 2011

## Shareholder Information

### Directors of the Company

*Raymond Mould*  
(Executive Chairman)

*Patrick Vaughan*  
(Chief Executive)

*Martin McGann*  
(Finance Director)

*Charles Cayzer*  
(Non-Executive Director and  
Senior Independent Director)

*Humphrey Price*  
(Non-Executive Director and  
Chairman of the Audit Committee)

*James Dean*  
(Non-Executive Director and  
Chairman of the Remuneration  
Committee)

*Mark Burton*  
(Non-Executive Director)

*Richard Crowder*  
(Non-Executive Director)

### Advisors to the Company

Joint Financial Advisors  
and Brokers  
*Peel Hunt LLP*  
111 Old Broad Street  
London EC2N 1PH

*Credit Suisse Securities (Europe)  
Limited*  
One Cabot Square  
London E14 4QJ

Auditors  
*BDO LLP*  
55 Baker Street  
London W1U 7EU

Property Valuers  
*CB Richard Ellis Limited*  
St Martin's Court  
10 Paternoster Row  
London EC4M 7HP

*Savills plc*  
20 Grosvenor Hill  
London W1K 3HQ

### Solicitors to the Company

*Jones Day*  
21 Tudor Street  
London EC4Y 0DJ

*Nabarro LLP*  
Lacon House  
84 Theobald's Road  
London WC1X 8RW

*Mourant Ozannes*  
PO Box 186  
1 Le Marchant Street  
St Peter Port  
Guernsey  
Channel Islands GY1 4HP

Registrar  
*Capita Registrars*  
The Registry  
34 Beckenham Road  
Beckenham, Kent  
BR3 4TU

Secretary and Registered  
Address  
*Jadzia Duzniak*  
21 St James's Square  
London SW1Y 4JZ  
[londonandstamford.com](http://londonandstamford.com)

### REIT status and taxation

As a UK REIT, the Group is exempt from corporation tax on rental income and UK property gains. Dividend payments to shareholders are split between Property Income Distributions (PIDs) and non-PIDs.

For most shareholders, PIDs will be paid after deducting withholding tax at the basic rate. However, certain categories of shareholder are entitled to receive PIDs without withholding tax, principally UK resident companies, UK public bodies, UK pension funds and managers of ISAs, PEPs and Child Trust Funds. There is a form on the Company's website for shareholders to certify that they qualify to receive PIDs without withholding tax.

### Payment of dividends

Shareholders who would like their dividends paid direct to a bank or building society account should notify Capita Registrars. Tax vouchers will continue to be sent to the shareholder's registered address.

## Chairman's statement

### Over the course of the last six months, the economic and financial uncertainty emanating from Europe has cast a shadow over the UK economy.

In times such as these, we consider it is necessary to remain cautious and, as a result, we have worked to maintain significant free cash balances to ensure that the business retains its great flexibility and its opportunistic nature. This, coupled with our asset management skills, helps to ensure London & Stamford remains well positioned to deliver on our strategy of identifying and making investments with the potential to deliver strong, sustainable income, whilst adding shareholder value through the implementation of asset management initiatives and achieving good returns on asset disposals where we consider it appropriate.

We have retained significant firepower and maintained our disciplined criteria to investment in a very challenging economic environment. However, we are delighted to have secured £157.5 million of further investment during this period. We also continue to assess opportunities to invest and are hopeful of making further material investments during this financial year.

#### Results

We have seen an increase in our trading profits from £8.6 million for the six months to 31 March 2011 to £13.0 million for the current six month period, an uplift of 51%. However, we have seen little overall increase in the value of our portfolio, which has shown a gain of only £1.6 million in total, compared to £30.1 million in the previous period. Yields have been stable in the period and with virtually no vacant property in the portfolio, there has been little scope for new lettings and valuation uplifts. However, where opportunities have presented themselves they have been seized upon and as a result there has been a lot of positive activity at Meadowhall and lease regearing of the distribution portfolio (see below).

In recognition of the significant increase in underlying profits in the period, the Board has

approved an interim dividend of 3.5p per share (£19.1 million) in respect of the year to 31 March 2012, a 16.7% increase over the interim dividend in 2011 (2011 interim dividend: 3.0p per share) which will be accounted for in the second half of the year. The payment of the interim dividend will be made on 21 December 2011. Of the interim dividend of 3.5p per share, 1.3p per share will be a Property Income Distribution.

#### Cash Resources

As at the end of September 2011, our cash balance was £124.6 million, being 19% of our net asset value.

When combined with committed but unspent funding from our Joint Venture partner, Green Park Investments, our cash resources represent geared firepower in the region of £700 million.

#### Acquisitions in the Period

Whilst we have retained this significant firepower, we have also taken advantage of buying opportunities as they have arisen.

During the period, the Group has acquired One Carter Lane in the City of London which is let to Goldman Sachs for £75 million, as advised in my Statement to you on 26 May 2011.

We increased our London residential portfolio through the acquisition of 74 residential units at Clapham Road, The Oval, London at the end of August for £24.4 million. We have also contracted to acquire for £49.1 million a further 107 units currently under construction at Seward Street, Islington. These units will be completed during 2012.

We also added to our distribution portfolio in the period, buying a vacant 212,000 sq ft unit at Magna Park for £9.0 million, where we've just completed a refurbishment, and buying into our joint venture portfolio with Green Park Investments, a distribution unit at Harlow, let to Tesco for £22.9 million.

