THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. 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 financial adviser duly authorised under the FSMA if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or transferred all of your LSP Existing Ordinary Shares, please send this document but not any accompanying Form of Proxy at once 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 Excluded Jurisdictions. If you have sold or transferred part of your holding of LSP Existing Ordinary Shares you should contact your stockbroker, bank or other agent through whom the sale or transfer was effected.

London&Stamford PropertyLimited

(an authorised closed-ended investment company incorporated and registered in Guernsey under registered number 47816)

Proposals to establish London & Stamford Property Plc (the "Company") as the holding company of London & Stamford Property Limited ("LSP") by means of a Scheme of Arrangement under Part VIII of the Companies (Guernsey) Law, 2008

Proposed admission of the PLC Existing Ordinary Shares and the New Ordinary Shares of the Company to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities

Proposed election by the Company for UK-REIT status

Proposed acquisition of the business and assets of the LSP Group's external property adviser and internalisation of the LSP Group's management

Notice of Scheme Court Meeting

Notice of Extraordinary General Meeting

You should read this document in its entirety (and in particular the Risk Factors set out in pages 40 to 48 of this document).

Your attention is drawn to the letter from the Chairman of LSP on behalf of the LSP Directors which is set out in Part 1 of this document, which contains the background to and reasons for the Proposals and which contains the unanimous recommendation of the LSP Directors that you vote in favour of the Scheme at the Scheme Court Meeting. Your attention is also drawn to the letter from Rupert Evans, the senior independent director of LSP, which is set out in Part 2 of this document, which contains further information regarding the background to and reasons for the Acquisition and which contains the unanimous recommendation of the Independent Directors that you vote in favour of the Acquisition Resolution at the Extraordinary General Meeting. A letter from KBC Peel Hunt and Credit Suisse explaining the Scheme appears in Part 3 of this document and constitutes an explanatory statement in compliance with section 108 of the Companies (Guernsey) Law, 2008.

Notices convening the Scheme Court Meeting and the Extraordinary General Meeting, both of which will be held at 2nd Floor, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3NQ on 15 September 2010, are set out in Parts 19 and 20 respectively of this document. The Scheme Court Meeting will start at 10.00 a.m. and the Extraordinary General Meeting will start at 10.15 a.m. (or as soon thereafter as the Scheme Court Meeting has been concluded or adjourned).

The action to be taken by LSP Shareholders in respect of the Meetings is set out on page 7. You will find enclosed with this document a blue Form of Proxy for use in relation to the Scheme Court Meeting and a white Form of Proxy for use in relation to the Extraordinary General Meeting. Whether or not you plan to attend both or either of the Meetings, please complete and sign the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon, whether or not your LSP Existing Ordinary Shares are in uncertificated form (i.e. in CREST), as soon as possible, but in any event so as to be received by post or, during normal business hours only, by hand, to LSP's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 10.00 a.m. on 13 September 2010 in the case of the Scheme Court Meeting and by 10.15 a.m. on 13 September 2010 in the case of the Extraordinary General Meeting or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting.

If the blue Form of Proxy for use at the Scheme Court Meeting is not lodged by 10.00 a.m. on 13 September 2010, it may be handed to Capita Registrars on behalf of the Chairman at the Scheme Court Meeting before the taking of the poll. However, in the case of the Extraordinary General Meeting, unless the white Form of Proxy is lodged so as to be received by 10.15 a.m. on 13 September 2010, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting at either of the Meetings, or any adjournment thereof, in person should you wish to do so.

If you have any questions relating to this document or the completion and return of your Forms of Proxy, please call Capita Registrars on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Certain words and expressions used in this document are defined in Part 18 of this document.

KBC Peel Hunt Ltd ("KBC Peel Hunt"), which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting for LSP and the Company and for no one else in connection with the Proposals and will not be responsible to any person other than LSP and the Company for providing the protections afforded to clients of KBC Peel Hunt, nor for providing advice in relation to its Proposals, the content of this document or any matter referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on KBC Peel Hunt by the FSMA or the regulatory regime established thereunder, neither KBC Peel Hunt nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of KBC Peel Hunt in connection with this document, any statement contained herein or otherwise, nor makes any representation or warranty, express or implied, in relation to, the contents of this document, including its accuracy, completeness or verification or for any other statement purported to be made by KBC Peel Hunt, or on behalf of KBC Peel Hunt in connection with LSP, the LSP Existing Ordinary Shares or the Proposals. KBC Peel Hunt accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability to any person who is not a client of KBC Peel Hunt, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

Credit Suisse Securities (Europe) Limited ("Credit Suisse"), which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting for LSP and the Company and for no one else in connection with the Proposals and will not be responsible to any person other than LSP and the Company for providing the protections afforded to clients of Credit Suisse, nor for providing advice in relation to the Proposals, the content of this document or any matter referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Credit Suisse by the FSMA or the regulatory regime established thereunder, neither Credit Suisse nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Credit Suisse in connection with this document, any statement contained herein or otherwise, nor makes any representation or warranty, express or implied, in relation to, the contents of this document, including its accuracy, completeness or verification or for any other statement purported to be made by Credit Suisse, or on behalf of Credit Suisse in connection with LSP, the LSP Existing Ordinary Shares or the Proposals. Credit Suisse accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability to any person who is not a client of Credit Suisse, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

LSP is an authorised closed-ended investment company incorporated and registered in Guernsey and is deemed to have been granted an authorisation declaration in accordance with Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and Rule 6.02 of The Authorised Closed-Ended Investment Schemes Rules 2008.

Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council take any responsibility for the financial soundness of LSP or for the correctness of any of the statements made or opinions expressed with regard to it. The Guernsey Financial Services Commission has not reviewed this document and neither it nor the States of Guernsey Policy Council take any responsibility for the financial soundness of LSP or for the correctness of any statements made or opinions expressed with regard to it. In the event that the Scheme becomes effective, LSP will apply to the Guernsey Financial Services Commission to have its authorisation declaration revoked.

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 LSP's and the Company's intentions, beliefs or current expectations concerning, among other things, the Enlarged Group's result of operations, financial condition, prospects, growth strategies and the industries in which the Enlarged 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, LSP's and the Company's, earnings, financial position, 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 LSP's and the Company's continuing obligations under the AIM Rules for Companies, the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules and FSMA, neither LSP nor the Company undertakes any 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 LSP and the Company to comply with the AIM Rules for Companies, the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules and FSMA.

GENERAL NOTICE TO OVERSEAS SHAREHOLDERS

The availability of the Scheme to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not so resident should inform themselves about and observe any applicable requirements in those jurisdictions.

Securities may not be offered or sold in the United States unless they are registered under the United States Securities Act of 1933, as amended (the "Securities Act") or are exempt from such registration requirements. The New Ordinary Shares proposed to be issued pursuant to the Scheme have not been and will not be registered under the Securities Act but will be issued in reliance on the exemption provided by Section 3(a)(10) thereof. The New Ordinary Shares will not be registered under the securities laws of any state of the United States, and will be issued in the United States pursuant to the Scheme in reliance on available exemptions from such state law registration requirements. Neither the United States Securities and Exchange Commission nor any US state securities commission has reviewed or approved this document, the Scheme or the issue of the New Ordinary Shares and any representation to the contrary is a criminal offence in the United States.

This document and the transactions contemplated by this document have not been approved or authorised by the Jersey Financial Services Commission. The Jersey Financial Services Commission has not consented to the direct or indirect distribution or circulation of this document or the transactions contemplated by this document. This document may not be publicly distributed or circulated directly or indirectly in Jersey. Neither LSP nor the Company will solicit directly or indirectly the public in the Island of Jersey in connection with the Proposals.

In particular, subject to certain exceptions, this document should not be distributed, forwarded to or transmitted in or into the Excluded Jurisdictions. Overseas Shareholders should read paragraph 9 of Part 3 of this document.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	*2010*
Latest time for receipt of blue Forms of Proxy for the Scheme Court Meeting[1]	10.00 a.m. on 13 September
Latest time for receipt of white Forms of Proxy for the Extraordinary General Meeting[2]	10.15 a.m. on 13 September
Voting Record Time[3]	6.00 p.m. on 13 September
Scheme Court Meeting	10.00 a.m. on 15 September
Extraordinary General Meeting[4]	10.15 a.m. on 15 September
Publication of the Prospectus[5]	20 September
Scheme Court Hearing Date[6]	28 September
Scheme Record Date[6]	6.00 p.m. on 30 September
Completion of the Share Purchase Agreement	30 September
UK-REIT notification to HMRC[7]	30 September
Completion of the GEPT Agreement	30 September
Completion of LML Acquisition Agreement	30 September
Completion of LSI Acquisition Agreement[8]	7.00 a.m. on 1 October
Cancellation of admission to trading on AIM and the PLUS Market, cessation of dealings in LSP Existing Ordinary Shares and disablement of LSP Existing Ordinary Shares in CREST[6]	7.00 a.m. on 1 October
Admission and dealings in the PLC Existing Ordinary Shares and the New Ordinary Shares expected to commence[6]	8.00 a.m. on 1 October
Effective Date of the Scheme[6]	1 October
CREST stock accounts credited in respect of the New Ordinary Shares in uncertificated form[6]	8.00 a.m. on 1 October
Anticipated date for entry into UK-REIT regime	1 October
Despatch of definitive share certificates for New Ordinary Shares in certificated form	As soon as practicable, but no later than 14 days, following Admission

Notes:

(1) Blue Forms of Proxy for the Scheme Court Meeting if not lodged by this deadline may be handed to LSP's registrars, Capita Registrars, on behalf of the chairman at the Scheme Court Meeting at any time before taking the poll.

(2) White Forms of Proxy for the Extraordinary General Meeting must be lodged by 10.15 a.m. on 13 September 2010 in order to be valid or, if the Extraordinary General Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting.

(3) If either the Scheme Court Meeting or the Extraordinary General Meeting is adjourned, the Voting Record Time of the adjourned meeting(s) will be 48 hours before the time of such adjourned meeting.

(4) The Extraordinary General Meeting is to commence at 10.15 a.m. or, if later, immediately after the conclusion or adjournment of the Scheme Court Meeting.

(5) Subject to the Acquisition Resolution being passed at the Extraordinary General Meeting, the Company intends to publish the Prospectus on 20 September 2010. If the Acquisition Resolution is not passed, the date of publication of the Prospectus will be postponed to a date to be determined by the PLC Directors.

(6) These dates are indicative only and will depend, among other things, on the date of publication of the Prospectus and the date upon which the Court sanctions the Scheme.

(7) UK-REIT notification to HMRC to be given following completion of the Share Purchase Agreement.

(8) LSI Acquisition Agreement to be completed in escrow conditional on Admission.

The dates set out in the expected timetable of principal events above and mentioned throughout this document are based on LSP's current expectations and may be subject to change. If the expected Scheme Court Hearing Date changes, LSP will give adequate notice of the change by issuing an announcement through a Regulatory Information Service. All LSP Shareholders have the right to attend the Scheme Court Meeting.

SHARE CAPITAL STATISTICS IN RELATION TO THE PROPOSALS

Number of LSP Existing Ordinary Shares	500,000,000
Number of PLC Existing Ordinary Shares	500,000†
Number of New Ordinary Shares expected to be issued to LSP Shareholders pursuant to the Scheme	500,000,000
Number of Consideration Shares to be issued pursuant to the Acquisition (if completed)	45,795,171*
Total number of PLC Existing Ordinary Shares and New Ordinary Shares (including the Consideration Shares) to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's Main Market	546,295,171
Total number of New Ordinary Shares (including the Consideration Shares) following Admission and completion of the Initial Shares Buyback	545,795,171
ISIN number for PLC Existing Ordinary Shares, New Ordinary Shares and Consideration Shares	GB00B4WFW713

† The PLC Existing Ordinary Shares are held by Patrick Vaughan and Martin McGann and will be bought back by the Company as soon as practicable following Admission pursuant to put and call option agreements dated 10 June 2010 (further details of which are set out in paragraph 17.10 of Part 17 of this document). The PLC Existing Ordinary Shares do not include the 20 Subscriber Shares in existence as at 10 August 2010 proposed to be surrendered and cancelled prior to Admission (further details of which are set out in paragraph 6.6 of Part 17 of this document).

* Of the 45,795,171 Consideration Shares to be issued in connection with the Acquisition, 8,326,395 of the Consideration Shares will be subject to clawback as further described at paragraph 3 of Part 2 of this document.

ACTION TO BE TAKEN

THE SCHEME COURT MEETING AND THE EXTRAORDINARY GENERAL MEETING WILL BE HELD AT 2nd FLOOR, REGENCY COURT, GLATEGNY ESPLANADE, ST PETER PORT, GUERNSEY GY1 3NQ ON 15 SEPTEMBER 2010 AT 10.00 A.M. AND 10.15 A.M., RESPECTIVELY (OR, IN THE CASE OF THE EXTRAORDINARY GENERAL MEETING, AS SOON THEREAFTER AS THE SCHEME COURT MEETING HAS BEEN CONCLUDED OR ADJOURNED).

Please check that you have received the following with this document:

- a blue Form of Proxy for use in respect of the Scheme Court Meeting; and
- a white Form of Proxy for use in respect of the Extraordinary General Meeting.

If you have not received all of these documents please contact Capita Registrars on the telephone number set out at the bottom of this page.

IT IS IMPORTANT THAT, FOR THE SCHEME COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF THE OPINION OF LSP SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

TO VOTE ON THE PROPOSALS

Whether or not you plan to attend the Meetings, PLEASE COMPLETE AND SIGN BOTH the enclosed blue and white Forms of Proxy and return them in accordance with the instructions provided thereon, as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 13 September 2010 in the case of the blue Form of Proxy in respect of the Scheme Court Meeting and by no later than 10.15 a.m. on 13 September 2010 in the case of the white Form of Proxy in respect of the Extraordinary General Meeting. This will enable your votes to be counted at the Meetings in the event of your absence.

If the blue Form of Proxy for use at the Scheme Court Meeting is not lodged by 10.00 a.m. on 13 September 2010, it may be handed to LSP's registrars, Capita Registrars, on behalf of the Chairman at the Scheme Court Meeting before the taking of the poll. However, in the case of the Extraordinary General Meeting, unless the white Form of Proxy is lodged so as to be received by 10.15 a.m. on 13 September 2010 (or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting), it will be invalid.

LSP Shareholders' attention is drawn to the fact that if they return the Form of Proxy for the Extraordinary General Meeting without denoting their voting preference, the Chairman of the Extraordinary General Meeting will vote their LSP Existing Ordinary Shares in favour of the Acquisition Resolution. The completion and return of a Form of Proxy will not prevent you from attending and voting at the Scheme Court Meeting or the Extraordinary General Meeting, or any adjournment thereof, in person should you wish to do so.

Helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please call Capita Registrars on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

This page should be read in conjunction with the rest of this document.

LSP DIRECTORS AND ADVISORS

LSP Directors

Harold Raymond Mould	*(Non-Executive Chairman)*
Patrick Lionel Vaughan	*(Non-Executive Director)*
Martin Francis McGann	*(Non-Executive Director)*
Richard John Crowder	*(Non-Executive Director)*
Lewis Russell Horace Grant	*(Non-Executive Director)*
Rupert Arthur Rees Evans	*(Non-Executive Director)*
Patrick Anthony Seymour Firth	*(Non-Executive Director)*

Registered office of LSP and business address of each of the LSP Directors
2nd Floor
Regency Court
Glategny Esplanade
St. Peter Port
Guernsey GY1 3NQ

Administrator, Designated Manager and Company Secretary
Butterfield Fulcrum Group (Guernsey) Limited
2nd floor
Regency Court
Glategny Esplanade
St. Peter Port
Guernsey GY1 3NQ

Legal advisers to LSP as to English law
Nabarro LLP
Lacon House
84 Theobald's Road
London WC1X 8RW

Legal advisers to LSP as to Guernsey law
Mourant Ozannes Advocates
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

Nominated Adviser, Joint Financial Adviser and Joint Broker
KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

Joint Financial Adviser and Joint Broker
Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ

Solicitors to the Nominated Adviser, Joint Financial Advisers and Joint Brokers
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Primrose Street
London EC2A 2HS

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55 Baker Street
London W1U 7EU

BDO Novus Limited
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St. Peter Port
Guernsey GY1 3LL

Reporting accountant
BDO LLP
55 Baker Street
London W1U 7EU

Tax advisers to LSP
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Hill House
1 Little New Street
London EC4A 3TR

KMPG LLP
1 Canada Square
London E14 5GL

Registrars
Capita Registrars
Longue Hougue House
St Sampson
Guernsey GY2 4JN

Public relations adviser
Kreab Gavin Anderson
Scandinavian House
2-6 Cannon Street
London EC4M 6XJ

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

Savills Advisory Services Limited
20 Grosvenor Hill
London W1K 3HQ

Bankers
Bank of Scotland PLC
The Mound
Edinburgh EH1 1YZ

Deutsche Postbank AG – London Branch
61 Queen Street
London EC4R 1AF

Landesbank Hessen-Thüringen Girozentrale
95 Queen Victoria Street
London EC4V 4HN

Santander Corporate Banking
2 Triton Square
Regent's Place
London NW1 3AN

PART 1

LETTER FROM THE CHAIRMAN

LONDON & STAMFORD PROPERTY LIMITED

(incorporated and registered in Guernsey with registered company number 47816)

Directors:
Harold Raymond Mould (*Non-Executive Chairman*)
Patrick Lionel Vaughan (*Non-Executive Director*)
Martin Francis McGann (*Non-Executive Director*)
Richard John Crowder (*Non-Executive Director*)
Lewis Russell Horace Grant (*Non-Executive Director*)
Rupert Arthur Rees Evans (*Non-Executive Director*)
Patrick Anthony Seymour Firth (*Non-Executive Director*)

Registered Office:
2nd Floor
Regency Court
Glategny Esplanade
St. Peter Port
Guernsey GY1 3NQ

16 August 2010

Dear LSP Shareholder,

Proposals to establish London & Stamford Property Plc (the "Company") as the holding company of London & Stamford Property Limited ("LSP") by means of a Scheme of Arrangement under Part VIII of the Companies (Guernsey) Law, 2008

Proposed admission of the PLC Existing Ordinary Shares and the New Ordinary Shares of the Company to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities

Proposed election by the Company for UK-REIT status

Proposed acquisition of the business and assets of the LSP Group's external property adviser and internalisation of the LSP Group's management

Notice of Scheme Court Meeting

Notice of Extraordinary General Meeting

1. INTRODUCTION

1.1 *The Proposals*

On 5 August 2010, LSP announced the following Proposals:

(a) establish the Company as the holding company of LSP by way of a scheme of arrangement under Part VIII of the Companies (Guernsey) Law, 2008;

(b) make applications to the UKLA and the London Stock Exchange for admission of the PLC Existing Ordinary Shares and the New Ordinary Shares to the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange;

(c) elect for UK-REIT status and to undertake a number of proposals to enable it to do so; and

(d) internalise the management of the Enlarged Group by acquiring the business and assets of LSI Management.

If the Scheme becomes effective, following the requisite approval of LSP Shareholders and the sanction of the Court:

- existing LSP Shareholders will cease to own shares in LSP and will instead own shares in the Company (in the same proportions as their current shareholdings in LSP, save as a result of the

issue of the Consideration Shares under the LSI Acquisition Agreement described in paragraph 3 of Part 2 and paragraph 17.6 of Part 17 and);

- the Company will own the entire issued share capital of LSP;
- the Company will also own the entire issued share capital of LSI (Investments), which is the owner of the LSP Group's properties at Stoke-on-Trent and Newcastle-Under-Lyme;
- LSP will continue to own the Property Portfolio (described in Part 12);
- the Company will be listed on the premium segment of the Official List and the PLC Existing Shares and the New Ordinary Shares will be traded on the Main Market of the London Stock Exchange. LSP will cease to be traded on AIM and the PLUS Market; and
- the Enlarged Group will be a group UK-REIT on Admission. The Company will be the principal company of the group UK-REIT.

If the Acquisition is completed, following the requisite approval of LSP Shareholders and satisfaction of each of the other applicable conditions (summarised in paragraph 3 of Part 2 and paragraph 17.6 of Part 17), the Company will own the entire issued share capital of LML. LML will own all of the business and assets which are currently owned by LSI Management. The effect of the Acquisition is that the property advice and management functions required by the Enlarged Group will be provided internally. Of the LSP Directors, Raymond Mould, Patrick Vaughan and Martin McGann are also LSI Management Members and will, therefore, benefit from the Acquisition as described in paragraph 3 of Part 2. Accordingly, in respect of the Acquisition, Messrs Mould, Vaughan and McGann are considered "related parties" for the purposes of the AIM Rules for Companies.

1.2 ***The Resolutions***

Two separate resolutions will be put to LSP Shareholders, one to approve the Scheme and one to approve the Acquisition Resolution. LSP Shareholders may approve the resolution to effect the Scheme without approving the Acquisition Resolution, but not vice versa.

If the Scheme becomes effective, it will be binding on all LSP Shareholders, irrespective of whether or not they attended and/or voted at the Scheme Court Meeting (and if they attended and voted, whether or not they voted in favour).

If the Scheme is not sanctioned by the Court or does not become effective for any other reason, the Company will not apply for, or will withdraw any application for Admission. Further, if the Scheme does not become effective, LSP will remain admitted to trading on AIM and the PLUS Market and will continue to be externally managed as at present. As a consequence, conversion to a UK-REIT will not occur.

It is proposed that the required resolutions to effect the Proposals will be put to LSP Shareholders at the Scheme Court Meeting and the Extraordinary General Meeting on 15 September 2010. Following these meetings, it is proposed that the Company will publish the Prospectus on 20 September 2010. It is further proposed that prior to Admission the Company will give notice to HMRC of its election for group UK-REIT status. Admission is expected on 1 October 2010. Upon Admission, the Scheme of Arrangement and the Acquisition will become immediately effective. The election of the Company for UK-REIT status will become effective on the date of Admission and the Enlarged Group will be a group UK-REIT.

1.3 ***Purpose of this letter***

The purpose of this letter is to provide you with details of, and the background to and reasons for, the Proposals and to explain why the LSP Directors believe that the Scheme, the UK-REIT election and Admission are in the best interests of LSP Shareholders.

Details of, and the background to and reasons for, the Acquisition are explained in the letter from Rupert Evans, the senior independent director of LSP, which is set out in Part 2 of this document.

Notices convening the Scheme Court Meeting and the Extraordinary General Meeting are set out in Parts 19 and 20 of this document.

2. BACKGROUND TO AND REASONS FOR THE PROPOSALS

LSP was registered on 1 October 2007 and subsequently admitted to trading on AIM in November 2007. LSP Existing Ordinary Shares were also admitted to trading on the PLUS Market in November 2007. LSP was incorporated in order to exploit real estate opportunities that the LSP Directors considered would arise over the following few years in what they considered to be an increasingly uncertain property market.