#### Distribution Portfolio

The largest contributor to our increased trading profits has been the extremely good cash on cash yields from our distribution assets. Conversely, in the case of our vacant distribution investments, particularly at Tamworth, our valuers have valued these properties assuming that three years of income is not received, resulting in a total

## Chairman's statement

diminution in value of £12 million. We expect this diminution in value to be restored upon re-letting. We remain confident that both these units will be fully income producing during our financial year.

During the period we sold a 50% interest in ten of our distribution assets to Green Park Investments for £41.8 million.

### Residential Portfolio

The residential portfolio is a major contributor to the overall increase in the value of the portfolio, which on an equity investment of £105.3 million showed an increase of £9.1 million, an 8.6% return over the six months. We remain enthusiastic about the opportunities in residential, focusing on a sector which we have thoroughly analysed and which we are confident will see growth. The new rents achieved on lettings in each of our buildings in the half year produced an average increase of 14% per annum in the case of Highbury and 13% at Battersea. This is very encouraging rental growth in one of the few areas of the property market where rental growth is visible, and where demand remains strong.

There are no voids in Highbury, and five flats are being re-let at Battersea. On our latest completed acquisition at Clapham Road, The Oval, which we bought in August, we have already completed or put in solicitors' hands the letting of 57 units out of the total of 74. These lettings were achieved at levels 3.3% ahead of our initial expectations.

During the period we entered into a new five year banking facility with MetLife for £25 million, secured against the Highbury flats.

As further guidance is expected from The Treasury in December on possible changes to the UK REIT regime, we are exploring the opportunity of establishing a residential REIT. On the completion of our acquisition at Seward Street, Islington, the residential portfolio will be approaching £170 million in value. We believe that further expansion of the portfolio, with potential for new investors to come on board to in excess of £300 million would provide a suitable platform for the creation of a residential REIT in which we would intend to retain a significant stake.

### Meadowhall

Our only retail investment is our 15.7% share of Meadowhall, Sheffield, which has also made a

positive contribution to the value of the portfolio. As one of only six super regional shopping centres in the UK, the retailing picture at Meadowhall has remained strong despite the challenging UK economic environment. Overall sales have increased in the period by 1% and 23 new leases were signed with retailers and a further nine with restaurants and caterers. We continue our focus on refreshing the retail offer and this period saw the successful openings of new fashion stores for Vans, Van Mildert and Moss. To complement the continued improvement in the quality of retailers in the centre, the full refurbishment of the Oasis food court is now complete. By redesigning the original Oasis we have been able to introduce new brands such as Giraffe, Rice, Chaophraya and Las Iguanas on the upper level and create improved seating and kiosk led offer at ground level.

### City of London Office Portfolio

Our office portfolio has shown a small decline in value this period. Whilst Fleet Place is unchanged, we added One Carter Lane to the portfolio and it is part of the acquisition costs of that purchase that represent the slight reduction in value in that sector of our portfolio. One Carter Lane is let for a further six years with an impending break, potentially representing an interesting and timely opportunity. We are assuming that the break will be exercised, but have no firm guidance at this time. We are working with Stanhope to provide us with revised options; either for a first class refurbishment proposal, or a quicker solution if a break occurs, so that we can provide either a comprehensive refurbishment, if time permits, or an immediate one to allow us to react quickly to market requirements.

If the break is not exercised, we would expect to see considerable yield improvement in the next period.

New debt was put in place with Santander and Deka in respect of One Carter Lane, which was cross collateralised with Fleet Place in a new £100 million facility, replacing the previous £55 million facility on Fleet Place with Santander.

### Outlook

We find ourselves currently in a complex market, where prime yields remain firm, sustained by the low cost of capital with significant levels of capital available for prime investment. We have at the same time seen weakening in non-prime property,

and we think that will continue due to the increasing occupational risk as a result of the UK economy.

We continue to look for opportunities to invest and since the start of the period we have been working on significant opportunities for the Company which we are confident would help further balance our portfolio mix to ensure it is able to withstand economic fluctuations, whilst ensuring returns which compare well with our investment targets.

We continually review the portfolio and, where appropriate, we will seek to make sales with a view to reinvestment. We are advised that where we are considering sales at the moment, we will achieve price levels above our current book values, capturing significant profits on potential disposals.

Our existing fire power in addition to any resultant cash from disposals, coupled with our asset management skills, put us in a very strong position to take advantage of opportunities as they arise.



**H R Mould**

Chairman  
24 November 2011

# Independent Review Report to London & Stamford Property Plc

## Introduction

We have been engaged by the company to review the condensed set of financial statements in the Half Year Report for the six months ended 30 September 2011 which comprises the Group Income Statement, the Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cash Flow Statement and the related notes.

We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' responsibilities

The Half Year Report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the Half Year Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this Half Year Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

## Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly

disclaim any and all such liability.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Year Report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

## BDO LLP

Chartered Accountants and Registered Auditors  
London, United Kingdom  
24 November 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Group Income Statement

	Note	Unaudited Six months to 30 September 2011 £000	Unaudited Six months to 1 October 2010 £000	Audited Year to 31 March 2011 £000
Net rental income	3	18,251	15,037	36,056
Property advisory fee income		3,055	–	5,591
Net proceeds from sales of trading properties	3	160	–	181
<b>Net income</b>		<b>21,466</b>	15,037	41,828
General corporate costs		(4,483)	(5,267)	(10,699)
Share-based payments		(6,681)	–	(6,609)
Negative goodwill on acquisition of subsidiaries		–	42,917	42,917
Write down of positive goodwill on acquisition of subsidiaries		–	–	(7,544)
Write down and amortisation of intangible asset	10	(1,983)	(34,900)	(36,871)
Acquisition costs		–	(7,759)	(9,026)
Total administrative costs		(13,147)	(5,009)	(27,832)
Profit on revaluation of investment properties	8	(2,197)	13,657	30,080
(Loss)/profit on sale of investment properties and subsidiaries		734	2,947	2,609
Share of profits of associates and joint ventures	9	3,194	8,531	21,961
<b>Operating profit</b>		<b>10,050</b>	35,163	68,646
Finance income	4	373	651	1,165
Finance costs	4	(7,100)	(9,086)	(19,960)
Change in fair value of derivative financial instruments	4	(6,739)	(3,530)	6,923
<b>(Loss)/profit before tax</b>		<b>(3,416)</b>	23,198	56,774
Taxation	5	(1,027)	(6,621)	(12,307)
<b>(Loss)/profit for the period and total comprehensive income attributable to:</b>				
Equity shareholders		(5,258)	16,310	43,312
Minority interest		815	267	1,155
		(4,443)	16,577	44,467
<b>Earnings per share</b>				
Basic and diluted	7	(1.0)p	3.3p	8.3p

All amounts relate to continuing activities.

## Group Balance Sheet

	Note	Unaudited As at 30 September 2011 £000	Unaudited As at 1 October 2010 £000	Audited As at 31 March 2011 £000
<b>Non-current assets</b>				
Investment properties	8	<b>652,167</b>	497,383	748,275
Investment in equity accounted associates and joint ventures	9	<b>162,547</b>	103,374	115,345
Intangible asset	10	<b>14,406</b>	18,360	16,389
Other tangible assets		<b>423</b>	385	348
Deferred tax assets	5	<b>6,937</b>	9,492	7,883
		<b>836,480</b>	628,994	888,240
<b>Current assets</b>				
Trading properties		<b>4,309</b>	30,294	5,760
Trade and other receivables	11	<b>32,952</b>	149,045	45,291
Cash and cash equivalents	12	<b>124,568</b>	188,788	156,785
		<b>161,829</b>	368,127	207,836
<b>Total assets</b>		<b>998,309</b>	997,121	1,096,076
<b>Current liabilities</b>				
Trade and other payables	13	<b>14,104</b>	20,206	18,574
Taxation payable		<b>2,942</b>	11,036	14,197
		<b>17,046</b>	31,242	32,771
<b>Non-current liabilities</b>				
Borrowings	14	<b>316,275</b>	289,302	382,956
Derivative financial instruments	14	<b>13,842</b>	13,597	6,642
		<b>330,117</b>	302,899	389,598
<b>Total liabilities</b>		<b>347,163</b>	334,141	422,369
<b>Net assets</b>		<b>651,146</b>	662,980	673,707
<b>Equity</b>				
Called up share capital	15	<b>54,580</b>	54,580	54,580
Other reserve		<b>47,551</b>	48,084	47,551
Retained earnings		<b>543,400</b>	555,880	566,589
<b>Equity shareholders' funds</b>		<b>645,531</b>	658,544	668,720
Minority interest		<b>5,615</b>	4,436	4,987
<b>Total equity</b>		<b>651,146</b>	662,980	673,707
<b>Net asset value per share</b>	7	<b>118.3p</b>	120.7p	122.5p

The notes on pages 9 to 18 form part of these financial statements.



## Group Statement of Changes in Equity

<b>As at 30 September 2011 (Unaudited)</b>	Note	Share capital £000	Special reserve £000	Other reserve £000	Retained earnings £000	Sub- total £000	Minority interest £000	Total £000
At 1 April 2011		<b>54,580</b>	–	<b>47,551</b>	<b>566,589</b>	<b>668,720</b>	<b>4,987</b>	<b>673,707</b>
(Loss)/profit for the period		–	–	–	<b>(5,258)</b>	<b>(5,258)</b>	<b>815</b>	<b>(4,443)</b>
Share-based payments		–	–	–	<b>80</b>	<b>80</b>	–	<b>80</b>
Dividends paid	6	–	–	–	<b>(18,011)</b>	<b>(18,011)</b>	<b>(187)</b>	<b>(18,198)</b>
<b>At 30 September 2011 (Unaudited)</b>		<b>54,580</b>	–	<b>47,551</b>	<b>543,400</b>	<b>645,531</b>	<b>5,615</b>	<b>651,146</b>
<b>As at 1 October 2010 (Unaudited)</b>	Note	Share capital £000	Special reserve £000	Other Reserve £000	Retained earnings £000	Sub- total £000	Minority interest £000	Total £000
At 1 April 2010		50,000	446,620	–	103,950	600,570	–	600,570
Profit for the period		–	–	–	16,310	16,310	267	16,577
Minority interest on acquisition of subsidiary		–	–	–	–	–	4,169	4,169
Reverse acquisition and share for share exchange		–	(446,620)	–	446,620	–	–	–
Share issue on acquisition of Property Advisor		4,580	–	48,084	–	52,664	–	52,664
Dividends paid	6	–	–	–	(11,000)	(11,000)	–	(11,000)
<b>At 1 October 2010 (Unaudited)</b>		<b>54,580</b>	–	<b>48,084</b>	<b>555,880</b>	<b>658,544</b>	<b>4,436</b>	<b>662,980</b>