The dislocation in UK real estate that has taken place in the period since LSP was launched on AIM has been far greater than the Management Team had originally anticipated. Consequently:

– LSP has been able to deploy a greater amount of capital than was originally anticipated (undertaking a second equity raising in July 2009);

– LSP has acquired a portfolio of assets of a greater investment quality than was originally expected (for example Meadowhall and One Fleet Place);

– LSP has built up a portfolio of assets that continue to provide shareholders with attractive, long-term cash yields;

– the LSP Board believes that the UK commercial real estate market will continue to provide the Management Team with opportunities to deploy capital because amongst other things:

  • UK banks have significant real estate loan portfolios they are looking to reduce;

  • distressed real estate borrowers will continue to seek equity capital; and

  • the Management Team has earned a reputation for being able to transact quickly and efficiently.

When LSP was established, it provided LSP Shareholders with the ability on the fifth anniversary from LSP's admission to trading on AIM to vote on whether or not to liquidate LSP's assets in the 12 months following the seventh anniversary of its admission to trading on AIM. As a consequence of the Proposals, LSP Shareholders will not retain this right, thereby providing certainty for the Company's future and enabling the Company to focus on its objectives of creating superior returns and delivering value to shareholders over the medium to long term.

The LSP Board believes that the long-term future of the business is best served by converting to UK-REIT status, becoming a permanent life vehicle to fully capture the long-term benefits of REIT conversion, and internalising its management. The LSP Board believes that following the Proposals, the Company will be well positioned to create significant value for PLC Shareholders.

On a *pro forma* basis and assuming that the Proposals had occurred on 31 March 2010, on an IFRS basis the Group's unaudited net assets would have increased by approximately £42 million to approximately £642.6 million, but decreased the net assets per share by approximately 2p from 120p to 118p per LSP Ordinary Share. Further information on the *pro forma* impact of the Proposals on the consolidated net assets and liabilities of the Enlarged Group is set out in Part 11 of this document.

If completion of the Proposals had occurred on 1 April 2009 and the Group had the benefit of the Proposals for the year to 31 March 2010, it would have been dilutive to the Group's earnings per share on an IRFS basis for the twelve months to 31 March 2010. *

* Nothing in this document is intended, or is to be construed as a profit forecast or to be interpreted to mean that earnings per LSP Share for the current or future financial years will necessarily match or exceed the historical earnings per LSP Share.

2.1 ***Benefits of election for UK-REIT status***

The LSP Board considers that it would be beneficial for the Enlarged Group to become a group UK-REIT. The Enlarged Group will have to pay an entry charge of approximately £11.5 million, equivalent to 2 per cent. of its qualifying gross assets.

However, the key advantage of electing for group UK-REIT status is that the companies within the Enlarged Group will be largely exempt from future corporation tax on both rental profits and chargeable gains on disposals of investment properties. The LSP Board, therefore, believes that tax savings from UK-REIT status will provide for the conversion charge to be re-paid within two years, subject to full investment of cash resources. In addition, UK-REIT status will give the company access to a broader range of investors.

The Company will be required to distribute to PLC Shareholders 90 per cent. of the profits of the Property Rental Business for each year.

LSP is not currently eligible to elect for group UK-REIT status, principally due to LSP's shares not being listed on a recognised stock exchange (such as the Main Market of the London Stock Exchange) and because LSP is not resident for tax purposes in the UK (which is a requirement for the holding company of a group UK-REIT). However, subject to Admission and the Scheme becoming effective, the Company will satisfy these requirements.

Following completion of the Share Purchase Agreement prior to Admission (as a result of which all of the assets of the Company and members of its group will comprise Property Rental Business assets), the Company and members of its group will, subject to Admission, be eligible for group UK-REIT status. A key requirement of maintaining the Enlarged Group's UK-REIT status is that it spends sufficient cash by 1 April 2013 so that at least 75 per cent. of its assets relate to its Property Rental Business. Following Admission, the Property Rental Business will include the Property Portfolio other than the LSP Group's interest in Meadowhall and the Bridges Wharf, Battersea asset. Following Admission and the Scheme becoming effective (when the Company will become the holding company of the LSP Group), at least 60 per cent. of the Enlarged Group's assets will relate to the Property Rental Business. The LSP Board believes that achieving the 75 per cent. threshold is feasible although there is a risk that this is not achieved or there is a change of law.

2.2 ***Benefits of the Scheme and transferring to the Official List***

As a consequence of the PLC Existing Ordinary Shares and the New Ordinary Shares being admitted to the premium segment of the Official List and the UK-REIT status of the Company and its group, the Company may have access to a broader range of investors than LSP is able to access as an AIM or a PLUS Market company and will also be able to access additional specialised international real estate investors. In addition, given LSP's market capitalisation, the LSP Board considers the premium segment of the Official List status to be more appropriate than LSP's current admission to trading on AIM or the PLUS Market. A listing on the premium segment of the Official List may also improve liquidity of trading in the Company's shares compared to AIM and the PLUS Market, and allow the Company to benefit from index tracking funds.

2.3 ***Benefits of the Acquisition***

Paragraph 2.1 of Part 2 (Letter from the Senior Independent Director) describes the benefits of the Acquisition.

3. SCHEME OF ARRANGEMENT

The Scheme will involve the Company issuing New Ordinary Shares to LSP Shareholders in consideration for the transfer of their Scheme Shares to the Company. All of the Scheme Shares will be transferred to the Company under the Scheme.

The Scheme will be between the Scheme Shareholders and LSP under Part VIII of the Companies (Guernsey) Law, 2008.

If the Scheme becomes effective, Scheme Shareholders will receive:

one New Ordinary Share for every one Scheme Share held

The Scheme is subject to the following conditions which are set out in the Scheme:

(a) the Scheme being approved by a majority in number of those Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Court Meeting (or at any adjournment thereof) representing not less than 75 per cent. in nominal value of the Scheme Shares held by such Scheme Shareholders;

(b) the Scheme being sanctioned by the Court;

(c) in the event that the Acquisition Resolution proposed at the Extraordinary General Meeting is passed:

  (i) the LML Acquisition Agreement becoming unconditional and being completed in accordance with its terms; and

  (ii) the LSI Acquisition Agreement becoming unconditional (apart from Admission) and being completed in escrow in accordance with its terms;

(d) the UKLA approving the Prospectus and the Company publishing the Prospectus, as required by law, prior to the Scheme Court Hearing;

(e) Admission; and

(f) the Scheme becoming effective not later than 31 December 2010 or such other date as LSP and the Company agree or is sanctioned by the Court.

The Scheme will become effective on Admission, subject to the above conditions being satisfied.

The Scheme will not substantially alter the assets and liabilities of the LSP Group as a whole. Upon the Scheme becoming effective and subject to the Acquisition and the proposed buyback of the PLC Existing Ordinary Shares pursuant to the Initial Share Buyback Agreements, a PLC Shareholder will have the same proportionate interests in the profits, net assets and dividends of the Enlarged Group as a holder of New Ordinary Shares as he has as a LSP Shareholder in the profits, net assets and dividends of the LSP Group before the Scheme becomes effective.

If the Scheme becomes effective, it will be binding on all LSP Shareholders, irrespective of whether or not they attended and/or voted at the Scheme Court Meeting (and if they attended and voted, whether or not they voted in favour).

If the Scheme is not sanctioned by the Court or does not become effective for any other reason, the Company will not apply for, or will withdraw any application for Admission. Further, if the Scheme does not become effective, LSP will remain admitted to trading on AIM and the PLUS Market and will continue to be externally managed as at present. As a consequence, conversion to UK-REIT status will not occur.

4. LSP DIRECTORS' UNDERTAKINGS

LSP has received irrevocable undertakings from the LSP Directors to vote or procure the vote in favour of the Scheme, in respect of their own beneficial holdings, representing approximately 3.11 per cent. of the existing issued share capital of LSP.

5. SHARE PURCHASE AGREEMENT

The Company has entered into the Share Purchase Agreement with LSIL to acquire the entire issued share capital of LSI (Investments). LSI (Investments) is the owner of the LSP Group's properties at Stoke-on-Trent and Newcastle-under-Lyme, details of which are set out in paragraphs 5.1 and 5.2 of Part 12 of this document.

Completion of the Share Purchase Agreement is subject to the Court sanctioning the Scheme and the court order relating to the Scheme being filed with the Guernsey Companies Registry.

6. THE ACQUISITION

LSP has been provided to date with investment and property management services by LSI Management, which has a highly experienced management team. As part of the Proposals it is intended that LSP's external property advice and management function, currently provided by LSI Management, is brought within the Enlarged Group by way of the Acquisition.

Of the LSP Directors, Raymond Mould, Patrick Vaughan and Martin McGann are also LSI Management Members and will, therefore, benefit from the Acquisition in that they will exchange their shares in LSI Management in return for shares in the Company as set out in paragraph 3 of Part 2.

The Independent Directors have independently reviewed the Acquisition and have set out in a separate letter in Part 2 the background to and reasons for the Acquisition, a summary of the various agreements to be entered into in connection with the Acquisition, arrangements with management following the Acquisition, the consequences of the Acquisition not proceeding and the Independent Directors' unanimous recommendation that LSP Shareholders vote in favour of the Acquisition Resolution.

7. PLC BOARD

Whereas the LSP Board was comprised entirely of non-executive directors, if the Acquisition proceeds, the PLC Board Company will include both executive and non-executive directors.

Raymond Mould (Executive Chairman), Patrick Vaughan (Chief Executive) and Martin McGann (Finance Director), will be executive directors of the Company under service agreements with the Company and Charles Cayzer, Mark Burton, Humphrey Price, Richard Crowder and James Dean will be engaged as non-executive directors of the Company under letters of appointment. All non-executive directors are considered to be independent, save for Humphrey Price. The senior independent director will be Charles Cayzer. The terms of the PLC Directors' service agreements and letters of non-executive appointment are set out in paragraph 12 of Part 17 of this document. Further details of the Company's proposed corporate governance and board practices are set out in paragraph 15 of Part 17 of this document.

The PLC Board will be assisted in fulfilling its responsibilities by the audit committee and the remuneration committee. The terms of reference for these committees are set out in paragraph 15.2 in Part 17 of this document. The PLC Board considers it appropriate that appointments to the PLC Board are decided by the full PLC Board. Accordingly, the Company does not intend to form a nomination committee.

8. INVESTMENT COMMITTEE

The PLC Board will be assisted in relation to the Enlarged Group's property investment activities by an investment committee. The Investment Committee will report to the PLC Board and will be responsible for identifying new investment opportunities for the Enlarged Group, performing due diligence and conducting negotiations in relation to those investment opportunities and managing the Property Portfolio.

The initial members of the Investment Committee will be Raymond Mould, Patrick Vaughan, Martin McGann, Jeremy Bishop, Stewart Little, Jadzia Duzniak, Jackie Jessop and Michael Tyler.

9. DIVIDEND POLICY

It is the intention of the PLC Directors that the Company will pay dividends from surplus income to the extent that such income is distributable. Where opportunities exist that fit the Enlarged Group's investment criteria, the Enlarged Group may reinvest disposal proceeds.

Following the Company's proposed notice to obtain group UK-REIT status, it will be required to meet a minimum distribution test for each year that it is the principal company of a group UK-REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the profits of the Property Rental Business for each year. The PLC Board believes that a continuation by the Company of LSP's dividend policy of recent years will enable the Company to meet this minimum distribution requirement.

There can be no guarantee as to the amount of any dividend payable by the Company.

10. CURRENT TRADING AND PROSPECTS OF THE LSP GROUP

LSP's profits increased 342 per cent. during the financial year ended 31 March 2010 to £106.1 million (2009: £24.0 million). In addition, LSP's NAV increased 17.4 per cent. to 120.1p (2009: 102.3p). The results reflect the acquisitions made by LSP in early 2009, which have benefited through asset management and yield movement to produce a valuation uplift of £72.1 million. LSP's share of the profit derived from its joint venture with Meadowhall was £29.8 million. The total valuation increase for the financial year ended 31 March 2010 was £101.9 million.

Since the end of the financial year ended 31 March 2010, LSP has acquired Radial Distribution Limited, a portfolio consisting of 16 distribution warehouses, for £208.5 million. LSP has also acquired the long leasehold interests in 58 residential units at Bridges Wharf, Battersea, London for approximately £27.9 million from Weston Homes Plc.

As set out in Part 13 of this document LSP's Property Portfolio excluding LSP's investment in Meadowhall and including a 100 per cent. interest in Radial (as accounted for as 'investment properties') has been valued as at 30 July 2010 at £622.2 million. Including LSP's interest in the property value of Meadowhall at £225.3 million, LSP's 93.75 per cent. interest in Radial at £214.8 million, Bridges Wharf, Battersea at £30.0 million and the other assets in the Property Portfolio at £363.1 million, the Property Portfolio as set out in Part 13 of this document has been valued as at 30 July 2010 at £833.2 million.

LSP continues to explore property acquisition opportunities and these tend to be for larger lot sizes and more complex portfolio opportunities. The LSP Board continues to believe that the UK commercial real estate market offers significant opportunities to deploy capital at attractive long term cash yields.

11. PROPOSED ELECTION FOR UK-REIT STATUS

The PLC Directors have decided to give notice to HMRC to treat the Company and members of its group as a group UK-REIT. It is proposed that the Company will be the principal company of the group UK-REIT.

The UK-REIT regime operates to enable companies that meet certain criteria and carry on a property rental business to elect to enjoy a favourable tax regime. In essence, a UK-REIT structure aims to replicate the tax treatment of a direct investment in property and move the incidence of taxation from the company to the investors, removing one level of taxation. To achieve this, rental income and gains on disposal of investment properties are exempt at the REIT level, but are taxed at the investors level. Dividends declared to UK-REIT investors are deemed to be property rental income, and are taxed accordingly. As a result, LSP Shareholders may enjoy an overall benefit from the Company's group UK-REIT status. LSP 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.

The UK-REIT benefits described above are subject to various conditions being fulfilled and remaining satisfied and rules being followed.

The UK-REIT regime allows an exemption from UK tax on any income and gains arising from the Property Rental Business. This is subject to the payment of an entry charge equal to two per cent. of the market value of the investment properties in the relevant company or group's portfolio.

The Company expects to enter the UK-REIT regime on Admission.

Details of the UK-REIT regime and the provisions in the Articles relating to a UK-REIT are set out in Part 14 of this document. The Company intends to notify HMRC on 30 September 2010 of its election for group UK-REIT status.

Information regarding taxation in the UK in connection with the Scheme and the proposals to give notice to HMRC to treat the Company and members of its group as a group UK-REIT are set out in Part 16 and paragraph 20 of Part 17 of this document.

12. SERVICE OF UK-REIT NOTICE AND COMPLETION OF THE SHARE PURCHASE AGREEMENT

On the day before Admission, it is proposed that the Company and LSP will complete the Share Purchase Agreement. On completion of the Share Purchase Agreement, LSI (Investments), which owns the Stoke-on-Trent and Newcastle-Under-Lyme properties described at paragraphs 5.1 and 5.2 of Part 12 of this document, will become a subsidiary of the Company. Following completion of the Share Purchase Agreement, the Company will give notice to HMRC for the Company and members of its group to become a group UK-REIT.

On the day of completion of the Share Purchase Agreement, it is proposed that the LML Acquisition Agreement will also be completed. On the day after the LML Acquisition Agreement is completed, it is proposed that the LSI Acquisition Agreement will be completed in escrow conditionally upon Admission. On Admission, the Scheme will become immediately effective and the LSI Acquisition Agreement will be unconditionally completed. The Company and members of its group will become a group UK-REIT on the date of Admission.

13. THE PROSPECTUS

Subject to the Acquisition Resolution being passed at the Extraordinary General Meeting, the Company intends to publish the Prospectus on 20 September 2010 as required for Admission. If the Acquisition Resolution is not passed, the date of publication of the Prospectus will be postponed, to a date to be determined by the PLC Directors, in order to allow the Prospectus to be drawn up to reflect the effects of the Acquisition not being implemented.

14. DELISTING, ADMISSION TO THE OFFICIAL LIST AND DEALING ARRANGEMENTS

Following the requisite approval of LSP shareholders, trading in LSP Existing Ordinary Shares is expected to be cancelled on AIM and the PLUS Market at 7.00 a.m. on 1 October 2010. The last day of dealing in the LSP Existing Ordinary Shares is expected to be 30 September 2010.

Applications will be made to the UKLA for the PLC Existing Ordinary Shares and the New Ordinary Shares to be admitted to the Official List and to trading on the Main Market. It is expected that Admission will become effective and that dealings in the PLC Existing Ordinary Shares and the New Ordinary Shares will commence at 8.00 a.m. on 1 October 2010.

No application is currently intended to be made for the PLC Existing Ordinary Shares or the New Ordinary Shares to be admitted to listing or dealt with on any other exchange.

For CREST Shareholders, the Registrars will instruct CREST to credit the stock accounts of those shareholders. It is expected that this will take place by 8.00 a.m. on 1 October 2010.

For non-CREST Shareholders, the New Ordinary Shares will be issued in certificated form and will be represented by definitive share certificates, which are expected to be despatched as soon as practicable, but no later than 14 days, following Admission, to the registered address of the person(s) entitled to them.

15. UNITED KINGDOM AND GUERNSEY TAXATION

A summary of relevant UK and Guernsey taxation, which is intended as a general guide only, is set out in Part 16 of this document. If you are in any doubt as to your tax position, or you are subject to taxation in any jurisdiction other than Guernsey or the UK, you are strongly advised to consult an appropriate independent professional adviser.

16. RISK FACTORS

The Enlarged Group's business, financial condition or results of operations could be materially and adversely affected by a number of risks relating to the Enlarged Group and its business or general risks (such as the value of the investments fluctuating). As a result, the value of PLC Ordinary Shares could decline and investors could lose all or part of their investment. The LSP Directors consider that the risks include those set out below:

Risks relating to the Enlarged Group and its business

- There is no guarantee that the investment objectives of the Enlarged Group will be met.
- Property valuation is inherently subjective and uncertain.
- Market conditions may delay or prevent the Company from making appropriate investments that generate attractive returns.
- The Company's performance will depend on general property and investment market conditions.
- The Company may suffer from delays in locating and acquiring suitable investments.
- Competition may affect the ability of the Company to make appropriate investments.
- Any costs associated with potential investments that do not proceed to completion will affect the Company's performance.
- The Company's performance will depend on its ability to manage its property assets successfully.
- Market conditions will affect the Company's ability to adjust its Property Portfolio strategically.
- The Company may be subject to liability following the disposal of investments.
- A default by a major tenant or a significant number of tenants in the Company's Property Portfolio could result in a significant loss of rental income, void costs, a reduction in asset value and increased bad debts.
- The Enlarged Group's rental income may be adversely affected by increasing competition from other property owners, the insolvency of tenants, or increasing operating costs.
- A default by a major tenant or significant number of tenants in the Enlarged Group's Property Portfolio could result in a significant loss of rental income, void costs, a reduction in asset value and increased bad debts.
- Changes in laws and regulations relating to the relevant property markets may have an adverse impact.
- The Enlarged Group is reliant on the performance and retention of key personnel and the Enlarged Group may not be able to obtain the key members of the Management Team.
- The past performance of the Management Team is not a guarantee of the future performance of the Company.
- The Enlarged Group is subject to the risk of contracting counterparties failing to meet their obligations.
- The LSP Group has entered into a joint venture over which the Enlarged Group may not have full control and in respect of which it may have contingent liabilities.
- The Company may not acquire 100 per cent. control of its various investments and may be subject to the risks associated with joint venture investments.
- A change in the Enlarged Group's tax status or in taxation legislation in the UK could adversely affect the Enlarged Group's profits and portfolio value and/or returns to shareholders.
- There is no guarantee that the Company will obtain UK-REIT status for the Company and members of its group and/or the Enlarged Group or that it will maintain UK-REIT status, if and when obtained.
- The Company's UK-REIT status may restrict business consolidation and distribution opportunities.
- The Enlarged Group could suffer civil or criminal penalties if it fails to comply with the laws and regulations that are applicable to its business.

- The Enlarged Group is exposed to risks relating to its indebtedness in the longer term and its level of gearing.
- A deterioration in general economic conditions could materially affect the Enlarged Group's business.

Factors affecting capital growth and dividends

- Future dividends will be dependent on the ability of The Enlarged Group to generate distributable reserves.
- Problems identifying and acquiring sufficient suitable properties within a reasonable time period could adversely impact capital growth and dividends.

Risks relating to PLC Ordinary Shares

- The market price of the PLC Ordinary Shares may fluctuate widely and there may be limited liquidity in the PLC Ordinary Shares.

17. ACTION TO BE TAKEN

Your attention is drawn to page 7 of this document, which explains the action to be taken in relation to the Proposals.

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please contact Capita Registrars on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Details relating to dealing and settlement are included in paragraph 8 of Part 3 of this document.

SO THAT THE COURT CAN BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF THE OPINION OF LSP SHAREHOLDERS AT THE SCHEME COURT MEETING, IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST AT THE SCHEME COURT MEETING. LSP SHAREHOLDERS ARE THEREFORE URGED TO SIGN AND RETURN THEIR FORMS OF PROXY AS SOON AS POSSIBLE.

18. OVERSEAS SHAREHOLDERS

If you are a citizen, resident or national of a jurisdiction outside the United Kingdom, your attention is drawn to paragraph 9 of Part 3 of this document.

19. FURTHER INFORMATION

Please note that the information contained in this letter is not a substitute for reading the remainder of this document.

Your attention is drawn to the letter from Rupert Evans, the senior independent director of LSP, which is set out in Part 2 of this document, which contains further information regarding the background to and reasons for the Acquisition and which contains the unanimous recommendation of the Independent Directors that you vote in favour of the Acquisition at the Extraordinary General Meeting. A letter from KBC Peel Hunt and Credit Suisse explaining the Scheme appears in Part 3 of this document and constitutes an explanatory statement in compliance with section 108 of the Companies (Guernsey) Law, 2008. The terms of the Scheme are set out in full in Part 15 of this document. Your attention is also drawn to the further information contained in this document and, in particular, the additional information set out in Part 17 of this document.

20. FINANCIAL ADVICE

The LSP Directors have received financial advice with respect to the Proposals from KBC Peel Hunt and Credit Suisse. In providing this advice KBC Peel Hunt and Credit Suisse have relied upon the LSP Directors' commercial assessments.

21. RECOMMENDATION

The LSP Directors consider the terms of the Scheme, the UK-REIT election and Admission to be fair and reasonable insofar as LSP Shareholders are concerned.

The LSP Directors consider that the Scheme, the UK-REIT election and Admission are in the best interests of LSP and the LSP Shareholders as a whole. Accordingly, the LSP Directors recommend unanimously that Scheme Shareholders vote in favour of the resolution to be proposed at the Scheme Court Meeting, as they intend to do (or procure) in respect of their beneficial and non-beneficial interests, amounting, in aggregate, to 15,558,987 LSP Existing Ordinary Shares, representing approximately 3.11 per cent. of LSP's entire issued share capital.