## Group Cash Flow Statement

	Unaudited Six months to 30 September 2011 £000	Unaudited Six months to 1 October 2010 £000	Audited Year to 31 March 2011 £000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax	<b>(3,416)</b>	23,198	56,774
<b>Adjustments for non-cash items:</b>			
Profit on revaluation of investment properties	<b>2,197</b>	(13,657)	(30,080)
Profit on sale of investment properties and subsidiaries	<b>(734)</b>	(2,947)	(2,609)
Share of post-tax profit of associates and joint ventures	<b>(3,194)</b>	(8,531)	(21,961)
Share-based payment	<b>6,681</b>	–	6,609
Negative goodwill on acquisition of subsidiaries	<b>–</b>	(42,917)	(35,373)
Write down of intangible asset	<b>1,983</b>	34,900	36,871
Net finance costs	<b>13,466</b>	11,965	11,872
Cash flows from operations before changes in working capital	<b>16,983</b>	2,011	22,103
Change in trade and other receivables	<b>2,412</b>	1,513	(1,984)
Movement in lease incentives	<b>(125)</b>	–	(2,862)
Change in trade and other payables	<b>(515)</b>	3,141	1,316
Change in trading properties	<b>1,451</b>	(30,294)	(5,760)
Cash flows from operations	<b>20,206</b>	(23,629)	12,813
Interest received	<b>368</b>	638	1,160
Interest paid	<b>(6,240)</b>	(4,449)	(11,441)
Tax paid	<b>(8,236)</b>	(207)	(1,123)
Financial arrangement fees and break costs	<b>(1,851)</b>	(1,210)	(10,768)
<b>Cash flows from operating activities</b>	<b>4,247</b>	(28,857)	(9,359)
<b>Investing activities</b>			
Purchase of subsidiary undertakings net of cash acquired	<b>–</b>	2,049	(77,844)
Purchase of investment properties	<b>(115,017)</b>	–	(59,656)
Purchase of other tangible assets	<b>(124)</b>	–	–
Capital expenditure on investment properties	<b>(311)</b>	(506)	(7,708)
Sale of investment property	<b>2,275</b>	–	103,168
Sale of subsidiary undertakings net of cash disposed	<b>34,411</b>	–	–
Cash flow to associates and joint ventures	<b>(5,890)</b>	(5,558)	(4,099)
<b>Cash flows from investing activities</b>	<b>(84,656)</b>	(4,015)	(46,139)
<b>Financing activities</b>			
Dividends paid	<b>(17,493)</b>	(11,000)	(27,711)
Purchase of shares held in trust	<b>–</b>	–	(533)
New borrowings	<b>121,000</b>	18,315	151,565
Repayment of loan facilities	<b>(55,315)</b>	(62,248)	(187,631)
<b>Cash flows from financing activities</b>	<b>48,192</b>	(54,933)	(64,310)
<b>Net decrease in cash and cash equivalents</b>	<b>(32,217)</b>	(87,805)	(119,808)
Opening cash and cash equivalents	<b>156,785</b>	276,593	276,593
<b>Closing cash and cash equivalents</b>	<b>124,568</b>	188,788	156,785

The notes on pages 9 to 18 form part of these financial statements.

# Notes to the Half Year Report

## 1 General information

London & Stamford Property Plc was incorporated on 13 January 2010 under the Companies Act 2006 as a public limited company domiciled in the United Kingdom. The address of its registered office is 21 St James's Square, London SW1Y 4JZ.

The Group is a UK-REIT and London & Stamford Property Plc is the principal Company of the UK-REIT Group.

The consolidated condensed financial statements of the Group for the half year to 30 September 2011 comprise the results of the Company and its subsidiaries and were authorised by the Board for issue on 24 November 2011.

## 2 Basis of preparation

The financial information contained in this report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

The condensed financial statements for the half years ended 30 September 2011 and 1 October 2010 are unaudited and do not constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006. The annual financial statements are prepared in accordance with IFRSs as adopted by the European Union. The comparative financial information for the year ended 31 March 2011 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for the year ended 31 March 2011 have been filed with the Registrar of Companies. The Independent Auditor's Report on those financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The accounting policies adopted are consistent with those as reported in the Group's annual financial statements for the year to 31 March 2011, and in accordance with those the Group expects to be applicable at 31 March 2012.

The Group has one business activity, being property investment and development and operates in the United Kingdom. The Group's investment properties are managed as a single portfolio by an asset management team whose responsibilities are not segregated by assets type or location, but on an asset by asset basis. The Board receives financial information for the portfolio as a whole and not as separate businesses or divisions. The Directors have considered the nature of the business, how the business is managed and how they review performance and, in their judgement believe that the Group has only one reportable business segment.

## Notes to the Half Year Report

**3 Net income**

	<b>Unaudited Six months to 30 September 2011 £000</b>	Unaudited Six months to 1 October 2010 £000	Audited Year to 31 March 2011 £000
Gross rental income	<b>19,343</b>	16,331	38,766
Property outgoings	<b>(1,092)</b>	(1,294)	(2,710)
	<b>18,251</b>	15,037	36,056
Proceeds from sales of trading properties	<b>1,665</b>	–	1,700
Cost of sales of trading properties	<b>(1,505)</b>	–	(1,519)
	<b>160</b>	–	181

For the six months to 30 September 2011 15% (1 October 2010: 18%, 31 March 2011: 15%) of the Group's gross rental income was receivable from one tenant.

Property outgoings of £0.3 million (1 October 2010: £0.3 million, 31 March 2011: £0.5 million) related to investment properties that did not generate rental income in the period.

**4 Finance income and costs**

	<b>Unaudited Six months to 30 September 2011 £000</b>	Unaudited Six months to 1 October 2010 £000	Audited Year to 31 March 2011 £000
<b>Finance income</b>			
Interest on short-term deposits	<b>373</b>	651	1,165
	<b>373</b>	651	1,165
<b>Finance costs</b>			
Interest on bank loans	<b>6,188</b>	5,362	12,384
Amortisation of loan issue costs and loan break costs	<b>912</b>	3,724	7,576
Fair value loss/(profit) on derivative financial instruments	<b>6,739</b>	3,530	(6,923)
	<b>13,839</b>	12,616	13,037

**5 Taxation**

	<b>Unaudited Six months to 30 September 2011 £000</b>	Unaudited Six months to 1 October 2010 £000	Audited Year to 31 March 2011 £000
The tax charge comprises:			
<b>Current tax</b>			
UK tax charge on profit	<b>81</b>	886	1,611
REIT charges	<b>–</b>	9,703	13,055
<b>Deferred tax</b>			
Change in deferred tax	<b>946</b>	(3,968)	(2,359)
	<b>1,027</b>	6,621	12,307

## 5 Taxation (continued)

### Deferred tax asset

	Losses £000	Intangible asset £000	Total £000
At 31 March 2011 (audited)	1,808	6,075	7,883
Charged during the period	–	(946)	(946)
<b>At 30 September 2011 (unaudited)</b>	<b>1,808</b>	<b>5,129</b>	<b>6,937</b>

As the Group is a UK REIT there is no provision for deferred tax arising on the revaluation of properties or other temporary differences. The Group does not have unprovided deferred tax assets or liabilities.

## 6 Dividends

	<b>Unaudited Six months to 30 September 2011 £000</b>	Unaudited Six months to 1 October 2010 £000	Audited Year to 31 March 2011 £000
<b>Ordinary dividends paid</b>			
2010 Interim dividend: 2.2p per share	–	11,000	–
2010 Second interim dividend: 2.2p per share	–	–	11,000
2011 Interim dividend: 3.0p per share	–	–	16,374
2011 Final dividend: 3.3p per share	<b>18,011</b>	–	–
	<b>18,011</b>	11,000	27,374
<b>Proposed dividend</b>			
2012 Interim dividend: 3.5p per share	<b>19,103</b>	–	–

The proposed dividend was approved by the Board on 23 November 2011 and has not been included as a liability or deducted from retained earnings as at 30 September 2011. The proposed dividend of 3.5p per share, of which 1.3p per share is a Property Income Distribution, is payable on 21 December 2011 to ordinary shareholders on the register at the close of business on 2 December 2011 and will be recognised as an appropriation of earnings in the six months to 31 March 2012.

## 7 Earnings per share

Earnings per share of (1.0)p (1 October 2010: 3.3p and 31 March 2011: 8.3p) is calculated on a weighted average of 545,377,380 (1 October 2010: 500,000,000 and 31 March 2011: 522,688,690) ordinary shares of 10p each and is based on losses attributable to ordinary shareholders of £5.3 million (1 October 2010: profits of £16.3 million and 31 March 2011: profits of £43.3 million).

There are no potentially dilutive or anti-dilutive share options in the current or previous periods.

Net assets per share is based on equity shareholders' funds at 30 September 2011 of £645.5 million (1 October 2010: £658.5 million and 31 March 2011: £668.7 million) and 545,795,171 ordinary shares in issue at that date (1 October 2010: 545,795,171 and 31 March 2011: 545,795,171).

## Notes to the Half Year Report

**7 Earnings per share (continued)**

Adjusted earnings and adjusted net assets per share are calculated in accordance with guidance issued by the European Public Real Estate Association (EPRA) as follows:

	<b>Unaudited Six months to 30 September 2011 £000</b>	Unaudited Six months to 1 October 2010 £000	Audited Year to 31 March 2011 £000
<b>Basic and adjusted earnings</b>			
Basic earnings attributable to ordinary shareholders	<b>(5,258)</b>	16,310	43,312
Revaluation of investment property (including share of associates and joint ventures)	<b>(1,627)</b>	(20,902)	(51,033)
Fair value of derivatives (including share of associates and joint ventures)	<b>10,159</b>	4,305	(6,975)
Goodwill on acquisitions (including share of associates)	<b>(536)</b>	(44,782)	(35,343)
Write down of intangible assets	<b>1,983</b>	34,900	36,871
Share-based payments	<b>6,601</b>	–	6,529
Acquisition costs	–	7,759	9,026
REIT charges	–	9,696	13,055
Deferred tax	<b>946</b>	(3,968)	(2,359)
Cost on closing out of derivatives	<b>111</b>	3,295	5,920
Profit on disposal of investment and trading property and subsidiaries	<b>(894)</b>	(2,947)	(2,790)
Minority interest in respect of the above	<b>9</b>	(1)	(435)
<b>EPRA adjusted earnings</b>	<b>11,494</b>	3,665	15,778