Yours faithfully,

Raymond Mould
Chairman

PART 2

LETTER FROM THE SENIOR INDEPENDENT DIRECTOR

London & Stamford Property Limited

(incorporated and registered in Guernsey with registered company number 47816)

16 August 2010

Dear LSP Shareholder,

Proposed acquisition of the business and assets of the LSP Group's external property adviser and internalisation of the LSP Group's management

and

Notice of an Extraordinary General Meeting

1. INTRODUCTION

Subject to approval of the Scheme, LSP proposes to internalise its management function which is currently being performed by LSI Management. This will be done by means of the Acquisition.

In order to implement the Acquisition:

(a) LSI Management will transfer all of its assets and business to LML in accordance with the terms of the LML Acquisition Agreement; and

(b) the LSI Management Members will transfer all of the shares held by them in LML to the Company in consideration for the issue of PLC Ordinary Shares to the LSI Management Members in accordance with the terms of the LSI Acquisition Agreement.

The Acquisition is conditional, amongst other things, on the Acquisition Resolution being passed by LSP Shareholders at the Extraordinary General Meeting.

In connection with the Acquisition, amendments have been conditionally agreed to the Property Advisory Agreement and the Green Park Property Advisory Agreement and the MSC Property Advisory Agreement to reflect the proposed transfer of LSI Management's business to LML under the LML Acquisition Agreement.

Further details of the terms of the Acquisition Agreements and the various conditions to which they are subject to are set out in Part 17 of this document.

The terms of the Acquisition have been considered independently by the Independent Directors. Raymond Mould, Patrick Vaughan and Martin McGann are interested in the Acquisition and are, therefore, considered "related parties" for the purposes of the AIM Rules for Companies and, therefore, not independent for this purpose.

2. BACKGROUND TO AND REASONS FOR THE ACQUISITION

2.1 ***Benefits of the Acquisition***

In common with a number of investment entities, when LSP was founded and admitted to trading on AIM, it was structured as an authorised closed-ended investment company with an external property adviser and manager.

As part of the Proposals, it is intended that LSP's external property advice and management function, currently provided by LSI Management, will be brought within the Enlarged Group by way of the Acquisition. The consideration payable pursuant to the Acquisition Agreement is £55.0 million to be

satisfied by the issue of new PLC Ordinary Shares by the Company of which £10 million is subject to performance targets set out in paragraph 3 below.

The Independent Directors consider that the Acquisition will have the following key benefits for the Enlarged Group:

2.1.1 The Independent Directors expect a reduction to the Enlarged Group's ongoing administrative costs in respect of fees payable pursuant to the Property Advisory Agreement. Fees payable pursuant to the Property Advisory Agreement totalled £10.8 million and £5.2 million during the years ended 31 March 2010 and 31 March 2009 respectively. The 31 March 2010 fee only takes account of eight months management fees on the £219.5 million (after expenses) of new capital raised in July 2009, in addition to LSP's existing capital;

2.1.2 The Enlarged Group will benefit from the Green Park Property Advisory Agreement which forms part of LSI Management's assets and all fees earned pursuant to the Green Park Property Advisory Agreement will be due to the Enlarged Group and to the benefit of PLC Shareholders. Fees payable to LSI Management pursuant to the Green Park Property Advisory Agreement totalled approximately £12.6 million and approximately £1.2 million during the years ended 31 March 2010 and 31 March 2009 respectively;

Pursuant to the agreement in respect of the joint venture between LSP and Green Park, should Green Park invest further capital up to its commitment of £200 million of equity (further details of which are set out in paragraph 2 of Part 5 of this document), fees which would have been earned by LSI Management as the property adviser and investment adviser will be due to the Enlarged Group;

Further, should the Enlarged Group secure management of further third party equity, there would be the potential for further fee income to be payable to the Enlarged Group;

2.1.3 The Acquisition is expected to confer operational benefits with a simpler decision-making process as opposed to the complexities of an investment manager making investment recommendations to an offshore board of directors. In addition, as a result of the Acquisition, the Enlarged Group will benefit from the members of the Investment Committee being employees of the Enlarged Group rather than external advisors and with the additional benefit of securing the members of the Investment Committee for the long-term and providing greater transparency on remuneration;

2.1.4 Due to the consideration being payable pursuant to the LML Acquisition Agreement in New Ordinary Shares, the Acquisition creates a strong alignment of interest between the members of the Investment Committee and PLC Shareholders. Following completion of the Acquisition and the Scheme becoming effective, the Management Team, which includes Raymond Mould, Patrick Vaughan and Martin McGann, will hold 49,580,406 New Ordinary Shares in aggregate representing 9.1 per cent. of the issued share capital of the Company. The Independent Directors believe an internal management structure is more appropriate for a permanent life, UK-REIT company through securing management for the Enlarged Group for the longer-term.

3. THE ACQUISITION

Subject to approval of the Scheme and the Acquisition Resolution, the Company proposes to internalise its management function which is currently being performed by LSI Management.

At the date of the Acquisition, LSI Management will have net tangible assets of £Nil. However, on completion of the Acquisition, the Green Park Advisory Agreement will be capitalised as an intangible asset of approximately £20.1 million, a deferred tax asset of approximately £7.3 million will be provided for on the purchase of the Property Advisory Agreement (defined in this paragraph 3) a share based prepayment of approximately £41.3 million (based on the agreed share price of the Acquisition of 120.01 pence per New Ordinary Share) will be created.

The Acquisition will be implemented in two stages:

Stage 1: Transfer of the business and assets of LSI to LML

LML and GEPT have entered into the GEPT Agreement under which GEPT will transfer to LML the entities which indirectly hold GEPT's interest in LSI Management in exchange for the issue of shares in LML to GEPT.

LML, LSI Management and the LSI Management Members have entered into the LML Acquisition Agreement to transfer the whole of the business and assets of LSI Management to LML under which LML will issue shares in LML to the Individual Management Members.

Stage 2: Acquisition of the entire issued share capital of LML

On 11 August 2010, the Company and the LSI Vendors entered into the LSI Acquisition Agreement pursuant to which the Company has agreed to acquire the entire issued share capital of LML (after completion of the LML Acquisition Agreement, under which the business of LSI Management will be transferred to LML) in consideration of an issue of shares in the Company. The issued share capital of LML will, following completion of the LML Acquisition Agreement, comprise a total of 55,000,000 ordinary shares of no par value held by the LSI Vendors.

The consideration payable by the Company under the LSI Acquisition Agreement is the sum of £55.0 million, to be satisfied by the issue of a total of 45,795,171 New Ordinary Shares ("Consideration Shares") to the LSI Vendors at a price of 120.01 pence per New Ordinary Share (equivalent to the NAV per LSP Ordinary Share at 31 March 2010). The Consideration Shares are being apportioned between the LSI Vendors as follows:

Name	*Number of ordinary shares held in LML*	*Number of Consideration Shares to be issued*
Raymond Mould	13,742,299	11,442,380
Patrick Vaughan	13,742,299	11,442,380
Martin McGann	4,420,806	3,680,938
Jeremy Bishop	3,647,298	3,036,885
Stewart Little	3,647,298	3,036,885
Jadzia Duzniak	770,000	641,132
Jacqueline Jessop	405,000	337,219
Humphrey Price	875,000	728,559
GEPT	13,750,000	11,448,793
Total	55,000,000	45,795,171

The Individual Management Members have agreed with the Company not to dispose of any of their Consideration Shares within the period of 3 years after Admission (the "Lock-In Arrangement"). GEPT are free to dispose of their Consideration Shares during this period free of the Lock-In Arrangement. The Lock-In Arrangement is subject to certain exceptions described in paragraph 17.6 of Part 17 of this document.

If an Individual Management Member leaves the Company within the period of 3 years after Admission, he or she will be deemed to be a Bad Leaver and will be required to sell all his or her Consideration Shares back to the Company for an aggregate nominal sum of £1 unless he or she ceases to be a director or employee on account of death, ill-health, redundancy or dismissal (except where dismissal is a consequence of not being re-elected at an annual general meeting of the Company). The PLC Board will also be able to waive any requirement for an Individual Management Member to sell his or her Consideration Shares back to the Company for a nominal sum.

A certain proportion of the consideration for the acquisition of LML ("Clawback Consideration") is subject to a clawback arrangement from the LSI Vendors if certain performance targets are not met in the three years

to 30 September 2013 (the "Clawback Arrangement"). The total amount of Clawback Consideration is £10,000,000 represented by 8,326,395 Consideration Shares ("Clawback Shares").

The performance targets are to achieve an average increase in adjusted net asset value of the Enlarged Group over each year of calculation of at least 11.5 per cent. The target is calculated after adding back in dividends paid in the relevant period but deducting the amount of any new issue of shares.

By way of example, if the adjusted net asset value at 1 October 2010 is £100 million, the performance targets will be to achieve an increase in adjusted net asset value as follows:

– at 30 September 2011: £111.5 million
– at 30 September 2012: £124.3 million
– at 30 September 2013: £138.6 million

The starting adjusted net asset value will be the adjusted net asset value on 30 September 2010 but further adjusted to take into account the costs of the Proposals and the cost of the Enlarged Group entering the UK-REIT regime.

In relation to each performance year, the starting adjusted net asset value at 1 October of that year is taken as the adjusted net asset value on the 30 September the day before and the ending adjusted net asset value for that year is the adjusted net asset value on the 30 September at the end of that year. In respect of the first performance year starting on 1 October 2010, the starting adjusted net asset value will be the adjusted net asset value on the 30 September 2010 but further adjusted to take into account the costs of the Proposals and the cost of the Enlarged Group entering the UK-REIT regime.

If the performance target for a Performance Year is met, then one-third of the Clawback Shares (i.e. 2,775,465 Consideration Shares) will be released to the LSI Vendors free of the Clawback Arrangement and for their own absolute beneficial ownership. If the performance target for a Performance Year is not met, then the Clawback Shares (except any previously released) will continue to be subject to the Clawback Arrangement.

If the performance target for the first performance year is not met but the cumulative target for the second performance year is met, then two-thirds of the Clawback Shares (i.e. 5,550,930 Consideration Shares) will be released to the LSI Vendors.

The Clawback Arrangement is only enforced after the end of the third performance year once the adjusted net asset value at 30 September 2013 is determined.

If the adjusted net asset value at 30 September 2013 meets the cumulative target (£138.6 million in the above example) then none of the Clawback Shares will be subject to clawback.

If the adjusted net asset value at 30 September 2013 does not meet the cumulative target (£138.6 million in the above example) all of the Clawback Shares will be subject to clawback, except those that have been previously released to the LSI Vendors as mentioned above.

The effect of Clawback Shares becoming subject to clawback is that those Clawback Shares will be bought back by the Company for the aggregate nominal sum of £1 for each LSI Vendor.

In the event that the Company is the subject of a takeover during the life of the Clawback Arrangement, the Clawback Shares will vest in their entirety.

An LSI Vendor will be entitled to retain any dividends or other distributions previously paid to that LSI Vendor in respect of any Consideration Shares that are bought back by the Company under any of the above arrangements.

The LSI Acquisition Agreement is conditional, *inter alia,* on Admission.

Further details of the various Acquisition Agreements are set out in paragraph 17 of Part 17 of this document.

4. PROPERTY ADVISORY AGREEMENTS

In connection with the Acquisition, amendments have been agreed to the Property Advisory Agreement and the Green Park Property Advisory Agreement to reflect the transfer of LSI's business to LML under the LML Acquisition Agreement.

The Restated Property Advisory Agreement will amend and restate the Property Advisory Agreement by substituting LML as property adviser in place of LSI Management conditional on and with effect from completion of the LML Acquisition Agreement.

The Restated Green Park Property Advisory will amend and restate the Green Park Property Advisory Agreement by substituting LML as property adviser in place of LSI Management conditional on and with effect from completion of the LML Acquisition Agreement.

The Restated MSC Property Advisory Agreement will amend and restate the MSC Advisory Agreement by substituting LML as the property advisor in place of LSI Management conditional on and with proposed effect from completion of the LML Acquisition Agreement.

Further details of the terms of the Restated Property Advisory Agreement, the Restated Green Park Property Advisory Agreement and the Restated MSC Property Advisory Agreement are set out in paragraphs 17.7, 17.8 and 17.9 of Part 17 of this document.

5. ARRANGEMENTS WITH MANAGEMENT

For the duration of the three year lock-up period under the terms of the LSI Acquisition Agreement, the Individual Management Members, who will benefit from the consideration payable pursuant to the terms of the LSI Acquisition Agreement, will not be eligible to participate in any future management incentive schemes.

The PLC Board will consider implementing appropriate incentive arrangements for management who are Individual Management Members following the third anniversary of Admission to ensure that their interests remain aligned with those of PLC Shareholders. Such arrangements would be subject to the approval of PLC Shareholders at the relevant time.

The PLC Board recognises that in order to align the interests of management who are not Individual Management Members with those of PLC Shareholders, it is appropriate to put in place incentive arrangements for such management appointees. Accordingly, following Admission, it is intended that suitable management incentive arrangements will be put in place.

Following completion of the Acquisition and the Scheme becoming effective, Individual Management Members will receive New Ordinary Shares as consideration under the LSI Acquisition Agreement and as a result of the Scheme. The current interests of the Individual Management Members in the LSP Existing Ordinary Shares and their interests in New Ordinary Shares following completion of the Acquisition and the Scheme becoming effective are as follows:

	LSP Existing Ordinary Shares		*New Ordinary Shares*	
	No. of LSP Existing Ordinary Shares	*Percentage of issued share capital*	*No. of New Ordinary Shares*	*Percentage of issued share capital*
Raymond Mould	7,500,000	1.50%	18,942,380	3.47%
Patrick Vaughan	6,941,130	1.39%	18,383,510	3.37%†
Martin McGann	142,857	0.03%	3,823,795	0.70%†
Other Individual Management Members (excluding GEAM*)	2,793,168	0.56%	10,573,848	1.94%

† These figures do not include the PLC Existing Ordinary Shares which are subject to the Initial Shares Buyback Agreements.

* Following Admission, GEAM's interest will be held by GEPT.

6. LSP DIRECTORS' UNDERTAKINGS

LSP has received irrevocable undertakings from the LSP Directors to vote or procure the vote in favour of the Acquisition Resolution, in respect of their own beneficial holdings, representing approximately 3.11 per cent. of the existing issued share capital of LSP.

7. DIRECTORS' AND GEAM'S INTERESTS IN LSP AND THE COMPANY

For the purposes of Section 108(2)(b) of the Companies Law, the LSP Directors interests in the issued share capital of LSP as at 10 August 2010 and the Company (once the Scheme has become effective and the Acquisition (if approved) has completed in accordance with its terms, but ignoring the PLC Existing Ordinary Shares which are subject to the Initial Shares Buyback Agreements) are as follows:

	LSP		*Company*			
	At the date of this document		*On Admission (if the Acquisition is not completed)*		*On Admission (if the Acquisition is completed)*	
	No. of issued LSP Existing Ordinary Shares	*Percentage of issued share capital*	*No. of issued PLC Ordinary Shares*	*Percentage of issued share capital*	*No. of issued PLC Ordinary Shares*	*Percentage of issued share capital*
Raymond Mould	7,500,000	1.50%	7,500,000	1.50%	18,942,380	3.47%
Patrick Vaughan	6,941,130	1.39%	6,941,130	1.39%	18,383,510	3.37%
Martin McGann	142,857	0.03%	142,857	0.03%	3,823,795	0.70%
Richard Crowder	100,000	0.02%	100,000	0.02%	100,000	0.02%
Lewis Grant	150,000	0.03%	150,000	0.03%	150,000	0.03%
Rupert Evans	700,000	0.14%	700,000	0.14%	700,000	0.13%
Patrick Firth	25,000	0.005%	25,000	0.005%	25,000	0.005%

Details of the interests of the PLC Directors and GEAM† in the issued share capital of LSP as at 10 August 2010 and the Company (once the Scheme has become effective and the Acquisition (if approved) has completed in accordance with its terms, but ignoring the PLC Existing Ordinary Shares which are subject to the Initial Shares Buyback Agreements) are as follows:

	LSP		*Company*			
	At the date of this document		*On Admission (prior to completion of Acquisition)*		*On Admission (after completion of Acquisition)*	
	No. of issued LSP Existing Ordinary Shares	*Percentage of issued share capital*	*No. of issued PLC Ordinary Shares*	*Percentage of issued share capital*	*No. of issued PLC Ordinary Shares*	*Percentage of issued share capital*
Raymond Mould	7,500,000	1.50%	7,500,000	1.50%	18,942,380	3.47%
Patrick Vaughan	6,941,130	1.39%	6,941,130	1.39%	18,383,510	3.37%
Martin McGann	142,857	0.03%	142,857	0.03%	3,823,795	0.70%
Charles Cayzer*	–	–%	–	–%	–	–%
Mark Burton	–	–%	–	–%	–	–%
Richard Crowder	100,000	0.02%	100,000	0.02%	100,000	0.02%
Humphrey Price	1,414,568	0.28%	1,414,568	0.28%	2,143,127	0.39%
James Dean	–	–%	–	–%	–	–%
GEAM†	42,535,267	8.51%	42,535,267	8.51%	53,984,060	9.89%

*Charles Cayzer is a director of Caledonia Investments and the Cayzer Trust Company Ltd, which holds 31,497,094 and 2,785,506 ordinary shares respectively in the capital of LSP (representing 6.3 per cent. and 0.6 per cent. respectively of the issued share capital of LSP).

†Following Admission, GEAM's interest will be held by GEPT.

Save as stated in Part 3, the effect of the Scheme itself on any material interests of the LSP Directors (whether as directors, members, creditors or otherwise) does not differ from its effect on the like interests of any LSP Shareholder.

8. ACTION TO BE TAKEN

Your attention is drawn to page 7 of this document, which explains the action to be taken in relation to the Proposals.

In addition to the Scheme Court Meeting, the Extraordinary General Meeting has been convened for the purpose of approving the Acquisition for the same date as the Scheme Court Meeting at 10.15 a.m. (or as soon thereafter as the Scheme Court Meeting is concluded or adjourned) to consider and, if thought fit, pass the Acquisition Resolution (which requires a vote in favour of more than 50 per cent. of the votes cast in person, or in the event of a poll, by proxy at the Extraordinary General Meeting) to approve the Acquisition Resolution.

The chairman of the meeting reserves his right to demand that the vote of LSP Shareholders be held by way of a poll and, in such event, each LSP Shareholder present in person or by proxy will be entitled to one vote for every LSP Existing Ordinary Share held.

You will find the notice of the Extraordinary General Meeting set out at the end of this document. The quorum for the Extraordinary General Meeting will be two or more LSP Shareholders present in person or by proxy.

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please contact Capita Registrars on 0871 664 0321 from within the UK or on +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Details relating to dealing and settlement are included in paragraph 8 of Part 3 of this document.

9. CONSEQUENCES OF THE ACQUISITION NOT PROCEEDING

If the Acquisition Resolution is not passed by LSP Shareholders, the Acquisition will not proceed and LSP's management functions will not be internalised. The remaining Proposals may still be implemented provided that LSP Shareholders pass the resolution to approve the Scheme, that the Court sanctions the Scheme and all other requisite conditions are satisfied relating to such Proposals.

If the Acquisition does not proceed but the remaining Proposals do, this will have a number of consequential effects including the following:

9.1 the Enlarged Group will continue with LSI Management as its external property adviser under the terms of the Property Advisory Agreement (details of which are contained in paragraph 17.11 in Part 17 of this document);

9.2 the Acquisition Agreements, the Restated Green Park Property Advisory Agreement, the Restated Property Advisory Agreement and the Restated MSC Property Advisory Agreement will lapse and cease to have effect;

9.3 the Consideration Shares that would have been issued to the LSI Vendors pursuant to the LSI Acquisition Agreement will not be issued;

9.4 the Prospectus will not be published on 20 September 2010 as envisaged but will be published at a later date in order to allow the Prospectus to be drawn up to reflect the effects of the Acquisition not being implemented;

9.5 Admission and UK-REIT election by the Company will be delayed by several weeks while the Prospectus is being prepared on the above basis; and

9.6 Raymond Mould, Patrick Vaughan and Martin McGann will serve as non-executive directors of the Company instead of becoming executive directors. They will not be independent of the Company's investment manager (namely, LSI Management). There will be four other non-executive directors, namely Charles Cayzer, Mark Burton, James Dean and Richard Crowder who will be independent of LSI Management. Charles Cayzer will be the Chairman of the PLC Board. Due to Messrs Mould, Vaughan and McGann being senior partners of LSI Management they will be subject to annual re-election to the PLC Board. As the PLC Board will only comprise non-executive directors, it is likely it will only operate one board committee, the audit committee.

This document should be read and construed accordingly.

10. OVERSEAS SHAREHOLDERS

All LSP Shareholders, regardless of the jurisdiction in which they reside, are entitled to attend the Scheme Court Meeting in person or through counsel to support or oppose the sanctioning of the Scheme. However, if you are a citizen, resident or national of a jurisdiction outside the United Kingdom, your attention is drawn to paragraph 9 of Part 3 of this document.

11. FURTHER INFORMATION

Please note that the information contained in this letter is not a substitute for reading the remainder of this document.

Your attention is drawn to the letter from the Chairman of LSP, which is set out in Part 1 of this document, which contains further information regarding the background to and reasons for the Scheme and which contains the unanimous recommendation of the LSP Directors that you vote in favour of the Scheme at the Scheme Court Meeting. A letter from KBC Peel Hunt and Credit Suisse explaining the Scheme appears in Part 3 of this document and constitutes an explanatory statement in compliance with section 108 of the Companies (Guernsey) Law, 2008. The terms of the Scheme are set out in full in Part 15 of this document. Your attention is also drawn to the further information contained in this document and, in particular, the additional information set out in Part 17 of this document.

12. FINANCIAL ADVICE

The Independent Directors have received financial advice with respect to the Acquisition from KBC Peel Hunt and Credit Suisse. In providing this advice KBC Peel Hunt and Credit Suisse have relied upon the Independent Directors' commercial assessments.

13. RECOMMENDATION

The Independent Directors, who have consulted KBC Peel Hunt in its role as nominated adviser, consider the terms of the Acquisition to be fair and reasonable insofar as LSP Shareholders are concerned. In providing any advice KBC Peel Hunt has relied upon the Independent Directors' commercial assessments.

The Independent Directors consider that the Acquisition is in the best interests of LSP and LSP Shareholders as a whole. Accordingly, the Independent Directors recommend unanimously that LSP Shareholders vote in favour of the Acquisition Resolution at the Extraordinary General Meeting, as they intend to do (or procure) in respect of their beneficial and non-beneficial interests, amounting, in aggregate, to 875,000 LSP Existing Ordinary Shares, representing approximately 0.175 per cent. of LSP's entire issued share capital.