	<b>Unaudited Six months to 30 September 2011 Number of shares</b>	Unaudited Six months to 1 October 2010 Number of shares	Audited Year to 31 March 2011 Number of shares
<b>Number of shares</b>			
Opening ordinary share capital	<b>545,795,171</b>	500,000,000	500,000,000
Issue of 45,795,171 ordinary shares (1 October 2010)	–	–	22,897,586
Shares held in employee trust (1 October 2010)	<b>(417,791)</b>	–	(208,896)
<b>Weighted average number of ordinary shares</b>	<b>545,377,380</b>	500,000,000	522,688,690
<b>Basic earnings per share</b>	<b>(1.0)p</b>	3.3p	8.3p
<b>EPRA adjusted earnings per share</b>	<b>2.1p</b>	0.7p	3.0p

## 7 Earnings per share (continued)

	<b>Unaudited Six months to 30 September 2011 £000</b>	Unaudited Six months to 1 October 2010 £000	Audited Year to 31 March 2011 £000
<b>Net assets per share</b>			
Equity shareholders' funds	<b>645,531</b>	658,544	668,720
Fair value of derivatives	<b>13,842</b>	13,597	4,740
Fair value of associate and joint ventures' derivatives	<b>4,235</b>	1,642	815
Deferred tax	<b>(5,129)</b>	(7,329)	(6,075)
<b>EPRA adjusted net assets</b>	<b>658,479</b>	666,454	668,200
<b>Basic net assets per share</b>			
	<b>118.3p</b>	120.7p	122.5p
<b>EPRA adjusted net assets per share</b>			
	<b>120.6p</b>	122.1p	122.4p

## 8 Investment properties

	Unaudited 30 September 2011			Audited 31 March 2011		
	Freehold £000	Long leasehold £000	Total £000	Freehold £000	Long leasehold £000	Total £000
Opening balance	<b>583,553</b>	<b>164,722</b>	<b>748,275</b>	291,827	65,868	357,695
Acquisitions	<b>112,789</b>	<b>3,000</b>	<b>115,789</b>	356,906	93,583	450,489
Other capital expenditure	<b>382</b>	<b>(71)</b>	<b>311</b>	7,704	4	7,708
Disposals	<b>(140,671)</b>	<b>(69,465)</b>	<b>(210,136)</b>	(97,708)	(2,851)	(100,559)
Revaluation movement	<b>(7,416)</b>	<b>5,219</b>	<b>(2,197)</b>	22,392	7,688	30,080
Movement in tenant incentives and rent free uplifts	<b>144</b>	<b>(19)</b>	<b>125</b>	2,432	430	2,862
<b>Closing balance</b>	<b>548,781</b>	<b>103,386</b>	<b>652,167</b>	583,553	164,722	748,275

At 30 September 2011, certain of the Group's investment properties were externally valued by CB Richard Ellis Limited, Chartered Surveyors at £534.9 million and Savills plc, Chartered Surveyors at £115.3 million (£649.2 million net of income guarantees). The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards on the basis of market value. 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 Group has exchanged contracts to acquire a residential development of 107 flats at Seward Street, Islington, which is reflected at a cost of £3.0 million within investment properties.

Included within the investment property valuation is £9.8 million (2011: £9.7 million) in respect of lease incentives and rent free periods.

The historical cost of all of the Group's investment properties at 30 September 2011 was £597.0 million (31 March 2011: £686.4 million).

## Notes to the Half Year Report

**9 Investment in joint ventures and associates**

	<b>Unaudited Six months to 30 September 2011 £000</b>	Unaudited Six months to 1 October 2010 £000	Audited Year to 31 March 2011 £000
Opening balance	<b>115,345</b>	89,285	89,285
Additions at cost	<b>44,956</b>	7,388	8,066
Share of profit	<b>3,194</b>	8,531	21,961
Profit distributions received	<b>(948)</b>	(1,830)	(3,967)
Closing balance	<b>162,547</b>	103,374	115,345

In February 2009 the Group entered into a joint venture arrangement with Green Park Investments, a wholly owned subsidiary of a major Gulf institution. The Group has a 31.4% interest in this entity, LSP Green Park Property Trust, a Guernsey registered trust, which acquired a 50% interest in the Meadowhall Shopping Centre from The British Land Company PLC on 11 February 2009.

In May 2011 the Group disposed of a 50% interest in its distribution portfolio of ten prime assets acquired in November 2010 to Green Park Investments realising a profit on disposal of the related subsidiaries of £0.6 million. It retained a 50% interest in the joint venture company, LSP Green Park Distribution Holdings Limited.

Both Group interests are equity accounted for in these financial statements.