Yours faithfully,

Rupert Evans
Senior Independent Director

PART 3

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EXPLANATORY STATEMENT

(in compliance with section 108 of the Companies (Guernsey) Law, 2008)

16 August 2010

Dear LSP Shareholder,

Recommended proposals relating to the introduction of the Company as the holding company of LSP by way of a scheme of arrangement under Part VIII of the Companies (Guernsey) Law, 2008

1. INTRODUCTION

On 5 August 2010, LSP announced its intention to elect for UK-REIT status and to undertake a number of proposals to enable it to do so. In order to qualify for UK-REIT status, the holding company of the LSP Group must be UK tax resident and its shares must be traded on a regulated market. Accordingly, the Proposals involve establishing the Company as the holding company of LSP by way of a scheme of arrangement under Part VIII of the Companies (Guernsey) Law, 2008 and making applications to the UKLA and the London Stock Exchange for admission of the PLC Existing Ordinary Shares and the New Ordinary Shares to the Official List and to trading on the Main Market.

2. SUMMARY OF THE SCHEME

Under the terms of the Scheme, it is proposed that the Company will issue New Ordinary Shares to LSP Shareholders in consideration for the transfer of their Scheme Shares to the Company. The Company is a public limited company incorporated in England and Wales and has been established for the purpose of becoming the holding company of LSP pursuant to the Scheme.

The LSP Directors have received financial advice from KBC Peel Hunt and Credit Suisse in connection with the Scheme. We have been authorised by the LSP Directors to write to you to explain the terms of the Scheme and to provide you with other relevant information. The Scheme is set out in full in Part 15 of this document.

Your attention is drawn to the letter from the Chairman of the Company, set out in Part 1 of this document and to the remainder of this document. That letter includes, among other things, the background to and reasons for the LSP Directors' recommendation and states that the LSP Directors consider the terms of the Scheme to be fair and reasonable. The LSP Directors unanimously recommend that Scheme Shareholders vote in favour of the resolution to be proposed at the Scheme Court Meeting.

The Scheme will be between the Scheme Shareholders and LSP under Part VIII of the Companies (Guernsey) Law, 2008. If the Scheme becomes effective, LSP Shareholders on the register of members at the Scheme Record Date will receive:

one New Ordinary Share for every one Scheme Share held

All of the Scheme Shares will be transferred to the Company under the Scheme.

Following the Scheme Court Meeting, the Scheme must be sanctioned by the Court and copies of the court order sanctioning the Scheme must be delivered to the Registrar of Companies in Guernsey. Upon the

Scheme becoming effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Scheme Court Meeting. LSP will not issue new LSP Ordinary Shares or register the transfer of any LSP Existing Ordinary Shares after the Hearing Record Time until the Scheme has become effective.

Application will be made to the London Stock Exchange and PLUS for the cancellation of the LSP Existing Ordinary Shares from admission to trading on AIM and the PLUS Market.

Prior to the Scheme becoming effective, application will be made to the UKLA for the PLC Existing Ordinary Shares and the New Ordinary Shares to be admitted to the Official List and to trading on the Main Market. It is expected that the PLC Existing Ordinary Shares and the New Ordinary Shares will be listed, and that dealings in them will commence, on the London Stock Exchange at 8.00 a.m. on 1 October 2010. The cancellation of the LSP Existing Ordinary Shares from admission to trading on AIM and the PLUS Market is also expected to occur at 8.00 a.m. on that date.

3. CONDITIONS OF THE SCHEME

The Scheme is subject to the following conditions:

(a) the Scheme being approved by a majority in number of those Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Court Meeting (or at any adjournment thereof) representing not less than 75 per cent. in nominal value of the Scheme Shares held by such Scheme Shareholders;

(b) the Scheme being sanctioned by the Court;

(c) in the event that the Acquisition Resolution proposed at the Extraordinary General Meeting is passed:

  (i) the LML Acquisition Agreement becoming unconditional and being completed in accordance with its terms; and

  (ii) the LSI Acquisition Agreement becoming unconditional and being completed in escrow in accordance with its terms;

(d) the UKLA approving the Prospectus and the Company publishing the Prospectus, as required by law, prior to the Scheme Court Hearing;

(e) Admission; and

(f) the Scheme becoming effective not later than 31 December 2010 or such other date as LSP and the Company agree or is sanctioned by the Court.

The Scheme will become effective on Admission, subject to the above conditions being satisfied. Further details of the Scheme are set out in Part 15 of this document.

If the Scheme becomes effective, it will be binding on all LSP Shareholders irrespective of whether or not they attended and/or voted at the Scheme Court Meeting (and if they attended and voted, whether or not they voted in favour).

If the Scheme is not sanctioned by the Court or does not become effective for any other reason, the Company will not apply for, or will withdraw any application for Admission. Further, if the Scheme does not become effective, LSP will remain admitted to trading on AIM and the PLUS Market and will continue to be externally managed as at present. As a consequence, conversion to UK-REIT status will not occur.

4. EFFECTS OF THE SCHEME

The LSP Board believes that the long-term future of the business is best served by converting to UK-REIT status, becoming a permanent life vehicle to fully capture the long-term benefits of REIT conversion, and internalising its management. The LSP Board believes that following the Proposals, the Company will be well positioned to create significant value for PLC Shareholders.

If the Scheme becomes effective, following the requisite approval of LSP Shareholders and the sanction of the Court:

- existing LSP Shareholders will cease to own shares in LSP and will instead own shares in the Company (in the same proportions as their current shareholdings in LSP, save as a result of the issue of the Consideration Shares under the LSI Acquisition Agreement described in paragraph 3 of Part 2 and paragraph 17.6 of Part 17 and);
- the Company will own the entire issued share capital of LSP and LSP will become a wholly-owned subsidiary of the Company;
- the Company's business will be the management of the securities vested in the Company and its holding of shares in LSP. The portfolio investments owned by LSP will continue to be owned by LSP;
- the PLC Board will consider the portfolio owned by LSP and its investment strategy, and will make decisions as to categories of investments to be held and retained by LSP. In each case, the task of implementing the policies and strategies set by the relevant board of directors for each portfolio will be delegated to a designated individual or team;
- the Company will also own the entire issued share capital of LSI (Investments), which is the owner of the LSP Group's properties at Stoke-on-Trent and Newcastle-Under-Lyme;
- LSP will continue to own the Property Portfolio (described in Part 12);
- the Company will be listed on the premium segment of the Official List and the PLC Existing Shares and the New Ordinary Shares will be traded on the Main Market of the London Stock Exchange. LSP will cease to be traded on AIM and the PLUS Market; and
- the Enlarged Group will be a group UK-REIT on Admission. The Company will be the principal company of the group UK-REIT.

If the Acquisition is completed, following the requisite approval of LSP Shareholders and satisfaction of each of the other applicable conditions (each summarised in paragraph 3 of Part 2 and paragraph 17.6 of Part 17), the Company will own the entire issued share capital of LML. LML will own all of the business and assets which are currently owned by LSI Management. The effect of the Acquisition is that the property advice and management functions required by the Enlarged Group will be provided internally. Raymond Mould, Patrick Vaughan and Martin McGann along with other LSI Management Members, are interested in the Acquisition, and are, therefore, considered "related parties" in respect of the Acquisition for the purposes of the AIM Rules for Companies.

The Scheme will not substantially alter the assets and liabilities of the LSP Group as a whole. Upon the Scheme becoming effective, a PLC Shareholder will have the same proportionate interest in the profits, net assets and dividends of the Enlarged Group as he has as a LSP Shareholder in the profits, net assets and dividends of the LSP Group before the Scheme becomes effective except as a consequence of the issue of the Consideration Shares as part of the Acquisition (if approved) and the PLC Existing Ordinary Shares (which are nevertheless subject to the Initial Shares Buyback Agreements). The balance sheet of LSP will not change as a result of the Scheme itself. Further, LSP will continue to hold the Property Portfolio.

5. PLC BOARD

The PLC Board will comprise Raymond Mould, Patrick Vaughan and Martin McGann, all of whom will be executive directors (if the Acquisition is approved, otherwise they will be non-executive directors), and Charles Cayzer, Mark Burton, Richard Crowder, Humphrey Price and James Dean, all of whom will be non-executive directors.

6. DIRECTORS' AND GEAM'S INTERESTS IN LSP AND THE COMPANY

For the purposes of Section 108(2)(b) of the Companies Law, the LSP Directors interests in the issued share capital of LSP as at 10 August 2010 and the Company (once the Scheme has become effective and the Acquisition (if approved) has completed in accordance with its terms, but ignoring the PLC Existing Ordinary Shares which are subject to the Initial Shares Buyback Agreements) are as follows:

	LSP		*Company*			
	At the date of this document		*On Admission (if the Acquisition is not completed)*		*On Admission (if the Acquisition is completed)*	
	No. of issued LSP Existing Ordinary Shares	*Percentage of issued share capital*	*No. of issued PLC Ordinary Shares*	*Percentage of issued share capital*	*No. of issued PLC Ordinary Shares*	*Percentage of issued share capital*
Raymond Mould	7,500,000	1.50%	7,500,000	1.50%	18,942,380	3.47%
Patrick Vaughan	6,941,130	1.39%	6,941,130	1.39%	18,383,510	3.37%
Martin McGann	142,857	0.03%	142,857	0.03%	3,823,795	0.70%
Richard Crowder	100,000	0.02%	100,000	0.02%	100,000	0.02%
Lewis Grant	150,000	0.03%	150,000	0.03%	150,000	0.03%
Rupert Evans	700,000	0.14%	700,000	0.14%	700,000	0.13%
Patrick Firth	25,000	0.005%	25,000	0.005%	25,000	0.005%
Total	15,558,987	3.11%	15,558,987	3.11%	42,124,685	7.72%

Raymond Mould (Executive Chairman), Patrick Vaughan (Chief Executive) and Martin McGann (Finance Director), will be executive directors of the Company and Richard Crowder will be engaged as a non-executive director of the Company under letters of appointment.

Details of the appointment of certain of the LSP Directors with the Company and remuneration and benefits payable on completion of the Scheme are stated in paragraphs 12.1 and 12.2 of Part 17.

Details of the interests of the PLC Directors and GEAM† in the issued share capital of LSP as at 10 August 2010 and the Company (once the Scheme has become effective and the Acquisition (if approved) has completed in accordance with its terms, but ignoring the PLC Existing Ordinary Shares which are subject to the Initial Buyback Agreements) are as follows:

	LSP		*Company*			
	At the date of this document		*On Admission (prior to completion of Acquisition)*		*On Admission (after completion of Acquisition)*	
	No. of issued LSP Existing Ordinary Shares	*Percentage of issued share capital*	*No. of issued PLC Ordinary Shares*	*Percentage of issued share capital*	*No. of issued PLC Ordinary Shares*	*Percentage of issued share capital*
Raymond Mould	7,500,000	1.50%	7,500,000	1.50%	18,942,380	3.47%
Patrick Vaughan	6,941,130	1.39%	6,941,130	1.39%	18,383,510	3.37%
Martin McGann	142,857	0.03%	142,857	0.03%	3,823,795	0.70%
Charles Cayzer*	–	–%	–	–%	–	–%
Mark Burton	–	–%	–	–%	–	–%
Richard Crowder	100,000	0.02%	100,000	0.02%	100,000	0.02%
Humphrey Price	1,414,568	0.28%	1,414,568	0.28%	2,143,127	0.39%
James Dean	–	–%	–	–%	–	–%
GEAM†	42,535,267	8.51%	42,535,267	8.51%	53,984,060	9.89%
Total	58,633,822	11.73%	58,633,822	11.73%	97,376,872	17.84%

*Charles Cayzer is a director of Caledonia Investments and the Cayzer Trust Company Ltd, which holds 31,497,094 and 2,785,506 ordinary shares respectively in the capital of LSP (representing 6.3 per cent. and 0.6 per cent. respectively of the issued share capital of LSP).

† Following Admission, GEAM's interest will be held by GEPT.

Charles Cayzer, Mark Burton, Humphrey Price, Richard Crowder and James Dean will be engaged as non-executive directors of the Company under letters of appointment.

Details of the appointment of the PLC Directors and remuneration and benefits payable on completion of the Scheme are stated in paragraphs 12.1 and 12.2 of Part 17.

Raymond Mould, Patrick Vaughan and Martin McGann are also LSI Management Members and will benefit from the Acquisition in that they will exchange shares in LSI Management in return for shares in the Company as set out below in paragraph 7. If the Scheme is not approved by LSP Shareholders, or if not effected for any other reason, the Acquisition will not be completed.

Following completion of the Acquisition and the Scheme becoming effective, the Management Team, which includes Raymond Mould, Patrick Vaughan and Martin McGann will hold 49,580,406 New Ordinary Shares in aggregate representing 9.1 per cent. of the issued share capital of the Company.

The terms of the Acquisition have been considered independently by the Independent Directors. Raymond Mould, Patrick Vaughan and Martin McGann are interested in the Acquisition and are, therefore, considered "related parties" for the purposes of the AIM Rules for Companies and, therefore, not independent for this purpose.

The PLC Board will consider implementing appropriate incentive arrangements for management who are Individual Management Members following the third anniversary of Admission to ensure that their interests remain aligned with those of PLC Shareholders. Such arrangements would be subject to the approval of PLC Shareholders at the relevant time.*

LSP has received irrevocable undertakings from the LSP Directors to vote or procure the vote in favour of the Scheme in respect of their own beneficial holdings, representing approximately 3.11 per cent. of the existing issued share capital of LSP.

The LSP Directors consider that the Scheme, the UK-REIT election and Admission are in the best interests of LSP and the LSP Shareholders as a whole. Accordingly, the LSP Directors recommend unanimously that Scheme Shareholders vote in favour of the resolution to be proposed at the Scheme Court Meeting, as they intend to do (or procure) in respect of their beneficial and non-beneficial interests, amounting, in aggregate, to 15,558,987 LSP Existing Ordinary Shares, representing approximately 3.11 per cent. of LSP's entire issued share capital.

Save as indicated in this paragraph, the effect of the Scheme itself on any material interests of the LSP Directors (whether as directors, members, creditors or otherwise) does not differ from its effect on the like interests of any LSP Shareholder or the LSP Directors.

7. THE ACQUISITION

Subject to approval of the Scheme and the Acquisition Resolution, the Company proposes to internalise its management function which is currently being performed by LSI Management.

Raymond Mould, Patrick Vaughan and Martin McGann are also LSI Management Members.

The Acquisition will be implemented in two stages. The first stage results in the acquisition of the business and assets of LSI Management by LML.

LML and GEPT have entered into the GEPT Agreement under which GEPT will transfer to LML the entities which indirectly hold GEPT's interest in LSI Management in exchange for the issue of shares in LML to GEPT.

LML, LSI Management and the LSI Management Members have entered into the LML Acquisition Agreement to transfer the whole of the business and assets of LSI Management to LML under which LML will issue shares in LML to the Individual Management Members.

The second stage is the acquisition of the entire issued share capital of LML.

* The PLC Board recognises that in order to align the interests of management who are not Individual Management Members with those of PLC Shareholders, it is appropriate to put in place incentive arrangements for such management appointees. Accordingly, following Admission, it is intended that suitable management incentive arrangements will be put in place.

On 11 August 2010, the Company and the LSI Vendors entered into the LSI Acquisition Agreement pursuant to which the Company has agreed to acquire the entire issued share capital of LML (after completion of the LML Acquisition Agreement, under which the business of LSI Management will be transferred to LML) in consideration of an issue of shares in the Company. The issued share capital of LML will, following completion of the LML Acquisition Agreement, comprise a total of 55,000,000 ordinary shares of no par value held by the LSI Vendors.

The consideration payable by the Company under the LSI Acquisition Agreement is the sum of £55.0 million, to be satisfied by the issue of a total of 45,795,171 New Ordinary Shares ("Consideration Shares") to the LSI Vendors at a price of 120.1 pence per New Ordinary Share (equivalent to the NAV per LSP Ordinary Share at 31 March 2010). The Consideration Shares are being apportioned between the LSI Vendors, some of whom are also LSP Directors, as follows:

Name	*Number of ordinary shares held in LML*	*Number of Consideration Shares to be issued*
Raymond Mould	13,742,299	11,442,380
Patrick Vaughan	13,742,299	11,442,380
Martin McGann	4,420,806	3,680,938
Jeremy Bishop	3,647,298	3,036,885
Stewart Little	3,647,298	3,036,885
Jadzia Duzniak	770,000	641,132
Jacqueline Jessop	405,000	337,219
Humphrey Price	875,000	728,559
GEPT	13,750,000	11,448,793
Total	55,000,000	45,795,171

A certain portion of the consideration for the acquisition of LML ("Clawback Consideration") is subject to a clawback arrangement from the LSI Vendors if certain performance targets (details of which are set out in paragraph 3 of Part 2 and paragraph 17.6 of Part 17) are not met in the three years to 30 September 2013. Further details regarding the terms of the LSI Acquisition Agreement are set out in the Senior Independent Director's letter in paragraph 3 of Part 2 and of paragraph 17.6 of Part 17.

8. ADMISSION, DEALINGS, SHARE CERTIFICATES AND SETTLEMENT

Assuming no Court adjournments, and assuming the Scheme becomes effective, the last day of dealings in, and for registration of transfers of, LSP Existing Ordinary Shares will be 30 September 2010, following which the LSP Existing Ordinary Shares will no longer be traded on AIM or the PLUS Market. No transfers of LSP Existing Ordinary Shares will be registered after this date.

Prior to the Scheme becoming effective, application will be made to the London Stock Exchange and PLUS for the cancellation of the LSP Existing Ordinary Shares from admission to trading on AIM and the PLUS Market respectively. Accordingly, if the Court sanctions the Scheme on 28 September 2010, the cancellation of trading in the LSP Existing Ordinary Shares on AIM and the PLUS Market is expected to become effective at 7.00 a.m. on 1 October 2010.

On 1 October 2010, share certificates in respect of LSP Existing Ordinary Shares will cease to be valid and should, if so requested by LSP, be sent to LSP for cancellation. In addition, entitlements to LSP Existing Ordinary Shares held within the CREST system will be cancelled on 1 October 2010.

Application will be made to the UKLA for the PLC Existing Ordinary Shares and New Ordinary Shares to be admitted to the Official List and to trading on the Main Market. It is expected that the PLC Existing Ordinary Shares and New Ordinary Shares will be issued, their admission will become effective and that dealings will commence at 8.00 a.m. on 1 October 2010.

No application is currently intended to be made for the Existing Ordinary Shares or the New Ordinary Shares to be admitted to listing or dealt with on any other exchange.

Subject to the Scheme becoming effective, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the following manner:

8.1 ***Scheme Shares held in certificated form***

Where Scheme Shareholders at the Scheme Record Date hold Scheme Shares in certificated form, New Ordinary Share certificates will be despatched in certificated form (i.e. not in CREST) by no later than 14 days after the Effective Date, to the addresses appearing in the register of members of LSP at the Scheme Record Date. All documents sent through the post will be sent at the risk of the person(s) entitled thereto.

8.2 ***Scheme Shares held in uncertificated form through CREST***

Where Scheme Shares are at the Scheme Record Date held in uncertificated form (i.e. in CREST), any New Ordinary Shares to which a Scheme Shareholder is entitled will be issued to such shareholder in uncertificated form. LSP will procure that Euroclear is instructed to credit the appropriate stock account in CREST of the Scheme Shareholder concerned with such shareholder's entitlement to New Ordinary Shares and to cancel such shareholder's holding of Scheme Shares by no later than 14 days after the Effective Date. However, the Company may (if, for any reason, it wishes to do so) determine that the New Ordinary Shares are to be issued in certificated form, to be despatched by post no later than 14 days after the Effective Date.

9. OVERSEAS SHAREHOLDERS

The implications of the Proposals for Scheme Shareholders resident in, or citizens of, jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Overseas Shareholders should inform themselves about and observe any applicable requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

It is the responsibility of Scheme Shareholders who are citizens, residents or nationals of jurisdictions outside the United Kingdom to ensure that the correct rate of postage is paid before returning the enclosed Forms of Proxy. If the Company is advised that the allotment and issue of New Ordinary Shares to any persons would infringe the laws of any jurisdiction outside the United Kingdom or would require the Company to observe any governmental or other consent or any registration, filing or other formality with which the Company is unable to comply or compliance with which the Company regards as unduly onerous, the Company may in its sole discretion determine that such New Ordinary Shares shall not be allotted and issued to such persons but shall instead be allotted and issued to a nominee appointed by the Company as trustee and sold by the trustee for the benefit of such persons at the best price reasonably obtainable.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons in such jurisdictions into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with applicable restrictions may constitute a violation of securities laws of any such jurisdiction. The New Ordinary Shares to be issued pursuant to the Proposals have not been, and will not be, registered under the US Securities Act or under the securities laws of any state in the US. Furthermore, none of the PLC Existing Ordinary Shares nor the New Ordinary Shares have not been and will not be registered under any of the relevant securities laws of Canada, Australia, Japan or South Africa. Accordingly, the New Ordinary Shares may not be offered, sold, resold or delivered directly or indirectly in or into Australia, Canada, Japan or South Africa or any jurisdiction in which to do so is unlawful (except in compliance with applicable legislation). In any case where the issue of New Ordinary Shares would infringe the law of any foreign jurisdiction, or necessitate compliance with any special requirement, the Scheme provides that such shares may be issued to a nominee and then sold, with the net proceeds of sale being remitted to the relevant Overseas Shareholder.

This document does not constitute an offer to sell or the solicitation of an offer to buy New Ordinary Shares or a solicitation of a vote or approval in any jurisdiction in which such offer or solicitation is unlawful. This document and the accompanying documentation have been prepared for the purposes of complying with English law, and all applicable rules and regulations of the London Stock Exchange (including the AIM Rules for Companies) and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or any other related document to any jurisdiction outside the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction before taking any action.

US Holders should note that the Scheme will relate to the LSP Existing Ordinary Shares of a Guernsey company that is a "foreign private issuer" as defined under Rule 3b-4 of the US Exchange Act, and will be governed by Guernsey law. Accordingly, the proxy solicitation rules under the US Exchange Act will not apply to the Scheme. In addition, a transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Exchange Act. Moreover, the Scheme will be subject to the disclosure requirements and practices applicable in Guernsey to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. LSP and the Company are companies registered in Guernsey and England and Wales, respectively. Directors and officers of LSP and the Company may be located outside of the US and, as a result, it may not be possible for Scheme Shareholders who are resident in the US to effect service of process within the United States upon LSP and the Company. A substantial part of the assets of the Enlarged Group may be located outside of the United States and as a result the enforcement by US Holders of civil liabilities under the United States securities laws may be affected.

The New Ordinary Shares which will be issued in connection with the Proposals have not been, and will not be, registered under the US Securities Act or under the securities laws of any state in the United States and are being issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the US Securities Act based on Court approval of the Scheme. As a matter of US law, for the purpose of qualifying for this exemption from the registration of the US Securities Act, the Court must be advised that its sanctioning of the Scheme will be relied upon by the Company (as the issuer of New Ordinary Shares) for such purpose as an approval of the Scheme, following a hearing on its fairness to Scheme Shareholders, at which hearing Scheme Shareholders to whom New Ordinary Shares will be issued as part of the Scheme may attend the open court hearing in person or through presentation to support or oppose the approval of the Scheme.