The Group's share of the profit after tax and net assets of its joint venture and associate is as follows:

	LSP Green Park Property Trust (Meadowhall)	LSP Green Park Distribution Holdings	<b>Unaudited 30 September 2011 £000</b>	Unaudited 1 October 2010 £000	Audited 31 March 2011 £000
Net rental income	5,843	3,077	<b>8,920</b>	6,322	12,473
Administration expenses	(949)	(456)	<b>(1,405)</b>	(766)	(3,105)
Movement in fair value of net assets acquired over consideration paid	536	–	<b>536</b>	1,865	(30)
Surplus on revaluation of investment properties	1,611	2,213	<b>3,824</b>	7,245	20,953
Net finance costs	(5,281)	(3,497)	<b>(8,778)</b>	(5,991)	(8,171)
Tax	97	–	<b>97</b>	(144)	(159)
<b>Profit after tax</b>	<b>1,857</b>	<b>1,337</b>	<b>3,194</b>	<b>8,531</b>	<b>21,961</b>

**Summarised income statements**

Net rental income	5,843	3,077	<b>8,920</b>	6,322	12,473
Administration expenses	(949)	(456)	<b>(1,405)</b>	(766)	(3,105)
Movement in fair value of net assets acquired over consideration paid	536	–	<b>536</b>	1,865	(30)
Surplus on revaluation of investment properties	1,611	2,213	<b>3,824</b>	7,245	20,953
Net finance costs	(5,281)	(3,497)	<b>(8,778)</b>	(5,991)	(8,171)
Tax	97	–	<b>97</b>	(144)	(159)
<b>Profit after tax</b>	<b>1,857</b>	<b>1,337</b>	<b>3,194</b>	<b>8,531</b>	<b>21,961</b>

**Summarised balance sheets**

Property assets	241,780	118,349	<b>360,129</b>	225,295	239,425
Current assets	5,039	6,057	<b>11,096</b>	5,035	4,763
Current liabilities	(4,496)	(4,941)	<b>(9,437)</b>	(5,206)	(6,245)
Borrowings	(105,356)	(75,223)	<b>(180,579)</b>	(106,944)	(105,084)
Other non current liabilities	(18,662)	–	<b>(18,662)</b>	(14,806)	(17,514)
<b>Net assets</b>	<b>118,305</b>	<b>44,242</b>	<b>162,547</b>	<b>103,374</b>	<b>115,345</b>



## 9 Investment in joint ventures and associates (continued)

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

## 10 Intangible assets

	<b>Unaudited 30 September 2011 £000</b>	Unaudited 1 October 2010 £000	Audited 31 March 2011 £000
<b>Cost</b>			
Opening balance	<b>53,260</b>	–	–
Additions arising from business combinations	<b>–</b>	53,260	53,260
	<b>53,260</b>	53,260	53,260
<b>Amortisation</b>			
Opening balance	<b>36,871</b>	–	–
Amortisation during the period	<b>1,983</b>	34,900	36,871
	<b>38,854</b>	34,900	36,871

An intangible asset was created on the acquisition by the Company of the LSP Green Park Property Trust Property Advisory Agreement. The asset is being amortised on a straight-line basis over the remaining period of the contract to May 2015.

## 11 Trade and other receivables

	<b>Unaudited 30 September 2011 £000</b>	Unaudited 1 October 2010 £000	Audited 31 March 2011 £000
Trade receivables	<b>4,590</b>	3,469	1,603
Amounts receivable on property sales	<b>–</b>	100,812	–
Amounts receivable from income guarantees	<b>990</b>	2,092	1,518
Share-based payment prepayment	<b>26,368</b>	39,498	32,969
Prepayments and accrued income	<b>858</b>	671	784
Performance fees receivable	<b>–</b>	1,740	5,244
Other receivables	<b>146</b>	763	3,173
	<b>32,952</b>	149,045	45,291

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

Trade receivables comprise rental income which is due on contractual monthly or quarterly days with no credit period. All trade receivables are considered recoverable at the balance sheet date and as such no allowance for doubtful debts has been made. Since the half year all trade receivables have been collected.

At 30 September 2011 there were no amounts which were overdue and no amounts which were impaired. There is no provision for impairment of trade receivables as at 30 September 2011 as the risk of impairment of the amounts outstanding is not considered to be significant.

## Notes to the Half Year Report

**12 Cash and cash equivalents**

Cash and cash equivalents include £4.6 million (1 October 2010: £8.1 million and 31 March 2011: £11.1 million) retained in rent and restricted accounts which are not readily available to the Group for day to day commercial purposes.

**13 Trade and other payables**

	<b>Unaudited 30 September 2011 £000</b>	Unaudited 1 October 2010 £000	Audited 31 March 2011 £000
Trade payables	<b>1,262</b>	538	577
Amounts payable on property acquisitions and disposals	<b>891</b>	4,853	193
Rent received in advance	<b>7,817</b>	6,166	10,694
Accrued interest	<b>2,074</b>	2,190	2,220
Other payables	<b>476</b>	2,057	2,444
Other accruals and deferred income	<b>1,584</b>	4,402	2,446
	<b>14,104</b>	20,206	18,574

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

**14 Borrowings**

	<b>Unaudited 30 September 2011 £000</b>	Unaudited 1 October 2010 £000	Audited 31 March 2011 £000
Secured bank loans	<b>319,105</b>	291,857	386,669
Unamortised finance costs	<b>(2,830)</b>	(2,555)	(3,713)
	<b>316,275</b>	289,302	382,956

The bank loans are secured by fixed charges over certain of the Group's investment properties with a carrying value of £570.8 million and are repayable within two to five years of the balance sheet date.