New Ordinary Shares issued pursuant to Section 3(a)(10) of the US Securities Act may be resold without restriction under the US Securities Act by any former Scheme Shareholder in the US who is not an affiliate of the Company immediately before the Effective Date or who is not an affiliate of the Company after the Effective Date. An affiliate of an issuer is a person that directly, or indirectly, through one or more intermediaries, controls, or who is controlled by or is under common control with such issuer whether through ownership of securities or otherwise. Whether a person is an affiliate of an issuer depends upon the circumstances, but affiliates of an issuer can include certain officers and directors and significant shareholders. Former Scheme Shareholders in the US who are affiliates of the Company immediately before the Effective Date or who are affiliates of the Company after the Effective Date are subject to resale restrictions under the US Securities Act and may not resell New Ordinary Shares in the US in the absence of an exemption from registration under the US Securities Act and may resell New Ordinary Shares outside the US only pursuant to such an exemption. US Holders are urged to consult their legal advisers to determine the availability of applicable resale provisions.

In any case where the issue of New Ordinary Shares would be subject to the securities laws of any state in the US which imposes regulatory obligations in connection with the sale of such securities, which the Company, in its sole judgment, considers unduly onerous or with which the Company is unable to comply, or, if at any time, when the Company ceases to maintain its primary trading market on a stock exchange

outside the United States, the Scheme provides that New Ordinary Shares that would otherwise have been deliverable to Scheme Shareholders resident in such states ("**Ineligible Scheme Shareholders**") in consideration for the cancellation of their Scheme Shares pursuant to the Scheme may instead be issued to a UK nominee and then sold by the UK nominee with the net proceeds of the sale being remitted to the relevant Ineligible Scheme Shareholder(s).

Such New Ordinary Shares will be sold as soon as practicable (and in any event not later than five business days) after receipt by the UK nominee of the certificate for the Scheme Shares tendered for exchange by the Ineligible Scheme Shareholder on whose behalf they are to be sold. Any such sale may be effected through the Official List or in any other securities market in which New Ordinary Shares are then traded, or by private sale. The UK nominee may, in its sole discretion, sell such New Ordinary Shares as part of one or more pools created by it for administrative convenience. Promptly after the sale of the New Ordinary Shares, the UK nominee will forward to each person whose New Ordinary Shares have been sold, a cheque in pounds sterling in an amount equal to the proceeds of the sale of such New Ordinary Shares (on a pro rata basis in the case of New Ordinary Shares sold as part of a pool and, in each case, net of all applicable commissions in respect of such sales, any other related expenses and any applicable withholding taxes).

In effecting any sale of New Ordinary Shares, the UK nominee will, subject to the foregoing, exercise its sole judgment as to the timing and manner of sale, and will not be obligated to seek or obtain a minimum price for any New Ordinary Shares that it is selling. The sales price of New Ordinary Shares sold by the nominee will fluctuate with the market price of the New Ordinary Shares, and no assurance can be given that any particular price will be received in connection with any such sale. Neither the Company, LSP nor the UK nominee will be liable for any loss arising out of any sale of the New Ordinary Shares in accordance with the foregoing, relating to the manner or timing of such sale, the prices at which such New Ordinary Shares are sold, or otherwise. Ineligible Scheme Shareholders who desire certainty with respect to the price to be received for their Scheme Shares may wish to consult their advisers regarding a sale of their Scheme Shares in the open market or otherwise, rather than tendering them for exchange pursuant to the Scheme.

This document and the transactions contemplated by this document have not been approved or authorised by the Jersey Financial Services Commission. The Jersey Financial Services Commission has not consented to the direct or indirect distribution or circulation of this document or the transactions contemplated by this document. This document may not be publicly distributed or circulated directly or indirectly in Jersey. Neither LSP nor the Company will solicit directly or indirectly the public in the Island of Jersey in connection with the Proposals.

Overseas Shareholders and US Holders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme.

10. UNITED KINGDOM AND GUERNSEY TAXATION

A summary of relevant UK and Guernsey taxation, which is intended as a general guide only, is set out in Part 16 of this document. If you are in any doubt as to your tax position, or you are subject to taxation in any jurisdiction other than Guernsey or the UK, you are strongly advised to consult an appropriate independent professional adviser.

11. SHAREHOLDERS MEETINGS AND THE SCHEME COURT HEARING

Before the Court's approval of the Scheme can be sought, the Scheme will require approval by Scheme Shareholders at the Scheme Court Meeting. Notice of the Scheme Court Meeting is set out in Part 19 of this document. Scheme Shareholders' entitlement to attend and vote at the Scheme Court Meeting and the number of votes which may be cast at them will be determined by reference to the register of members of LSP at the Voting Record Time or, if such Meeting is adjourned, on the register of members 48 hours before the relevant adjourned Meeting.

11.1 ***The Scheme Court Meeting***

You will find set out on pages 275 and 276 of Part 19 of this document the notice of the Scheme Court Meeting of the Scheme Shareholders which has been convened at the direction of the Court for the purpose of the Scheme Shareholders considering and, if thought fit, approving the Scheme.

The Scheme Court Meeting has been convened for 10.00 a.m. on 15 September 2010 at 2nd Floor, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3NQ. At the Scheme Court Meeting, voting will be by way of poll and not a show of hands and each Scheme Shareholder who holds Scheme Shares at the Voting Record Time present in person or by proxy will be entitled to one vote for each Scheme Share held. The approval required at the Scheme Court Meeting is a majority in number of those Scheme Shareholders present and voting, whether in person or by proxy, at the Scheme Court Meeting (or at any adjournment thereof) representing not less than 75 per cent. in nominal value of the Scheme Shares held by such Scheme Shareholders.

Scheme Shareholders have the right to raise any objections they may have to the Scheme at the Scheme Court Meeting.

IT IS IMPORTANT THAT, FOR THE SCHEME COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF THE OPINION OF LSP SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE, AND, IN ANY EVENT SO AS TO BE RECEIVED BY 10.00 A.M. ON 13 SEPTEMBER 2010. A FORM OF PROXY FOR THE SCHEME COURT MEETING NOT LODGED AT THE RELEVANT TIME MAY BE HANDED IN TO THE CHAIRMAN OF THE SCHEME COURT MEETING BEFORE THE TAKING OF THE POLL.

11.2 ***The Extraordinary General Meeting***

In addition to the Scheme Court Meeting, the Extraordinary General Meeting has been convened for the purpose of approving the Acquisition for the same date as the Scheme Court Meeting at 2nd Floor, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3NQ at 10.15 a.m. (or as soon thereafter as the Scheme Court Meeting is concluded or adjourned) to consider and, if thought fit, pass the Acquisition Resolution (which requires a vote in favour of more than 50 per cent. of the votes cast in person, or in the event of a poll, by proxy at the Extraordinary General Meeting) to approve the Acquisition Resolution.

The chairman of the meeting reserves his right to demand that the vote of LSP Shareholders be held by way of a poll and, in such event, each LSP Shareholder present in person or by proxy will be entitled to one vote for every LSP Existing Ordinary Share held.

You will find the notice of the Extraordinary General Meeting set out in Part 19 of this document. The quorum for the Extraordinary General Meeting will be two or more LSP Shareholders present in person or by proxy.

11.3 ***The Court Hearing***

The Court Hearing is scheduled for 28 September 2010. All Scheme Shareholders are entitled to attend the Court Hearing in person or to be represented by counsel to support or oppose the sanctioning of the Scheme. The Scheme will become effective on Admission once all of the conditions to the Scheme have been satisfied. This is expected to occur on or by 1 October 2010.

Unless the Scheme becomes effective by no later than 31 December 2010 or such later date as LSP and the Company may agree and the Court may allow, the Scheme will not become effective and the Proposals will not proceed.

12. ACTION TO BE TAKEN

You will find enclosed with this document:

(i) a blue Form of Proxy for use in respect of the Scheme Court Meeting; and

(ii) a white Form of Proxy for use in respect of the Extraordinary General Meeting.

Whether or not you plan to attend both or either of the Meetings, please complete the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon, whether or not your LSP Existing Ordinary Shares are in CREST, as soon as possible, but in any event, so as to be received by post or by hand (during normal business hours only) to LSP's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 10.00 a.m. on 13 September 2010 in the case of the Scheme Court Meeting and by 10.15 a.m. on 13 September 2010 in the case of the Extraordinary General Meeting (or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

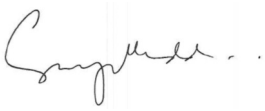
Further information on the action to be taken is set out on page 7 of this document.

13. FURTHER INFORMATION

The terms of the Scheme are set out in full in Part 15 of this document. Your attention is also drawn to the further information contained in this document, in particular to the additional information set out in Part 17 of this document.

Yours faithfully,

Capel Irwin
KBC Peel Hunt Ltd



George Maddison
Credit Suisse Securities (Europe) Limited

16 August 2010

PART 4

RISK FACTORS

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

An investment in PLC 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 THE ENLARGED GROUP AND ITS BUSINESS

There is no guarantee that the investment objectives of the Enlarged Group will be met

There can be no guarantee that the investment objectives of the Enlarged Group will be met. The results of the Enlarged 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.

Property valuation is inherently subjective and uncertain

The valuation of property and property-related assets is inherently subjective, in part because all property valuations are made on the basis of assumptions which may not prove to be accurate, and, in part because of the individual nature of each property. This is particularly so, as has been the case in the previous 24 month period, where there has been more limited transactional activity in the market against which property valuations can be benchmarked by the Company's independent third-party valuation agents. Valuations of the Company's investments may not reflect actual sale prices even where any such sales occur shortly after the relevant valuation date.

The Company may invest in properties through investments in various property-owning vehicles and may, in the future, utilise a variety of investment structures for the purpose of investing in property, such as its current joint venture with Green Park. Where a property or an interest in a property is acquired through a company or investment structure, the value of the company or investment structure may not be the same as the value of the underlying property due, for example, to tax, environmental, contingent, and contractual or other liabilities, or structural considerations. As a result, there can be no assurance that the value of investments made through those structures will fully reflect the value of the underlying property.

Market conditions may delay or prevent the Company from making appropriate investments that generate attractive returns

Market conditions may have a negative impact on the Company's ability to identify and execute investments in suitable assets that generate acceptable returns. As evident during the recent market downturn, market conditions have had a significant negative impact on the availability of credit, property pricing and liquidity levels. Lenders have also tightened their lending criteria, lending lower multiples of income and lowering loan to value ratios. Depressed market conditions may also restrict the supply of suitable assets that may generate acceptable returns and adverse market conditions may lead to increasing numbers of tenant defaults.

Adverse market conditions and their consequences may have a material adverse effect on the Company's net asset value or its ability to make distributions to PLC Shareholders.

The Company's performance will depend on general property and investment market conditions

The Company's performance will be affected by, amongst other things, general conditions affecting the commercial rental market, as a whole or specific to the Company's investments, including a decrease in capital values and a weakening of rental yields. The value of commercial real estate in the UK declined sharply as a result of economic recession, the credit crisis and a reduced confidence in the global financial markets caused by the failure, or near-collapse, of a number of global financial institutions.

The Company's ability to dispose of its properties, and the price realised in any such disposals, will also depend on the general conditions affecting the investment market at the time of the disposal. The Company's business and results of operations may be materially adversely affected by a number of factors outside of its control, including, but not limited to:

- a general commercial or property market contraction;
- a decline in commercial or rental values; and
- changes in laws and governmental regulations in relation to property, including those governing permitted and planning usage, taxes and government charges, health and safety and environmental compliance.

Such changes in laws and regulations may lead to an increase in capital expenditure or running costs to ensure compliance which may not be recoverable from tenants. Rights related to particular properties may also be restricted by legislative actions, such as revisions to existing laws or the enactment of new laws.

If conditions affecting the investment market negatively impact the price at which the Company is able to dispose of its assets, or if the Company suffers a material increase in its operating costs, this may have a material adverse effect on the Company's business and results of operations.

The Company may suffer from delays in locating and acquiring suitable investments

The Company's business strategy is to create a property investment portfolio in the UK. Locating suitable properties and negotiating acceptable purchase contracts, conducting due diligence and ultimately investing in a property typically requires a significant amount of time. The Company may face delays in locating and acquiring suitable investments and, once the properties are identified, there could also be delays in obtaining the necessary approvals. Furthermore, in the event the Company invests in other projects through joint ventures such as its joint venture with Green Park, it will need to negotiate suitable arrangements with each of its proposed investment partners, which can also prove to be time-consuming. The Company's inability to select and invest, alone or as co-owner, in properties on a timely basis may have a material adverse effect on the potential returns to shareholders and delay or limit distributions to shareholders by the Company.

Competition may affect the ability of the Company to make appropriate investments

The Company expects to face competition from other property investors. Competitors may have greater financial resources than the Company and a greater ability to borrow funds to acquire properties. Competition in the property market may also lead either to an over-supply of property through over-development or higher prices for existing properties being driven up through competing bids by potential purchasers. There can be no assurance that the Company will be successful in sourcing suitable investments or that the Company will make any investments in property assets at all. The existence and extent of competition in the property market may have a material adverse effect on the Company's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis.

Any costs associated with potential investments that do not proceed to completion will affect the Company's performance

The Company expects to incur certain third-party costs, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable assets. There can be no assurance as to the level of such costs, and given that there can be no guarantee that the Company will be successful in its negotiations to acquire any given property, the greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Company's results of operations and financial condition.

The Company's performance will depend on its ability to manage its property assets successfully

Revenues earned from, and the capital value and disposal value of, properties held by the Company and the Company's business may be materially adversely affected by a number of factors inherent in property investment, including, but not limited to:

- decreased demand by potential tenants for properties;
- inability to recover operating costs such as local taxes and service charges on vacant space;
- exposure to the creditworthiness of tenants, including the inability to collect rent and other contractual payments from tenants (which includes the risk of tenants defaulting on their obligations and seeking the protection of bankruptcy laws), which could result in delays in receipt of rental and other contractual payments, inability to collect such payments at all, the re-negotiation of tenant leases on terms less favourable to the Company, or the termination of tenant leases;
- material declines in rental values;
- defaults by a number of tenants with material rental obligations (including pre-let obligations) or a default by a significant tenant at a specific property that may hinder or delay the sale of such property;
- material litigation with tenants;
- material expenses in relation to the construction of new tenant improvements and re-letting a relevant property, including the provision of financial inducements to new tenants such as rent free periods;
- reduced access to financing for tenants, thereby limiting their ability to alter existing operations or sites or to undertake expansion plans; and
- increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, including as a result of increases in the rate of inflation if it exceeds rental growth, property taxes and other statutory charges, insurance premiums and other void costs, and unforeseen capital expenditure affecting the properties which cannot be recovered from tenants.

If the Company's revenues earned from tenants, or the value of its properties are adversely impacted by the above or other factors, the Company's business prospects, results of operations and cash flows may be materially adversely affected.

Market conditions will affect the Company's ability to adjust its Property Portfolio strategically

Whilst the Company is not a limited life company, and is under no obligation to sell its assets within a fixed time frame, there can be no assurance that, at the time the Company seeks to dispose of its assets, conditions in the relevant market will be favourable or that the Company will be able to maximise the returns on such disposed assets. As property assets are relatively illiquid, such illiquidity may affect the Company's ability to adjust, dispose of or liquidate its portfolio in a timely fashion and at satisfactory prices. To the extent that market conditions are not favourable, the Company may not be able to dispose of property assets at a gain. If the Company were required to dispose of or liquidate an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded, which could result in a decrease in Net Asset Value. As a result of the foregoing, there can be no assurances that the Company's Property Portfolio can generate attractive returns for its shareholders.

Further, in acquiring a property, the Company may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. In addition, in circumstances where the Company purchases properties when capitalisation rates are low and purchase prices are high, the value of its properties may not increase over time. This may restrict the Company's ability to sell its properties, or in the event that it is able to sell such property, may lead to losses on the sale.

The Company may be subject to liability following the disposal of investments

The Company may be exposed to future liabilities and/or obligations with respect to disposal of investments. The Company may be required or may consider it prudent to set aside provisions for warranty claims or contingent liabilities in respect of property disposals. The Company may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties that it had given to a purchaser prove to be inaccurate or to the extent that it has breached any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that any representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Further, the Company may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as certain environmental liabilities. Any such claims, litigation or obligations, and any steps which the Company is required to take to meet these costs, such as sales of assets or increased borrowings, may have a material adverse effect on the Company's results of operations, financial condition and business prospects.

The Enlarged Group's rental income may be adversely affected by increasing competition from other property owners, the insolvency of tenants, or increasing operating costs

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 properties then expected rental value. In addition, certain significant expenditures, including operating expenses, must be met by the owner when a property is vacant.

A default by a major tenant or a significant number of tenants in the Enlarged Group's Property Portfolio could result in a significant loss of rental income, void costs, a reduction in asset value and increased bad debts

The majority of the Enlarged Group's revenue is derived directly or indirectly from rent received from a number of tenants operating within a number of sectors. The LSP Group's top five tenants accounted for 32 per cent of the LSP Group's rent roll as at 30 July 2010. A downturn in business, bankruptcy or insolvency could force the Enlarged Group's tenants to default on their rental obligations and/or vacate the premises. Such a default, in particular by a series of the Enlarged Group's tenants in any one asset or by several of the Enlarged Group's tenants could result in a significant loss of rental income, void costs, an increase in bad debts and a decrease in the value of the Enlarged Group's Property Portfolio. Such a default may also prevent the Enlarged Group from increasing rents or result in lease terminations by, or reductions in rent for, other tenants.

Changes in laws and regulations relating to the relevant property markets may have an adverse impact

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.

The Enlarged Group is reliant on the performance and retention of key personnel — the Enlarged Group may not be able to retain key members of the Management Team

Following Admission subject to completion of the Acquisition, the Company will become internally managed and will rely on its property advisers and their experience, skill and judgment, in identifying,

selecting and negotiating the acquisition of suitable investment opportunities. The Company will also rely on the PLC Directors to manage the day-to-day affairs of the Company. There can be no assurance as to the continued service of these individuals as directors and employees of the Company. The departure of any of these individuals from the Company without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations.

The past performance of the Management Team is not a guarantee of the future performance of the Company

The Company has presented certain information in this document regarding the past performance of the Management Team in respect of other companies and funds, including Arlington and Pillar. The past performance of the Management Team is not indicative, or intended to be indicative, of future performance or results of the Company for several reasons. For example:

- the structure, term, strategies and investment objectives and policies of the Company, on the one hand, and the previous companies and funds with which the Management Team were associated, on the other hand, may affect their respective returns;
- other companies and funds with which the Management Team were associated involved teams and human resources that are different from those of the Company;
- conditions in the UK commercial property, investment and credit markets prevailing when the Management Team managed such other companies and funds may be different from those conditions that will be relevant to the Company; and
- the future performance and results of the Company will be subject to fluctuating market conditions, changes in macro-economic factors and the availability of financing.

Accordingly, there can be no assurance that the Company will have the same opportunities to invest in assets that generate similar returns to such other companies and funds.

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

The Enlarged Group engages in contractual relationships with third parties in the ordinary course of business. For the Enlarged Group, this relates primarily to tenants of the Enlarged Group's properties, providers of capital to the Enlarged Group or joint venture partners.

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

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

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

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

The Company (through its subsidiary, the LSP Group) can also be required, in certain circumstances, to provide additional funding to the joint venture, subject to the terms and conditions of its investment policy.

The LSP 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 Enlarged 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 Enlarged 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.

The Company may not acquire 100 per cent. control of its various investments and may be subject to the risks associated with joint venture investments

Pursuant to the Company's investment strategy, the Company may enter into a variety of investment structures in which the Company acquires less than a 100 per cent. Interest in a particular asset or entity and the remaining ownership interest is held by one or more third parties. These joint venture arrangements may expose the Company to the risk that:

- third-party owners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required;
- third-party owners may have economic or other interests that are inconsistent with the Company's interests and are in a position to take or influence actions contrary to the Company's interests and plans (for example, in implementing active asset management measures), which may create impasses on decisions and affect the Company's ability to implement its strategies and/or dispose of the asset or entity;
- disputes develop between the Company and third parties who have an interest in the asset or entity in question, with any litigation or arbitration resulting from any such disputes increasing the Company's expenses and distracting the PLC Directors from their other managerial tasks;
- third-party owners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the property;
- a co-owner breaches agreements related to the property, which may cause a default under such agreements and result in liability of the Company and otherwise materially adversely affect the co ownership arrangement;
- the Company may, in certain circumstances, be otherwise liable for the actions of third-party owners; and
- a default by any co-owner could constitute a default under applicable mortgage loan financing documents, which could result in a foreclosure and the loss of all or a substantial portion of the investment made by the co-owner.

Any of the foregoing may subject a property to liabilities in excess of those contemplated by the Company and thus reduce amounts available for distribution to the Company's shareholders.

A change in the Enlarged Group's tax status or in taxation legislation in the UK could adversely affect the Enlarged Group's profits and portfolio value and/or returns to shareholders

The levels of and reliefs from taxation may change, adversely affecting the financial prospects of the Enlarged 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.

Any change in the Enlarged Group's tax status or in taxation legislation in the UK or any country where the Enlarged Group has assets or operations could affect the value of the assets held by the Enlarged Group 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.

The Enlarged Group 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 LSP Group 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 Enlarged Group by the relevant authorities may result in findings against the Enlarged Group which may adversely affect the Enlarged Group's financial condition and prospects.

The Enlarged 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.

There is no guarantee that the Company will obtain UK-REIT status for the Company and members of its group or the Enlarged Group or that it will maintain UK-REIT status, if and when obtained

The Enlarged Group cannot guarantee that it will maintain UK-REIT status. The Company cannot guarantee continued compliance with all of the UK-REIT conditions and there is a risk that the UK-REIT regime may cease to apply in some circumstances. HMRC may require the Enlarged Group to exit the UK-REIT regime if:

- it regards a breach of conditions or failure to satisfy the conditions relating to the Property Rental Business, or an attempt to obtain a tax advantage, as sufficiently serious;
- if the Enlarged Group has committed a certain number of breaches in a specified period (see below); or
- if HMRC has given the Company at least two notices in relation to the avoidance of tax within a 10 year period.

The Company and members of its group and/or the Enlarged Group may lose their status as a group UK-REIT from the first day of joining the UK-REIT regime if during the first accounting period certain conditions have not been met. In such circumstances the UK-REIT status may not apply for the whole period.

In addition, if the conditions for UK-REIT status relating to the share capital of the Company or the prohibition on entering into loans with abnormal returns are breached, or the Company ceases to be UK resident, becomes dual resident or an open ended investment company, the Enlarged Group will automatically lose its UK-REIT status.

The Enlarged Group could, therefore, lose its status as a group UK-REIT as a result of actions by third parties, for example, in the event of a successful takeover by a company that is not a UK-REIT or due to a breach of the close company conditions if it is unable to remedy the breach within a specified timeframe.

Future changes in legislation may cause the Enlarged Group to lose its UK-REIT status.

If the Enlarged Group were to be required to leave the UK-REIT regime within 10 years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the Enlarged Group is treated as exiting the UK-REIT regime. The Enlarged Group may also be subject to an increased tax charge.

Following Admission and the Scheme becoming effective (when the Company will become the holding company of the LSP Group), at least 60 per cent. of the Enlarged Group's assets will relate to the Property Rental Business. A key requirement of maintaining the Enlarged Group's UK-REIT status is that the value of these assets is at least 50 per cent. of the total value of assets on 1 April 2011 and 1 April 2012 and that the Enlarged Group spends sufficient cash by 1 April 2013 so that at least 75 per cent. of the value of its assets relates to its Property Rental Business. The LSP Directors believe that achieving the 75 per cent. threshold is feasible although there is a risk that this is not achieved or there is a change of law.

If the Company fails to obtain UK-REIT status or remain qualified as a UK-REIT, its rental income/gains will be subject to UK taxation.

The Company's UK-REIT status may restrict business consolidation and distribution opportunities

In order to maintain its UK REIT status, the Company must continue to satisfy certain conditions (see Part 14 of this document). Complying with those conditions may mean that the Company is restricted with respect to any potential corporate or business restructure and any future distribution opportunities.

The Enlarged Group could suffer civil or criminal penalties if it fails to comply with the laws and regulations that are applicable to its business

The Enlarged Group's operations are subject to laws and regulations. If the Enlarged 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 Enlarged Group's business (including, without limitation, increasing its administrative or regulatory compliance costs or by restricting the Enlarged Group's operations). There can be no assurance that the Enlarged Group will be able to comply with any new regulations or laws to which it might become subject.

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

It is likely that the Enlarged Group will part use its existing cash resources and incur additional borrowings to finance additions to the Property Portfolio. On a *pro forma* basis as at 31 March 2010 the Group had significant cash balances and a modest level of leverage. The Enlarged Group's ability to generate sufficient cash flow to make scheduled payments on its indebtedness in the longer term and the Enlarged Group's ability to refinance 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 Enlarged Group's control. The first significant maturity of the LSP Group's financing facilities is the Aintree Facility which is due to be repaid in June 2014.

The LSP Group's existing financing facilities are secured over the LSP Group's property assets and contain covenants typical of debt facilities used by real estate companies, which require the Group to maintain certain specified financial ratios. It is possible that if real estate market conditions were to deteriorate significantly in the longer term, there is a risk that existing or future financial covenants could be breached. Any breach of such covenants could, subject to any applicable waiver or agreement, result in the facilities being withdrawn or becoming repayable, potentially requiring the Enlarged Group to dispose of assets at significantly less than full value. Generally, however, the terms of the LSP Group's debt facilities (whose covenant ratios vary from facility to facility) permit the LSP Group, should it so choose, to remedy a breach by taking certain actions, for example by setting aside additional capital or part repaying the facility. In the event that there is any such breach, withdrawal, repayment or remedy, it could have an adverse impact on the Group's liquidity, financial condition and/or operating results in the long term.

If in the future the Enlarged Group's gearing level increases, the volatility of the Enlarged Group's financial performance may increase and the effect of any change in the valuation of the Enlarged 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 Enlarged Group's underlying assets is rising but will decrease where the underlying asset value is falling.

Additionally, 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 Enlarged Group. Moreover, in circumstances where the value of the Enlarged Group's assets as declining, the use of borrowings by the Enlarged Group may depress its Net Asset Value.

The property investment sector tends to be highly capital-intensive and debt finance is only one of several funding options available to the Enlarged Group. Lack of access to debt or on more expensive terms may adversely affect the net revenue of the Enlarged Group.

Each of the foregoing events could have a material adverse effect on the Company's ability to make distributions to PLC Shareholders.

A deterioration in general economic conditions could materially affect the Enlarged Group's business

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 Enlarged Group's results of operations and prospects.

FACTORS AFFECTING CAPITAL GROWTH AND DIVIDENDS

Future dividends will be dependent on the ability of the Enlarged Group to generate distributable reserves

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 Enlarged Group's investments, the yields on existing and new properties, interest costs, taxes and profits on the development and sale of properties. The above circumstances could have a material adverse effect on the business, financial condition or results of the Enlarged Group.

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

Problems identifying and acquiring sufficient suitable properties within a reasonable time period could adversely impact capital growth and dividends

There is no guarantee that the Enlarged 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 Enlarged Group's ability to achieve returns of capital and income returns.

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

As properties will continue to be selected and acquired by the Enlarged 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.

RISKS RELATING TO PLC ORDINARY SHARES

The market price of the PLC Ordinary Shares may fluctuate widely and there may be limited liquidity in the PLC Ordinary Shares

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

The market price of the PLC Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the stock market regarding the PLC Ordinary Shares or securities similar to them (both in connection with the market approval of its current strategy or if the Enlarged 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 Enlarged Group's operations, half yearly or yearly operating results or business developments of the Enlarged Group or its competitors.

The trading price of the PLC Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Section headed "Risk Factors", as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the PLC Ordinary Shares, regardless of the Enlarged Group's actual performance or conditions in their key markets.

PART 5

INFORMATION ON THE ENLARGED GROUP

1. INTRODUCTION

1.1 ***Description of the Enlarged Group***

If the Scheme becomes effective, the Company will become the holding company of LSP. Following completion of the LSI Acquisition Agreement the Company will become the holding company of LML, which will be the owner of the entire business and assets of LSI Management following completion of the LML Acquisition Agreement. Following completion of the Share Purchase Agreement the Company will also become the holding company of LSI (Investments). Application will be made to the UK Listing Authority and the London Stock Exchange for admission of the PLC Existing Ordinary Shares and the New Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

1.2 ***The Company***

The Company is a public limited company incorporated in England and Wales and was established for the purpose of becoming the holding company of LSP pursuant to the Scheme.

1.3 ***The LSP Group***

On Admission, LSP will be a wholly owned subsidiary of the Company. LSP is an authorised 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 UK. LSP has been provided to date 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 LSP Board. Raymond Mould and Patrick Vaughan have been involved in a number of listed and unlisted property companies and funds since 1970, including Arlington and Pillar.

LSP was registered on 1 October 2007 to invest in commercial property, including office, retail and industrial real estate assets, principally in the UK, to exploit opportunities that it anticipated in the UK property cycle. LSP raised £247.5 million (gross proceeds) through a placing in November 2007, when it was admitted to trading on AIM. LSP raised a further £225.8 million (gross proceeds) through a placing and open offer in July 2009.

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

Since the date of its admission to AIM, the LSP Group made its first acquisition in January 2009 and in February 2009 acquired a 15.7 per cent. interest in the Meadowhall Shopping Centre via its joint venture with Green Park Investments. The LSP Group has now made a total of nine new investments using £317.5 million of equity including Radial and owned investment properties with a value of £357.7 million at 31 March 2010. As at the same date, LSP's NAV was £600.6 million.

1.4 ***Market Opportunity***

The dislocation in UK real estate that has taken place in the period since LSP was launched on AIM has been far greater than the management team had anticipated. Consequently;

– LSP has been able to deploy a greater amount of capital than was originally anticipated (undertaking a second equity raising in July 2009)

– LSP has acquired assets of a greater investment quality than was originally expected (for example, Meadowhall and One Fleet Place)

– LSP has built up a portfolio of assets that continue to provide shareholders with attractive, long-term cash yields

– The LSP Board believes that the UK commercial real estate market will continue to provide the Management Team with opportunities to deploy capital due to the fact that, amongst other things:

  – UK banks have significant real estate loan portfolios they are looking to reduce;

  – distressed real estate borrowers will continue to seek equity capital; and

  – the Management Team has earned a reputation as being able to transact quickly and efficiently.

The LSP Board believes that the long-term future of LSP's business is best served by converting to UK-REIT status, becoming a permanent life vehicle to fully capture the long-term benefits of REIT conversion, and internalising its management.

1.5 ***LML***

LML is a company registered in Guernsey on 21 January 2010 with registered number 51383. On completion of the LML Acquisition Agreement, pursuant to which the business and assets of LSI Management will be transferred to LML, LML will be substituted as property adviser to LSP, Green Park and MSC in place of LSI Management. On completion of the LML Acquisition Agreement, the LSI Management Members will own the entire issued share capital of LML.

Under the terms of the LSI Acquisition Agreement, the LSI Management Members have agreed to transfer their shares in LML to the Company in exchange for the issue of New Ordinary Shares in the Company to them. The business and assets of LSI Management will then become part of the Enlarged Group.

2. DESCRIPTION OF THE PROPERTY PORTFOLIO

The LSP Group's Property Portfolio comprises 15 investments, all of which are located in the UK. Details of these investment properties are set out in the Valuation Reports in Part 13 of this document.

The Property Portfolio includes residential, distribution, retail, office and other real estate assets. Summary details of each investment held by the LSP Group at the date of this document are set out in Part 12 of this document.

In April 2008, the LSP 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 LSP. 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 a 50 per cent. interest in the Meadowhall shopping centre from British Land for £170 million (of which £47 million was deferred consideration). The equity in LSP Green Park Property Trust is split between (i) Green Park Investments, with £100.2 million (68.6 per cent.) and (ii) LSP Subsidiary, a wholly owned subsidiary of LSP with £45.9 million (31.4 per cent.). To date £12.36 million of the aggregate deferred consideration has been paid by LSP Green Park Property Trust.

Since 31 March 2010, the LSP Group has acquired Radial (also known as the L&S Distribution Portfolio), a portfolio consisting of 16 distribution warehouses, for £208.5 million. LSP also acquired the long leasehold interests in 58 residential units at Bridges Wharf, Battersea, London for £27.9 million from Weston Homes Plc. Since IPO LSP has acquired the properties listed in the table below, which at the date of this document are all held by the LSP Group save for Whitehall Riverside, Leeds which was sold in February 2010 for £51.3 million, a return of £13.7 million over the acquisition price of £37.6 million in May 2009.

Table of acquisitions and initial returns

Property	*Notes*	*Date of acquisition*	*Ownership*	*Portfolio*	*Consideration (£million)*	*Initial Yield*	*Cash on Equity Return*[2]
One Fleet Place		29 January 2009	100%	Office	74.0	7.81%	13.59%
Meadowhall	(1)	11 February 2009	15.7%	Retail	54.0	6.75%	13.78%
Whitehall Riverside		8 May 2009	100%	Office	37.6	8.11%	12.17%
Wellingborough		12 June 2009	100%	Distribution	19.6	8.35%	12.96%
Aintree		23 June 2009	100%	Retail	60.9	8.51%	12.62%
The Stadium, Highbury Square		28 September 2009	100%	Residential	41.4	7%	7.00%
Tamworth		18 January 2010	100%	Distribution	33.3	9.5%	14.81%
Radial Portfolio		17 May 2010	93.7%	Distribution	208.5	7.8%	14.93%
Bridges Wharf Battersea		8 June 2010	100%	Residential	27.9	Nil	Nil

Notes

(1) The Ownership figure represents LSP'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 includes any deferred cash payments.

(2) The Cash on Equity Return figures are given following leveraging on terms the LSP Directors have, or expect to secure and are stated on a pre-tax and management fee basis (save in respect of the Meadowhall Joint Venture).

3. INFORMATION ON THE PLC BOARD AND THE INVESTMENT COMMITTEE

3.1 *The PLC Board*

The PLC Directors are responsible for the determination of the investment policy of the Company and its overall supervision, including compliance with the Corporate Governance Code. The PLC Directors are as follows:

3.1.1 Raymond Mould (Executive Chairman) qualified as a solicitor in 1964 and in 1976 was a co-founder of Arlington, of which he became chairman in 1990, having been involved in the UK property market since 1970. Arlington was floated in 1986 and sold to British Aerospace in 1989 for £287 million. He was a director of BAE Systems plc from 1991 to 1992. Mr Mould was instrumental in the establishment of Pillar in 1991 and became its chairman in 1994 when Pillar was floated, a position he held until 2005 when Pillar was sold to British Land plc for £811 million. Until recently Mr Mould served as non-executive chairman of Arena Leisure plc.

3.1.2 Patrick Vaughan (Chief Executive Officer) has also been involved in the UK property market since 1970 and was a co-founder of Arlington in 1976 and of Pillar in 1991. He was chief executive of Arlington, which was floated in 1986, from 1990 to 1993 and of Pillar, which was floated in 1994, from 1994 to 2005. Mr Vaughan also served as an executive director of British Land plc from July 2005 to July 2006, following British Land's acquisition of Pillar.

3.1.3 Martin McGann (Finance Director) joined London & Stamford Property Limited in September 2008. From 2002 to 2005 he worked for Pillar, latterly as finance director. Between 2005 and 2008, Mr McGann was a director of Kandahar Real Estate. 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 head of real estate finance for Railtrack PLC. Mr. McGann is a qualified chartered accountant having trained and qualified with Deloitte.

3.1.4 Mark Burton (Non-executive Director) retired in June as the Chief Investment Officer for Real Estate for the Abu Dhabi Investment Council. He currently holds a range of non-executive directorships and advisory roles, all in real estate and on a global basis. A chartered surveyor and banker during his career, Mr. Burton started working at London-based Cluttons in 1967. In 1982 he joined the United Bank of Kuwait, where he worked until 1999 when he joined AXA Investment Managers. After less than a year with AXA, Mr. Burton joined AIG Global Real Estate Investment (Europe) before joining Abu Dhabi Investment Authority as chief investment officer in its Real Estate Department in 2001.

3.1.5 Charles Cayzer (Non-executive Director) having gained experience of merchant banking, commercial banking and corporate and project finance with Baring Brothers, Cayzer Irvine and Cayzer Ltd, was appointed a director of Caledonia Investments in 1985. Mr. Cayzer is also chairman of Easybox, Edinmore and The Sloane Club and a non-executive director of Eredene Capital and Varun Shipping.

3.1.6 Richard Crowder (Non-executive Director) joined London & Stamford in October 2007 and 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.

3.1.7 James Dean (Non-executive Director) is a Chartered Surveyor, Mr. Dean has worked with Savills plc since 1973 and was a director from flotation in 1988 to 1999. He is a non-executive Director of Daniel Thwaites plc and Branston Holdings, a partner in Heracles LLP and also Chairman of Pearlcrown, London & Lincoln and Patrick Dean which are family property investment and farming businesses.

3.1.8 Humphrey Price (Non-executive Director) was finance director of Arlington Securities plc from 1982 to 1992. Mr. Price was a director of Pillar Property plc from its formation and finance director from 1993 to 2004, resigning from the board in 2005 on its sale to British Land plc. Mr. Price was a non-executive director of London & Stamford Property Limited from incorporation until April 2009. Mr. Price is a qualified Chartered Accountant.

3.2 ***Investment Committee***

The PLC Board will be assisted in relation to the Enlarged Group's property investment activities by an investment committee. The investment committee will report to the PLC Board and will be responsible for identifying new investment opportunities for the Enlarged Group, performing due diligence and conducting negotiations in relation to those investment opportunities and managing the Property Portfolio.

The investment committee comprises Raymond Mould, Patrick Vaughan and Martin McGann together with Jeremy Bishop, Stewart Little, Michael Tyler, Jadzia Duzniak and Jackie Jessop.

Jeremy Bishop joined LSI Management in 2006. He previously worked for the Pears Group where he was responsible for establishing the overseas real estate investment and asset management operation 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.

Stewart Little joined LSI Management in 2006, prior to which he spent six years in the real estate asset management business at Deutsche Bank and before that six years within the retail agency division of Healey & Baker.

Michael Tyler joined LSI Management in 2009 as head of asset management. Mr. Tyler is a Chartered Surveyor with twenty-three years asset management experience including five spent developing and managing the property assets of Pillar. Prior to joining LSI Management, he was a director of Kandahar Real Estate where he spent four years as head of asset management.

Jadzia Duzniak joined LSI Management in 2007 after over 12 years with Portfolio Holdings Limited initially as a financial controller and from 2001 as finance director. Ms Duzniak is a chartered accountant, qualifying with PricewaterhouseCoopers, and is experienced in corporate and tax structuring, raising debt finance, project appraisal, financial reporting and management.

Jackie Jessop joined LSI Management from British Land in 2006 and is financial controller. Ms Jessop qualified as a chartered accountant with PricewaterhouseCoopers in 1993, joined Pillar in the following year where she worked in the finance team for the next 11 years.

4. INVESTMENT POLICY

4.1 ***Key principles of the investment policy***

The Enlarged Group will focus on investing in commercial property, including office, retail and industrial real estate assets, principally in the UK and may also consider opportunities overseas, where the PLC Directors consider the opportunity exists to extract above-average returns for shareholders. The LSP Group has been an active investor and the Enlarged Group will continue to implement strategies to enhance the quality and value of acquired assets and improve annual rental values.

4.2 ***Investment criteria***

It is the Enlarged Group's intention to look for opportunities in the UK property 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. The Enlarged Group will work closely with existing tenants with regard to such issues to ensure that the Enlarged Group understands the demands of tenants in order to anticipate and benefit from future requirements.

The PLC Directors further intend to identify latent potential in the Enlarged Group's property portfolio and realise value, by making sales, when investments have fulfilled expectations or no longer meet the Enlarged Group's performance criteria or investment needs.

The Enlarged Group 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; and

(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.

4.3 ***Gearing***

The level of gearing of the Enlarged Group 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 PLC Directors intend that the Enlarged Group's level of borrowing will be between 60 and 65 per cent. of the gross value of its real estate assets through the cycle but will not exceed 100 per cent. of the gross value of the Enlarged Group's real estate assets at any one time.

4.4 ***Restrictions***

The Enlarged Group will have the following investment restrictions:

4.4.1 not more than 30 per cent. of the Enlarged Group's gross assets will be invested in non-UK real estate assets;

4.4.2 not more than 40 per cent. of its gross assets will be invested in non-commercial real estate assets; and

4.4.3 the Enlarged Group will not acquire a single property unit with a value greater than 40 per cent. of the Enlarged Group's gross assets.

5. CHANGES TO THE INVESTMENT POLICY

The Company will apply its investment policy to all investments made and held by it. Any material changes to the investment policy of the Company will only be made with the approval of Shareholders by ordinary resolution at any general meeting, which will also be notified via a regulatory information service provider to the London Stock Exchange.

If the Company breaches its investment policy, the Company will make a notification via a regulatory information service provider to the London Stock Exchange of details of the breach and of actions it may or may have taken.

Notwithstanding this, for as long as the Company remains admitted to the premium segment of the Official List changes made to the Company's investment policy will comply with the ongoing eligibility requirements issued by the UK Listing Authority.

6. VALUATION POLICY

Investment properties owned by the Enlarged Group will be carried at fair value as determined primarily by the Company's external valuers on the basis of market value.

The NAV attributable to the Ordinary Shares will be published at the time of publication of the Company's interim and annual financial results, based on the Property Portfolio's most recent valuations and calculated in accordance with IFRS, through a Regulatory Information Service to the London Stock Exchange as soon as practicable after review by the PLC Board.

The PLC Directors may temporarily suspend the determination of NAV per Ordinary Share if in the opinion of the PLC Directors the interests of the PLC 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.

7. DIVIDEND POLICY

It is the intention of the PLC Directors that the Company will pay dividends from surplus income to the extent that such income is distributable. Where opportunities exist that fit the Enlarged Group's investment criteria, the Enlarged Group may reinvest disposal proceeds.

Following the Company's proposed notice to obtain group UK-REIT status, it will be required to meet a minimum distribution test for each year that it is the principal company of a group UK-REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of the Property Rental Business for each year. After Royal Assent of the second 2010 Finance Bill, the issue of stock dividends will count towards the minimum distribution test. The PLC Board believes that a continuation of LSP's dividend policy of recent years will enable the Company to meet this minimum distribution requirement.

There can be no guarantee as to the amount of any dividend payable by the Company.

PART 6

OPERATING AND FINANCIAL REVIEW OF THE ENLARGED GROUP

The financial information contained in this section as relates to the LSP Group has been extracted without material adjustment from the audited report and accounts of the LSP Group for the period ended 31 March 2008 and for the years ended 31 March 2009 and 31 March 2010. The financial information contained in this section as relates to Radial has been extracted without material adjustment from the historical financial information in Section B of Part 9 for the years ended 31 March 2008, 31 March 2009 and 31 March 2010. The financial information contained in this section as relates to LSI has been extracted without material adjustment from the Historical Financial Information in Section B Part 10 for the period ended 31 March 2008 and the years ended 31 March 2009 and 2010. The financial information has been prepared in accordance with IFRS. Investors should read the whole of this document and not just rely on the key or summarised data below.

1. BUSINESS OVERVIEW

The Enlarged Group will comprise of the Company, as the holding company of LSP, LML and the ultimate holding company of Radial Distribution Limited. LSP is an authorised closed-ended investment company registered in Guernsey, whose principal activity is the generation of rental income and capital growth through investments in commercial property, primarily in the United Kingdom.

LSP was registered on 1 October 2007 to invest in commercial property, including office, retail and industrial real estate assets, principally in the UK, to exploit opportunities that it anticipated in the UK property cycle. LSP raised £247.5 million (gross proceeds) through a placing in November 2007, when it was admitted to trading on AIM, and raised a further £225.8 million (gross proceeds) through a placing and open offer in July 2009. LSP owned investment properties with a value of £357.7 million at 31 March 2010. As at the same date, LSP's NAV was £600.6 million.

LSP is currently provided with investment advisory and property management services by LSI Management, which has a highly experienced Management Team. If the Management internalisation is implemented the business of LSI Management will be brought within the Enlarged Group.

Since the end of the financial year ended 31 March 2010 LSP has acquired Radial Distribution Limited, a portfolio consisting of 16 distribution warehouses, for £208.5 million.

2. DIVIDENDS

The table below sets out the dividends proposed and paid in each reporting period since the LSP Group.

	Period ended 31 March 2008	*Year ended 31 March 2009*	*Year ended 31 March 2010*
	£000	*£000*	*£000*
	IFRS	*IFRS*	*IFRS*
Amounts recognised as distributions to equity holders	–	10,260	16,700
Proposed dividends (31 March 2009: 2p, 31 March 2008: 1.6p)	4,560	5,700	–

A second interim dividend of 2.2p per share (£11.0 million in aggregate) was approved by the LSP Board on 1 April 2010 and was paid immediately to shareholders. This will be recognised as an appropriation of earnings in the year ended 31 March 2011. No further final dividend was proposed at 31 March 2010.

3. KEY FACTORS AFFECTING THE LSP GROUP'S FINANCIAL PERFORMANCE AND RESULTS

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

3.1 *Real estate market conditions*

In November 2007, when LSP was admitted to trading on AIM, certain of the LSP Directors believed 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 LSP Group to take a cautious attitude towards investment in new property transactions during the period under review with the LSP Group's first acquisition completing in January 2009.

It is the LSP Director's view that, since the latter part of 2009, the property market has seen a recovery in property values albeit that in the main this applies to prime and good secondary property.

However, the recovery in values has mainly been due to yield shift as investors seek income return in a low interest rate environment. With the exception of Central London, rents are at best stabilising but more commonly, still in decline and this is borne out by recently reported figures from IPD which shows all property capital growth of 16.3 per cent. against a ERV decline of 3.1 per cent. for the period July 2009 to April 2010.