## 14 Borrowings (continued)

Details of the fair value of the Group's derivative financial instruments that were in place at 30 September 2011 are provided below:

	Protected rate %	Expiry	Market value 31 March 2011 £000	Disposed in the period £000	Movement recognised in income statement £000	Market value 30 September 2011 £000
£43 million swap*	3.77	October 2014	(1,920)	–	1,920	–
£12.3 million swap*	3.90	October 2014	(936)	–	936	–
£66.6 million fixed rate	2.98	February 2016	(749)	749	–	–
£40.0 million fixed rate	3.00	February 2016	1,210	(1,210)	–	–
£17.5 million cap	4.00	October 2014	213	–	(175)	38
£85 million swap	3.68	October 2014	(3,958)	–	(2,599)	(6,557)
£38.5 million swaption	3.75	October 2014	85	–	(85)	–
£48.1 million swap	2.69	January 2015	(587)	–	(1,471)	(2,058)
£55.3 million swap	3.77	October 2014	–	–	(4,361)	(4,361)
£40.7 million swaption	2.35	March 2016	–	–	156	156
£40.7 million swap	1.88	October 2012	–	–	(396)	(396)
£25.0 million fixed rate	2.03	July 2016	–	–	(664)	(664)
			(6,642)	(461)	(6,739)	(13,842)

\* Derivatives cancelled in the period

## Derivative financial instruments

All derivative financial instruments are non current interest rate derivatives, and are carried at fair value following a valuation as at 30 September 2011 by JC Rathbone Associates Limited.

## 15 Share capital

	Unaudited 30 September 2011 Number	Unaudited 30 September 2011 £000	Audited 31 March 2011 Number	Audited 31 March 2011 £000
<b>Authorised</b>				
Ordinary shares of 10p each	Unlimited	Unlimited	Unlimited	Unlimited
<b>Issued, called up and fully paid</b>				
Ordinary shares of 10p each	545,795,171	54,580	545,795,171	54,580

## Notes to the Half Year Report

**16 Reserves**

The Statement of Changes in Equity are shown on page 7.

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

Share capital	The nominal value of shares issued.
Special reserve	A distributable reserve to be used for all purposes permitted under Guernsey company law, including the buy back of shares and payment of dividends.
Other reserve	A reserve relating to the application of merger relief in the acquisition of LSI Management Limited by London & Stamford Property Plc and the cost of shares held in trust to provide for the Company's future obligations under share award schemes.
Retained earnings	The cumulative profits and losses after the payment of dividends.

**17 Related party transactions and balances**

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

	<b>Ordinary shares of 10p each 30 September 2011</b>	Ordinary shares of 10p each 1 October 2010	Ordinary shares of 10p each 31 March 2011
Raymond Mould	<b>18,400,000</b>	18,942,380	18,400,000
Patrick Vaughan	<b>18,383,510</b>	18,383,510	18,383,510
Martin McGann	<b>3,823,795</b>	3,823,795	3,823,795
Mark Burton	-	-	-
Charles Cayzer	-	-	-
Richard Crowder	<b>100,000</b>	100,000	100,000
James Dean	-	-	-
Humphrey Price	<b>2,143,127</b>	2,143,127	2,143,127

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 September 2011 and the date of this report.

During the period the Group received property advisory fees of £2.8 million (1 October 2010: £nil and 31 March 2011: £5.6 million) from LSP Green Park Property Trust, in which it has a 31.4% interest. It also received property advisory fees of £0.5 million (1 October 2010 and 31 March 2011: £nil) from LSP Green Park Distribution Holdings Limited, in which it has a 50% interest.

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

**18 Post balance sheet events**

On 31 October 2011 debt of £18.3 million drawn against the unit at Tamworth was repaid to Helaba. This facility is available to redraw within one year upon successful letting of the unit.

## Principal Risks and Uncertainties

The value of the property portfolio is affected by conditions prevailing in the property investment market and the general economic environment. As a result of economic recession, the credit crisis and reduced confidence in financial markets, values of UK Commercial Real Estate have declined.

However, the property portfolio is of prime quality, well located and let to high quality tenant covenants. These factors should mitigate any negative impact arising from changes in the financial and property markets.

The portfolio is valued by external, professionally qualified valuers in accordance with the Royal Institution of Chartered Surveyors' Appraisal Valuation Standards on the basis of market value.

### Investments

The deployment of our cash resources is a key focus.

The identification of prime income producing opportunities is a key priority of the senior investment team.

### Liquidity Risk

Liquidity risk is low. The Company has significant cash balances and no debt requires refinancing before 2014.

### Interest Rate Risk

The interest charged on borrowings is a significant cost. To manage the risk of changes in interest rates, we set guidelines for our exposure to fixed and floating interest rates, using interest rates and currency swaps as appropriate.

### Letting Risk and Tenant Default Risk

The portfolio is 92% let and therefore letting risk is low. The unexpired lease term is c.10.3 years and the quality of tenant covenants is high, so we consider risk of default to be well managed.

These and other risks identified within the Group, as disclosed in our listing admission in September 2010, are reviewed regularly. The principal risks are reviewed on behalf of Audit Committee and discussed by the Board regularly.

## Directors' Responsibility Statement

We confirm that to the best of our knowledge:

1. The condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 ("Interim Financial Reporting");
2. The adoption of a going concern basis for the preparation of the financial statements continues to be appropriate based on the current and forecast financial position of the Group; and
3. The interim management report includes a fair review of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority ("FSA").

By order of the Board



**Martin McGann**  
Finance Director  
24 November 2011