Institutions and funds continue to dominate the buyers but with the availability of debt financing having improved for now, property companies both small and large, together with the major REITS have also been active.

Good quality stock remains scarce and transaction volumes across the board are at approximately half of their 2006 and 2007 levels. This is not surprising given the quantity of stock "tied up" at the banks. Whilst their positions may have improved somewhat due to the recovery in values, the scale of the persisting problem facing the banks and the time it may take to fix should not be underestimated.

The banks have continued underwriting new business and generally loan terms for borrowers have improved a little through reduced margins. The 5 year swap rate as at 10 August 2010 was 2.15 per cent., its lowest level since the credit crunch began in Q3 2007. Whilst maximum LTV has remained pretty constant at 65 per cent., average loan amounts have increased to in the order of £50 million presently (from £25-30 million 6 months ago). In addition, for the right opportunity it is possible to put together clubs of much larger loan amounts with each participant standing for £100 million plus. This is helping liquidity in the larger lot sizes for those with the necessary equity.

Although the UK economy is technically no longer in recession and consensus economic forecasts show positive GDP growth over the next two years, this has not yet led to a strengthening of demand in the occupational markets. There are some exceptions. There is evidence of rental growth and reduced tenant incentives for prime property in Central London and some of the stronger retailers have been proactive in procuring new units in shopping centres and retail parks but this has been more to take advantage of generous incentives and low rents rather than indicative of net effective rental growth yet.

The technical recovery is considered fragile whilst there remain a number of macroeconomic risks such as most recently and most prominently the issues surrounding sovereign debt in eurozone countries and, in addition, it will take some time to see the effects of the VAT and other tax rises together with the planned public spending cuts announced recently by the new coalition government.

The Directors continue to seek prime property investment opportunities, predominantly with good quality income streams whilst adopting a cautious approach to investment until there is more evidence of economic and property market stability in the medium term.

3.2 ***Rental income from investment properties***

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

3.2.1 **Acquisitions and disposals:** The LSP 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 the LSP Group rental income.

3.2.2 **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 LSP Group's rental income.

3.2.3 **Net rent reviews:** The settlement of a rent review with a significant tenant could have an impact on rental income in any given period.

3.2.4 **Tenant defaults and delinquencies:** The loss of any of the LSP 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 the LSP Group rental income.

3.2.5 **Joint ventures:** Rental income associated with the properties held by joint ventures in which the LSP Group participates is reported as a separate line item in the income statement.

3.2.6 **Refurbishment and redevelopment of investment properties:** The LSP Group seeks to refurbish or redevelop investment properties where it considers a proportionate increase in net rental income is achievable.

3.3 ***Acquisitions and disposals of properties***

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

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

LSP's portfolio includes the following assets that have been acquired since IPO:

New acquisitions	*Date of purchase*	*Purchase price £ million*	*Ownership*	*Type of property*
One Fleet Place, London	January 2009	74.0	100%	Offices
Meadowhall	February 2009	54.0	15.7%	Retail
Somerfield Distribution Unit, Wellingborough	June 2009	19.6	100%	Industrial Warehouse
Racecourse Retail Park, Aintree	June 2009	61.0	100%	Retail Park
The North Stand Highbury, London	September 2009	41.4	100%	Residential
Focus National Distribution Centre, Tamworth	January 2010	33.3	100%	Industrial Warehouse
Radial Portfolio	May 2010	208.5	93.7%	Commercial
Bridges Wharf, Battersea	June 2010	27.9	100%	Residential

In addition, in May 2009 the LSP Group acquired Whitehall Riverside, Leeds for £37.6 million which was sold in February 2010 for £51.3 million.

Since the year end, the LSP Group has acquired Radial a portfolio consisting of 16 distribution warehouses for £208.5 million (excluding costs).

LSP also acquired from Weston Homes Plc 57 residential units at Bridges Wharf on the South bank of the River Thames next to Battersea Heliport, London. LSP acquired a long leasehold interest in the apartments and the car parking spaces for approximately £27.9 million including costs.

Year on year analysis

	March 2008 £000	*March 2009 £000*	*March 2010 £000*
Acquisitions	76.2	82.4	200.0
Disposals	(23.2)	1.0	(41.6)

Please see Part 12 of this document for further information regarding the properties acquired and the investments made by the LSP Group.

3.4 ***Revaluation of investment properties***

The Property Portfolio is valued by CB Richard Ellis and Savills, Chartered Surveyors. 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. During the period under review, valuation changes to the LSP Group's investment properties resulted in the recognition of a surplus of £72.1 million in the year to 31 March 2010, a loss of £4.9 million in the year to 31 March 2009 and a loss of £3.0 million in the period ended 31 March 2008. Valuation changes recognised in the LSP Group's consolidated income statement do not have an impact on the LSP Group's cash position until the sale of a property.

The LSP Group's share of revaluations of investment properties held by its joint venture is recognised in the LSP Group's income statement under share of profits of associates. The LSP Group's share of the surplus arising on revaluation in the year to 31 March 2010 and 31 March 2009 was £29.8 million and £3.0 million respectively.

The principal driver for the movement in the years to 31 March 2008 and 31 March 2009 was upward movement in yields in line with the decline in property values across the UK property market.

In respect of the year to 31 March 2010, conversely, the principal driver of valuation movement was a reduction in yields, in particular for UK prime property. In addition increases in income principally at Meadowhall and Aintree as a result of various asset management initiatives also contributed to value growth.

3.5 ***Finance costs, income and interest rates***

The LSP Group's business requires significant capital resources to fund the acquisition and development of properties. The LSP 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 2010 the LSP Group's borrowings totalled £121.6 million and were secured against certain of the LSP Group's property assets.

The LSP Group's £150 million facility with Bank of Scotland was fully available at 31 March 2010 and has subsequently been used to finance the acquisition of the Radial portfolio of assets.

It is the LSP Group's policy that a reasonable portion of external borrowings are at a fixed interest rate. The LSP 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 2010 the LSP Group had £141 million of hedges in place (2009: £70.5 million), and its debt was 100 per cent. fixed (2009: 100 per cent. fixed).

The LSP Group raised £247.5 million (gross proceeds) in November 2007 and a further £225.8 million (gross proceeds) in July 2009, a significant proportion of which is held as cash and cash equivalents on the LSP Group's balance sheet. The LSP Group earns interest on its cash balances. At 31 March 2010 the LSP Group had £277 million (2009: £170 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 LSP Group's functional currency.

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

3.7 ***Taxation***

Further information regarding the LSP Group's taxation status can be found in paragraph 20 of Part 17 of this document.

3.8 ***Pensions and other liabilities***

The LSP Group does not operate any pension schemes.

4. FINANCIAL INFORMATION

4.1 The following information summarises the trading record of the LSP Group. This information has been prepared in accordance with IFRS for the period ended 31 March 2008 (audited), the year ended 31 March 2009 (audited) and the year ended 31 March 2010 (audited). The LSP Group has a complex financial history. The financial information relates to the LSP Group and only limited financial information has been included on Radial Distribution Limited and LSI Management LLP.

	Period ended 31 March 2008 £000 IFRS	*Year ended 31 March 2009 £000 IFRS*	*Year ended 31 March 2010 £000 IFRS*
Gross rental income	808	2,654	17,251
Other income	–	1,000	–
Property outgoings	(183)	(572)	(1,111)
Net rental income	625	3,082	16,140
Administrative expenses – general	(3,364)	(5,987)	(11,695)
Administrative expenses – goodwill impairment	–	(2,745)	–
(Loss)/profit on revaluation of investment properties	(2,964)	(4,938)	72,099
(Loss)/profit on sale of investment properties	(36)	36	10,634
Loss on sale of subsidiaries	(17)	–	–
Share of profits of associates	–	23,599	29,412
Operating (loss)/profit	(5,756)	13,047	116,590
Finance income	5,772	10,613	1,465
Finance costs	(874)	(2,296)	(8,772)
Change in fair value of derivative financial instruments	(181)	(1,270)	(4,451)
(Loss)/profit before tax	(1,039)	20,094	104,832
Taxation	1,444	3,949	1,234
Profit for the period/year	405	24,043	106,066
Earnings per share			
Basic and diluted	0.14p	8.4p	24.8p

4.1.1 ***Net rental income***

Net rental income comprises gross rental income and property outgoings which include service charges and other property expenses. The increase of £1.9 million from 2008 to 2009 is due to a full year of rental income in 2009 and rental income of £1 million from One Fleet Place which was acquired in January 2009. Gross rental income increased by £14.6 million to £17.3 million in the year to 31 March 2010 as a result of additional rental income of £9.3 million from properties acquired in the year and the benefit of a full year's rental income in respect of One Fleet Place, which was acquired part-way though the previous year.

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

4.1.2 ***Administrative expenses – general***

The LSP Group's administrative expenses consist of costs not directly attributable to individual properties. The main element of administrative expenses is management and performance fees paid to LSI Management which amounted to £1.9 million in the period to 31 March 2008, £5.2 million in the year ended 31 March 2009 and £10.8 million in the year ended 31 March 2010. In the period ended 31 March 2008 the LSP Group had non-recurring costs associated with the formation of LSP 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 LSI Management, amounting to £83,000 in the period ended 31 March 2008, £165,000 in the year ended 31 March 2009 and £165,000 in the year ended 31 March 2010. The LSP Group does not have any employees.

4.1.3 ***Administrative expenses – goodwill impairment***

On 30 October 2007 LSP Group 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 LSP Group. On 31 March 2008 LSP Group 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 sales 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, as a result of which the claw back did not occur and the cash payment was not required, 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.

4.1.4 ***Changes to the revaluation of investment properties***

During the period under review revaluation changes (mainly arising from changes in the market value of portfolio properties) to the LSP Group's investment properties resulted in the recognition of a loss of £3.0 million in the period ended 31 March 2008, a loss of £4.9 million in the year ended 31 March 2009 and a surplus of £72.1 million in the year ended 31 March 2010. Included in the loss on revaluation in 2008 and 2009 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 was based on the carrying values of properties at the balance sheet date.

With the exception of Stoke and Newcastle properties, which decreased in value by £3.9 million, all of the LSP Group's other properties increased in value in the year to 31 March 2010. Notably, the values of Aintree, Highbury and Fleet Place increased in value by £32.0 million, £17.6 million and £14.8 million respectively.

4.1.5 ***Share of profits from associates***

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 LSP Group's 31.4 per cent. share of profit after tax amounted to £23.6 million and £29.4 million in the years ended 31 March 2009 and 31 March 2010 respectively.

The share of profit in the year ended 31 March 2009 and 31 March 2010 included LSP's share of negative goodwill, amounting to £20.5 million and £0.4 million respectively, 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.

	Year ended 31 March 2009 £000 IFRS	*Year ended 31 March 2010 £000 IFRS*
Net rental income	1,715	11,972-
Administration expenses	(475)	(3,994)
Surplus on revaluation of investment properties	3,063	29,846
Net finance costs	(1,120)	(8.695)
Tax	(60)	(158)
	3,123	28,971
Excess of fair value of net assets acquired over consideration paid	20,476	441
Share of profits of associates	23,599	29,412

4.1.6 ***Finance income and costs***

The LSP Group generated net finance income of £4.9 million in the period ended 31 March 2008, £8.3 million in the year ended 31 March 2009 and net finance costs of £7.3 million in the year ended 31 March 2010. The net finance income in 2008 and 2009 arose due to the significant cash balance that the LSP Group has retained throughout the period since IPO and the absence of significant borrowings prior to the acquisition of One Fleet Place in January 2009. In the year to 31 March 2010 the acquisition of seven property assets has significantly increased the level of the Group's borrowings and hence moved the Group into a net finance cost. The reduction in finance income in the year ended 31 March 2010 was due to significantly lower interest rates and additional borrowing facilities in place.

4.1.7 ***Taxation***

The taxation credit in the period ended 31 March 2008, the year ended 31 March 2009 and the year ended 31 March 2010 was £1.4 million, £3.9 million and £1.2 million respectively and was generated predominantly due to the provision for deferred tax assets arising on the revaluation of the investment portfolio.

4.2 ***LONDON & STAMFORD (ANGLESEA) LIMITED (FORMERLY RADIAL DISTRIBUTION LIMITED)***

4.2.1 ***Acquisition of Radial***

On 17 May 2010, LSP acquired Radial from Warner Estate Joint Ventures Limited and Uberior Ventures Limited for £208.5 million (excluding costs).

The Radial portfolio consists of 16 prime distribution warehouses totalling 3.36 million sq ft (total size area of 165 acres), in locations across the UK. Of the 16 units, 13 are located in the Midlands and one in Scotland, the South East and the South West.

There are 13 tenants in total, including Tesco PLC, Travis Perkins plc, Eddie Stobart Limited, Kuhne & Nagel and Northrop Grumman. The portfolio has a weighted average unexpired lease term of 6.62 years.

The transaction was financed out of existing cash resources and using the debt available under LSP's existing £150 million loan facility with Bank of Scotland.

LSP will hold a 94 per cent. interest in Radial, with Anglesea Capital holding the remaining 6 per cent. Anglesea Capital is a distribution sector specialist and works closely with LSI Management as asset manager of the Radial Portfolio.

4.2.2 ***Trading***

The following information summarises the trading record of Radial. This information has been prepared in accordance with IFRS for the financial years ended 31 March 2008, 31 March 2009 and 31 March 2010.

Income statements	*Year ended 31 March 2008 £000 IFRS*	*Year ended 31 March 2009 £000 IFRS*	*Year ended 31 March 2010 £000 IFRS*
Gross rental income	18,248	18,612	18,134
Property outgoings	(668)	(696)	(1,229)
Net rental income	17,580	17,916	16,905
Administrative expenses	(302)	(244)	(105)
(Loss) / profit on revaluation of investment properties	(46,187)	(66,224)	9,304
Operating (loss)/profit	(28,909)	(48,552)	26,104
Finance income	265	280	32
Finance costs	(14,806)	(14,188)	(13,111)
Change in fair value of derivative financial instruments	(2,089)	(8,418)	3,616
(Loss)/profit before tax	(45,539)	(70,878)	16,641
Taxation	(246)	(1,011)	(539)
(Loss)/profit for the year and total comprehensive income/ (cost) attributable to equity shareholders	(45,785)	(71,889)	16,102
Earnings per share			
Basic and diluted	(274p)	(431p)	96p

Gross rental income remained constant at £18 million during the three years ended 31 March 2010.

Radial generated a significant operating loss of £28.9 million in the year ended 31 March 2008 and £48.6 million in the year ended 31 March 2009 as a result of an adverse movement in the valuation of Radial's investment properties. Radial generated an operating profit of £26.1 million in the year ended 31 March 2010 which included the investment properties valuation increasing by £9.3 million.

4.2.3 ***Cash flows***

The following information is a summary of Radial's cash flows for the financial years ended 31 March 2008, 31 March 2009 and 31 March 2010.

	Year ended 31 March 2008 £000 IFRS	*Year ended 31 March 2009 £000 IFRS*	*Year ended 31 March 2010 £000 IFRS*
Cash flows from operations	25,279	16,155	16,070
Interest received	265	280	32
Interest paid	(16,888)	(10,785)	(12,754)
Taxation paid	(897)	(939)	(648)
Cash flows from operating activities	7,759	4,711	2,700
Investing activities			
Capital (expenditure)/ income on investment properties	(3,376)	(1,088)	120
Cash flows from investing activities	(3,376)	(1,088)	120
Financing activities			
Repayment of borrowings	(4,928)	–	–
Cash flows from financing activities	(4,928)	–	–
Net (decrease) / increase in cash and cash equivalents	(545)	3,623	2,820
Opening cash and cash equivalents	7,224	6,679	10,302
Closing cash and cash equivalents	6,679	10,302	13,122

Radial generated a positive cash flow from operations of £25.3 million in the year ended 31 March 2008, £16.2 million in the year ended 31 March 2009 and £16.1 million in the year ended 31 March 2010. Radial's largest cash flow after operations is interest paid on its bank facilities amounting to £16.8 million in the year ended 31 March 2008, £10.8 million in the year ended 31 March 2009 and £12.8 million in the year ended 31 March 2010.

4.2.4 ***Net assets***

The following information summarises the balance sheet of Radial for the last three financial years. This information has been prepared in accordance with IFRS.

	31 March 2008	*31 March 2009*	*31 March 2010*
	£000	*£000*	*£000*
	IFRS	*IFRS*	*IFRS*
Non-current assets			
Investments	–	–	–
Investment properties	260,950	195,734	204,918
Derivative financial instruments	312	–	–
	261,262	195,734	204,918
Current assets			
Trade and other receivables	785	1,972	3,041
Cash and cash equivalents	6,679	10,302	13,122
	7,464	12,274	16,163
Total assets	268,726	208,008	221,081
Current liabilities			
Borrowings	–	(131,864)	(131,864)
Trade and other payables	(5,820)	(7,812)	(8,153)
	(5,820)	(139,676)	(140,017)
Non-current liabilities			
Borrowings	(217,785)	(85,998)	(85,707)
Derivative financial instruments	–	(8,106)	(4,490)
Deferred tax liabilities	(13)	(1,009)	(1,546)
	(217,798)	(95,113)	(91,743)
Total liabilities	(223,618)	(234,789)	(231,760)
Net assets/(liabilities)	45,108	(26,781)	(10,679)

The value of Radial's investment properties declined by £46.2 million at 31 March 2008 with a further adverse revaluation movement at 31 March 2009 of £66.2 million. Radial's investment property portfolio was revalued upwards at 31 March 2010 by £9.3 million. Radial did not acquire or dispose of any investment properties during the three years ended 31 March 2010.

Radial's liabilities principally comprise of bank debt provided by Lloyds Banking Group PLC amounting to £217.8 million at 31 March 2008, £217.9 million at 31 March 2009 and £217.9 million at 31 March 2010. The bank loans are secured on Radial's investment properties.

4.3 ***LSI MANAGEMENT LLP***

4.3.1 *Proposed Acquisition*

Pursuant to the terms of the LSI Acquisition Agreement, the Company will acquire the business and assets of LSI Management through its acquisition of the entire issued share capital of LML.

4.3.2 *Trading*

The following information summarises the trading record of LSI Management. This information has been prepared in accordance with IFRS for the period ended 31 March 2008 and the financial years ended 31 March 2009 and 31 March 2010.

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Revenue	1,932	6,403	23,339
Administrative expenses	(1,448)	(3,925)	(4,523)
of which members' remuneration	(592)	(1,622)	(1,694)
Profit from operations	484	2,478	18,816
Finance income	15	22	3
Finance cost	(39)	–	–
Profit and total comprehensive income for the financial year attributable to the members	460	2,500	18,819

Annual fee income for the period ended 31 March 2008 and the financial years ended 31 March 2009 and 31 March 2010 has risen to peak at £23.3 million for the year ended 31 March 2010.

4.3.3 *Cash flows*

The following information is a summary of LSI Management's cash flows for the period ended 31 March 2008 and the two years 31 March 2009 and 31 March 2010.

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Cash flows from operating activities			
Profit for the period/year	460	2,500	18,819
Depreciation charged	34	86	107
Net finance costs/(income)	24	(22)	(3)
Cash flows from operations before changes in working capital	518	2,564	18,923
Changes in trade and other receivables	(1,714)	(1,326)	(10,959)
Changes in trade and other payables	1,700	40	(1,260)
Cash flows from operations	504	1,278	6,704
Finance income	15	22	3
Finance expense	(39)	–	–
Cash flows from operating activities	480	1,300	6,707
Investing activities			
Purchase of property, plant and equipment	(339)	(283)	(15)
Cash flows from investing activities	(339)	(283)	(15)
Financing activities			
Partners' equity	500	–	–
Issue of loans to partners	–	–	(1,300)
Members' profit share	–	(1,051)	(5,789)
Cash flows from financing activities	500	(1,051)	(7,089)
Net increase/(decrease) in cash and cash equivalents	641	(34)	(397)
Opening cash and cash equivalents	–	641	607
Closing cash and cash equivalents	641	641	210

Cash flow from operations for the period ended 31 March 2008 and the financial years ended 31 March 2009 and 31 March 2010 has risen to peak at £18.9 million for the year ended 31 March 2010.

4.3.4 *Balance sheet*

The following information summarises the balance sheet of LSI Management for the period ended 31 March 2008 and the two years 31 March 2009 and 31 March 2010. This information has been prepared in accordance with IFRS.

	31 March 2008 £000	*31 March 2009 £000*	*31 March 2010 £000*
Non-current assets			
Property, plant and equipment	304	500	409
Other receivables	121	100	78
	426	600	487
Current assets			
Trade and other receivables	1,593	2,942	16,539
Cash and cash equivalents	641	607	210
	2,234	3,549	16,749
Total assets	2,660	4,149	17,236
Current liabilities			
Trade and other payables	(1,700)	(1,740)	(1,797)
Total liabilities	(1,700)	(1,740)	(1,797)
Net assets	960	2,409	15,439

Net assets for the period ended 31 March 2008 and the financial years ended 31 March 2009 and 31 March 2010 have risen to peak at £15.4 million at 31 March 2010.

5. LIQUIDITY AND CAPITAL RESOURCES

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

5.1 ***Cashflows***

The following table sets out certain information with respect to the LSP Group's cash flows for the period ended 31 March 2008, the year ended 31 March 2009 and the year ended 31 March 2010:

	Period ended 31 March 2008 £000 IFRS	*Year ended 31 March 2009 £000 IFRS*	*Year ended 31 March 2010 £000 IFRS*
Cash flows from operations before changes in working capital	(1,718)	(4,921)	4,445
Change in trade and other receivables	(1,358)	3,473	(3,710)
Change in trade and other payables	(779)	1,954	5,328
Change in other provisions	(625)	(730)	(210)
Cash flows from operations	(4,480)	(224)	5,853
Net interest received/(paid)	2,877	11,124	(4,428)
Finance arrangement fees paid	(145)	(496)	(3,076)
Taxation paid	–	–	(44)
Cash flow from operating activities	(1,748)	10,404	(1,695)
Cash flow from investing activities	(39,846)	(60,130)	(147,383)
Cash flow from financing activities	223,706	37,470	255,815
Net increase/(decrease) in cash and cash equivalents	182,112	(12,256)	106,737
Cash and cash equivalents at the end of the period/year	182,112	169,856	276,593

5.1.1 *Cash flows from operating activities*

Cash flows from operations have improved from net outflows of £4.5 million in 2008 to a £5.9 million inflow in 2010 principally due to the increases in rented income received as the Group's property portfolio has expanded.

The LSP Group received net interest of £2.9 million in the period ended 31 March 2008 and £11.1 million in the year ended 31 March 2009 as a result of holding significant cash balances throughout the period. In the year ended 31 March 2010 the LSP Group paid net interest of £4.4 million as a result of paying interest on bank finance in connection with property acquisitions and a reduction in bank interest rates earned on the LSP Group's retained cash balances. In addition in the year to 31 March 2010, break costs were incurred as a result of the disposal of the property at Leeds and repayment of debt.

The LSP Group made payments to LSI Management under the Property Advisor Agreement during the period. In the period ended 31 March 2008 the LSP Group paid £1.9 million in management fees. In the year ended 31 March 2009 the LSP Group paid £4.8 million in management fees. In the year ended 31 March 2010 the LSP Group paid £6.8 million in management fees and £0.4 million in relation to the accrued performance fee for the year ended 31 March 2009. At the 31 March 2010 the Group accrued £4 million in relation to performance fees, this was paid in full in June 2010.

5.1.2 *Cashflow from investing activities*

The LSP 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 period ended 31 March 2008 the LSP Group generated an outflow of £39.8 million, this increased to an outflow of £60.1 million in the year ended 31 March 2009 and an outflow of £147.4 million in the year ended 31 March 2010.

The increase in outflows in the review period resulted primarily from the following:

(a) In the period ended 31 March 2008 the LSP 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.

(b) In the year ended 31 March 2009 the LSP Group spent £77.5 million on the acquisition of its first investment property in January 2009 and 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 addition £4.9 million was spent on capital expenditure, mainly in relation to the refurbishment of Forest House, Crawley.

(c) In the year ended 31 March 2010 the LSP Group acquired the following investment properties: Whitehall Riverside, Leeds (£37.6 million), Somerfield Distribution Unit, Wellingborough (£19.6 million), Racecourse Retail Park, Aintree (£61.0 million), The North Stand Highbury, London (£41.4 million) and the Focus Distribution Centre, Tamworth (£33.3 million). The total cost of these investments was £192.9 million with professional fees making up the difference between this and the cost of £199.0 million detailed in the cash flow statement. In February 2010 the Group sold Whitehall Riverside Leeds for £52.2 million.

5.1.3 *Cash flow from financing activities*

The LSP 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 LSP Group generated a cash flow from financing activities of £37.5 million, being £47.7 million of new bank loans related to the LSP Group's first property acquisition in January 2009 and a £10.3 million dividend paid.

In the year ended 31 March 2010 the LSP Group generated a cash flow of £255.8 million, largely comprising £219.5 million (net of transaction costs) from a placing and open offer of new ordinary shares. The LSP Group was also issued new bank loans totalling £150.0 million less repayments on existing facilities of £95.0 million and paid dividends of £16.7 million.

5.2 ***Balance sheet***

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

	31 March 2008	*31 March 2009*	*31 March 2010*
	£000	*£000*	*£000*
	IFRS	*IFRS*	*IFRS*
Non-current assets			
Investment properties	49,370	127,147	357,695
Investments in equity accounted associates	–	62,844	89,285
Deferred tax assets	1,190	5,172	7,071
	50,560	195,163	454,051
Current assets			
Trade and other receivables	8,036	1,386	7,678
Other financial assets	61,500	–	–
Cash and cash equivalents	182,112	169,856	276,593
	251,648	171,242	284,271
Total assets	302,208	366,405	738,322

	31 March 2008 *£000* *IFRS*	*31 March 2009* *£000* *IFRS*	*31 March 2010* *£000* *IFRS*
Current liabilities			
Trade and other payables	1,364	3,429	10,285
	1,364	3,429	10,285
Non-current liabilities			
Borrowings	21,825	69,634	121,565
Derivative financial instruments	181	1,451	5,902
Provisions	940	210	–
	22,946	71,295	127,467
Total liabilities	24,310	74,724	137,752
Net assets	277,898	291,681	600,570

5.2.1 *Investment properties*

The value of investment properties at 31 March 2008 of £49.4 million, represented the original portfolio, as discussed in paragraph 3.3 of this Part 6, 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 LSP Group's overall portfolio was revalued downwards by £5.7 million. The value of investment properties increased by £230.5 million to £357.7 million in the year ended 31 March 2010 and was mainly driven by the acquisitions detailed in paragraph 3.3 of this Part 6.

5.2.2 *Investments in equity accounted associates*

On 11 February 2009, the LSP Group acquired an effective 15.7 per cent. in the Meadowhall Shopping Centre via its joint venture arrangement with Green Park Investments, as discussed previously in paragraph 3.3 of this Part 6. The table below sets out the breakdown of the balance sheet value of £62.8 million and £89.3 million as at 31 March 2009 and 31 March 2010 respectively:

	31 March 2009 *£000* *IFRS*	*31 March 2010* *£000* *IFRS*
Opening balance	–	62,844
Additions – cost of acquisition of associate	39,245	442
Share of profit for the year	3,123	28,971
Profit distributions received	–	(3,413)
Excess of fair value of net assets acquired over consideration	20,476	441
	62,844	89,285

In the year to 31 March 2010 the LSP Group acquired additional units in its joint venture with Green Park Investments at a cost of £442,000.

5.2.3 *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 and interest receivable reducing by £2.1 million 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.

Trade and other receivables increased from £1.4 million at 31 March 2009 to £7.7 million at 31 March 2010 largely due to amounts receivable from income guarantees in respect of the Highbury apartments of £2.7 million and an increase in trade receivables as a result of increased rent receivable on properties acquired in the year.

5.2.4 *Other financial assets*

At 31 March 2008 the LSP Group had £61.5 million in a six month fixed deposit account. The LSP Group had no six month fixed deposits at 31 March 2009 and 31 March 2010.

5.2.5 *Trade and other payables and accrued income*

Trade and other payables increased from £3.4 million at 31 March 2009 to £10.3 million at 31 March 2010 due to additional rent of £1.9 million being received in advance on properties acquired in the year, additional accrued interest of £0.8 million due to increased borrowing in the year and performance fees payable of £4.0 million.

5.3 ***LSP Group debt***

The LSP Group's debt obligations, not including the LSP Group's share of joint venture debt, as at 31 March 2008, 31 March 2009 and 31 March 2010 are summarised in the table below.

	Period ended 31 March 2008 £000 IFRS	*Year ended 31 March 2009 £000 IFRS*	*Year ended 31 March 2010 £000 IFRS*
Non-current financial liabilities			
Secured bank loans	22,820	70,550	123,542
Unamortised finance costs	(995)	(916)	(1,977)
	21,825	69,634	121,565
Derivative financial instruments	181	1,451	5,902
	22,006	71,085	127,467

In the year to 31 March 2010 the LSP Group entered into new bank facilities in order to finance the acquisition of investment properties. At 31 March 2010 the LSP Group's bank debt comprised:

	Property	*Facility £000*	*Maturity*	*As at 31 March 2010 £000 IFRS*
Secured bank loans				
Bank of Scotland plc	n/a	150,000	October 2012	–
Deutsche Postbank	Racecourse Retail Park, Aintree	38,437	June 2014	38,437
Abbey National Treasury Services plc	One Fleet Place, London	55,315	August 2014	55,315
Helaba	Wellingborough, Crawley, Nottingham	29,790	January 2015	29,790
				123,542

On 22 December 2009 the LSP Group completed the £29.8 million refinancing of Elm Park Court Crawley, Forest House Crawley, Glaisdale Park Nottingham and Park Farm Industrial Estate Wellingborough; finance for the refinancing was provided by Landesbank. Terms of this loan and those detailed in the table above are discussed in more detail in Part 17.

The LSP Group has a £150 million revolving credit facility with Bank of Scotland. 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. As at 31 March 2010 the LSP Group had available but undrawn bank loan facilities of £150.0 million on the Bank of Scotland revolving credit facility. The facility from Bank of Scotland can be extended for a further two years at the initial maturity date of October 2012. This facility was fully drawn down on 17 May 2010 to finance the acquisition of the Radial portfolio of assets.

The LSP Group had no off balance sheet financing at 31 March 2008, 31 March 2009 or 31 March 2010.

As at 31 March 2010, the LSP Group had raised £123.5 million of bank debt to acquire specific investment properties (2009: £22.8 million, 2008: £70.6 million). The bank debt is secured by fixed charges over certain of the LSP Group's investment properties. These had a carrying value of £246.9 million at 31 March 2010. As at 31 March 2010 these facilities were repayable within two to five years. The LSP 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 2010 the LSP Group had £141 million of hedges in place (2009: £70.5 million, 2008: £15.0 million) and its debt was 100 per cent. fixed (2009: 100 per cent. fixed, 2008: 66 per cent. fixed). The average interest rate payable by the LSP Group was 5.83 per cent. (2009: 4.1 per cent., 2008: 6.4 per cent.). Details of each loan are given in the material contracts section in Part 17 of this document. The indebtedness of the LSP Group, along with the Company and LSI Management at 30 June 2010 is set out in paragraph 6.2 of this Part 6. There has been no material change in the indebtedness of the LSP Group, the Company or LSI Management since 30 June 2010.

5.4 ***Joint venture debt***

The LSP Group's share of outstanding debt raised in relation to joint ventures was £106.6 million at 31 March 2009 and £107.2 million at 31 March 2010. The debt has been raised specifically for the purpose of the joint venture.

5.5 ***Covenants***

The LSP Group's key covenants are set out below:

		As at 31 March 2010
Bank of Scotland £150 million Revolving Credit Facility		
Loan to value	<80%	n/a
Interest cover	>125%	n/a
Deutsche Postbank £38.4 million Facility		
Loan to value (starts June 2011)	<62.5%	n/a
Interest cover	>175%	248%
Abbey National £55.3 million Facility		
Loan to value	<70%	55%
Interest cover	None	n/a
Helaba £29.8 million Facility		
Loan to value	<65%	65%
Interest cover	>180%	222%

6. CAPITALISATION AND INDEBTEDNESS

The capitalisation of the Company and indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) of the Company, the LSP Group and LSI Management is set out separately below.

Unless indicated otherwise, these figures are as at 30 June 2010 and have been extracted from the relevant Company's unaudited accounting records.

6.1 ***Capitalisation***

This information is as at 31 March 2010 and has been extracted from the Historical Financial Information set out in Section B of Part 7.

	Unaudited as at 31 March 2010 £000
Shareholder's equity	
Called up share capital	2
Total	2

On 10 June 2010, 500,000 ordinary shares were issued at a price of 10p per share. There has been no other material change in the capitalisation of the Company between that date and the date of this document.

Capital and reserves do not include retained earnings.

6.2 ***Indebtedness***

	Unaudited at 30 June 2010		
	Company £000	*The LSP Group £000*	*LSI £000*
Total current debt			
Guaranteed	–	–	–
Secured	–	–	–
Unguaranteed/unsecured	–	–	–
	–	–	–
Total non-current debt (excluding current portion of long-term debt)			
Guaranteed	–	–	–
Secured	–	273,542	–
Unguaranteed/unsecured	–	–	–
	–	273,542	–
Total indebtedness at 30 June 2010	–	273,542	–

Net indebtedness

	Unaudited at 30 June 2010		
	Company £000	*The LSP Group £000*	*LSI £000*
Cash	–	183,830	143
Liquidity	–	183,830	143
Current bank debt	–	–	–
Current financial debt	–	–	–
Net current financial indebtedness	–	183,830	143
Non current bank loans	–	273,542	–
Non current financial indebtedness	–	273,542	–
Net financial indebtedness at 30 June 2010	–	89,712	143

The Company, The LSP Group and LSI Management have not entered into any new debt facilities between 30 June 2010 and the date of this document.

7. CRITICAL ACCOUNTING POLICIES AND JUDGEMENTS

LSP'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 LSP Group's accounting policies, management is required to make judgements, estimates and assumptions that may affect the financial statements. The LSP Board believes that the judgements made in the preparation of the financial statements were reasonable. However, actual outcomes may differ from those anticipated.

The LSP Group's critical accounting policies where management is required to make judgements are set out below. The LSP Group's full accounting policies are set out in Section B of Part 8 of this document:

(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 Enlarged 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 Enlarged Group if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Enlarged Group's principal financial assets will be cash balances and deposits and trade and other receivables. The Enlarged Group's credit risk will be 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 Enlarged 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 Enlarged Group's policy of monitoring counterparty exposures with a maximum exposure equal to the carrying amount of these instruments. The Enlarged 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 Enlarged Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Enlarged Group will encounter difficulty in meeting its financial obligations as they fall due.

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

The LSP Group had available but undrawn bank loan facilities of £150.0 million at 31 March 2010 (31 March 2009: £79.5 million), maturing between two and five years.

8.3 ***Interest rate risk***

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

The Enlarged Group will use interest rate swaps to manage its interest rate exposure and hedge future interest rate risk for the term of the bank loan. Although the LSP Board accepts that this policy neither protects the LSP 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 2010 the LSP Group had £141.0 million of hedges in place (31 March 2009: £70.5 million), and its debt was 100 per cent. fixed (31 March 2009: 100 per cent. fixed). Consequently, based on year end debt levels, there would be no impact on the LSP Group's annual profit before tax of a 1 per cent. change in interest rates.. 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 LSP Group on all bank borrowings at 31 March 2010 net of undrawn facility commitment fees was 5.83 per cent. (31 March 2009: 4.1 per cent.).

PART 7

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

Section A – Accountant's report on London & Stamford Property Plc

BDO LLP
55 Baker Street
London
W1U 7EU

16 August 2010

The Directors
London & Stamford Property Limited
2nd Floor
Regency House
Glategny Esplanade
St Peter Port
Guernsey GY1 3NQ

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

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

Dear Sirs

London & Stamford Property plc (the "Company")

Introduction

We report on the financial information set out in Section B of Part 7. This financial information has been prepared for inclusion in the scheme document dated 16 August 2010 of London & Stamford Property Limited ("LSP") (the "Scheme Document") on the basis of the accounting policies set out in note 1 to the financial information. This report is given for the purpose of the Scheme Document and for no other purpose.

Responsibilities

The directors of LSP ("LSP Directors") 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 Scheme Document, and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of LSP as a result of the inclusion of this report in the Scheme Document, 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 inclusion in the Scheme Document.

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 Scheme Document, a true and fair view of the Company as at the dates stated and of its profits, cash flows and 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.

Yours faithfully

BDO LLP
Chartered Accountants

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

Section B – Financial information on the Company

Responsibility

The LSP Directors are responsible for preparing the financial information set out below on the basis of preparation set out in note 1 to the financial information and in accordance with applicable law and International Financial Reporting Standards ("IFRSs") adopted by the European Union.

Balance Sheet as at 31 March 2010

	31 March 2010
	£
Current assets	
Other receivables	2
Net assets	2
Equity	
Called up share capital (note 2)	2
Total – equity (note 2)	2

Notes to the financial information

1. Accounting polices

Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable IFRSs.

The Company was incorporated as London & Stamford Property plc on 13 January 2010. Between the date of incorporation and 31 March 2010, the Company did not trade, nor did it receive any income, incur any expenses or pay any dividends. Consequently no profit and loss account is presented.

The principal accounting policies to be adopted by the Company are set out in Section C of Part 7 of this document.

2. Share capital

	31 March 2010	*31 March 2010*
	Number	*£*
Issued, called up		
Ordinary shares of 10p	20	2

The Company was incorporated with authorised share capital represented by an unlimited number of ordinary shares of £1 each. On incorporation two subscriber shares of £1 were issued nil paid. On 26 January 2010, these were subsequently sub-divided into 20 ordinary shares of 10p each.

3. Events after the balance sheet date

On 10 June 2010, 500,000 ordinary shares were issued at a price of 10p per share to the Initial Shareholders.

On 10 June 2010, the Company entered into the Initial Share Buyback Agreements with the Initial Shareholders granting call and put options in relation to the PLC Existing Ordinary Shares.

Under the Initial Shares Buyback Agreements, the Company has granted the Initial Shareholders options to require the Company to purchase all (but not some only) of the PLC Existing Ordinary Shares for a sum equal to the nominal value of such shares and the Initial Shareholders have granted options to the Company to require the Initial Shareholders to sell all (but not some only) of the PLC Existing Ordinary Shares to the Company for such sum.

The options contained in the Initial Shares Buyback Agreements are exercisable at any time up to and including 10 June 2012.

The Initial Shares Buyback Agreements are conditional on approval by the PLC Shareholders by a special resolution, which approval is proposed to be obtained prior to Admission. If the Initial Shareholders exercise their options to require the Company to purchase the Initial Shares, the Company shall use its best endeavours to ensure that sufficient distributable profits or sufficient proceeds of a new issue of PLC Ordinary Shares are available to enable the Company to satisfy the consideration payable to the Initial Shareholders.

On 24 June 2010, the Company was issued a trading certificate under section 761 of the Companies Act 2006.

On 11 August 2010, the Company and the LSI Vendors entered into a conditional agreement pursuant to which the Company has agreed to acquire the entire issued share capital of LML after completion of the LML Acquisition Agreement in consideration of an issue of shares in the Company. The consideration payable by the Company under the LSI Acquisition Agreement shall be the sum of £55.0 million, to be satisfied by the issue of the Consideration Shares to the LSI Vendors at a price of £1.201 per Consideration Share (being the NAV per Ordinary Share at 31 March 2010).

On 11 August 2010 the Company entered into a share purchase agreement with LSIL to acquire the entire issued share capital of LSI (Investments). LSI (Investments) is the owner of the LSP Group's properties at Stoke-on-Trent and Newcastle-Under-Lyme. Completion of the Share Purchase Agreement is subject to the Court sanctioning the Scheme and the court order relating to the Scheme being filed with the Guernsey Companies Registry.

Section C – Principal accounting policies to be adopted by the Company and the Enlarged Group

1 Accounting policies

(a) ***Statement of compliance***

The consolidated financial statements will be prepared in accordance with IFRS.

(b) ***Basis of preparation***

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

The accounting policies will be applied consistently in all material respects.

(i) *Estimates and judgements*

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

Significant items subject to such assumptions and estimates will 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 will be 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 will be 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 in issue not yet adopted

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

		Effective for periods beginning on or after:
IFRS 3 (2008)	Business Combinations (revised)	01/07/2009
IFRIC 19	Extinguishing financial liabilities with equity instruments	01/04/2010
IAS 24	Related party disclosures (revised)	01/01/2011
IFRS 9	Financial instruments	01/01/2013

The affects of IFRS 3 (2008) are explained below.

The adoption of IFRIC 19 will require all equity instruments used to settle liabilities to be fair valued, giving rise to a profit or loss on settlement.

IAS 24 (revised) and IFRS 9 amend the disclosure requirements for relate parties and financial assets respectively, and do not amend recognition or measurement principles.

The IASB has also issued or revised IFRS 1 IFRS 2, IAS 19, IAS 27, IAS 32, IAS 39, IFRIC 14, IFRIC 15, IFRIC 17 and IFRIC 18, and issued the Improvements Project (which covers various standards). These amendments are not expected to have a significant impact on the reported position or performance of the group.

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

(c) ***Basis of consolidation***

(i) *Subsidiaries*

The consolidated accounts will include the accounts of the Company and all subsidiaries (the "Group") using the acquisition 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 will be included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where properties are acquired, and these properties do not constitute a business, the acquisition is treated as an asset acquisition.

(ii) *Associates*

Associates will be those entities over whose activities the Group is in a position to exercise significant influence but does not have the power to control or jointly control.

Associates will be 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 will incorporate the Group's share of associate profits after tax.

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

(iii) *Business combinations*

For the period beginning 1 April 2010, and thereafter, the Group will apply IFRS 3 (2008)

Under IFRS 3 (2008) the consideration for a business combination is fair valued at the date of acquisition. Acquisition costs are expensed. The assets, liabilities and contingent liabilities acquired are fair valued. The fair values for the consideration and net assets are reviewed during the first year of acquisition. Any changes in fair value of net assets acquired or consideration given identified during the first year of acquisition that relate to the acquisition date are adjusted for against goodwill. Any changes in fair value identified after one year, or which do not relate to the acquisition date, are adjusted for through profit or loss.

(iv) *Goodwill*

Any excess of the purchase price of business combinations over the fair value of the assets, liabilities and contingent liabilities acquired and resulting deferred tax thereon will be recognised as goodwill. This will be recognised as an asset and is reviewed for impairment at least annually. Any impairment will be 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 will be recognised immediately in the income statement.

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

(e) ***Property portfolio***

(i) *Investment properties*

Investment properties will be properties owned or leased by the Group which are held for long-term rental income and for capital appreciation. Investment property will be 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 will be recognised in the income statement of the period in which they arise. Depreciation will not be 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 will remain an investment property measured at fair value and will not be reclassified.

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

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

(ii) *Development properties*

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

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

(iii) *Tenant leases*

Management will exercise its 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 will determine that such leases are operating leases.

(iv) *Net rental income*

Revenue will comprise rental income.

Rental income from investment property leased out under an operating lease will be recognised in the income statement on a straight-line basis over the lease term.

Contingent rents, such as turnover rents, rent reviews and indexation, will be recorded as income in the periods in which they are earned. Rent reviews will be 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 will be amortised over the lease term.

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

Property operating expenses will be expensed as incurred and any property operating expenditure not recovered from tenants through service charges will be charged to the income statement.

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

Surpluses on sales of investment and development properties will be 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 will be recognised on the Group balance sheets when the Group becomes a party to the contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of the Group financial assets and liabilities will be 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 Group, loans and receivables comprise trade and other receivables, intra-group loans and cash and cash equivalents. Loans and receivables will be 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 will comprise deposits held with banks where the original maturity was more than three months.

(iii) *Equity instruments*

Equity instruments issued by the Group will be recorded at the proceeds received, net of direct issue costs.

(iv) *Other financial liabilities*

Other financial liabilities will 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 will be initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Interest bearing loans will be 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, will be accounted for on an accruals basis to the profit and loss account using the effective interest method and will be 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 will use derivative financial instruments to hedge its exposure to interest rate risks.

Derivative financial instruments will be 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 will be 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 will be measured at the Directors' best estimate of the expenditure required to settle that obligation at the balance sheet date, and will be discounted to present value if the effect is material.

(g) ***Finance costs***

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

(h) ***Finance income***

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

(i) ***Capitalisation of interest***

Interest will be 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 will be 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 will be recognised when they become legally payable. In the case of interim dividends, this will be when paid. In the case of final dividends, this will be when approved by the shareholders at the annual general meeting.

(k) ***Tax***

Tax will be included in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax will be 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 will not be 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 will be 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 will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(l) ***Foreign currency***

(i) *Foreign currency transactions*

Transactions in foreign currencies will be 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 will be translated to sterling at the exchange rate ruling at that date and differences arising on translation will be 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, will be translated into sterling at the exchange rates ruling at the balance sheet date. The operating income and expenses of foreign operations will be translated into sterling at the average exchange rate for the period. All resulting exchange differences will be 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 will be taken to shareholders' equity. They will be 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 will be measured by reference to the fair value at the date which they are granted and will be 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 will be taken of any vesting conditions, other than market conditions.

(n) ***Segmental reporting***

An operating business segment is a distinguishable component of the Group that is engaged in business activities, earns revenue, and incurs expenses, whose operating results are regularly reviewed by the Group's chief operating decision-makers and for which discrete financial information is available.

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 will manage 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 will be 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 will seek 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.

PART 8

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

Section A – Accountant's report on LSP

BDO LLP
55 Baker Street
London
W1U 7EU

16 August 2010

The Directors
London & Stamford Property Ltd
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Glategny Esplanade
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Guernsey GY1 3NQ

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

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

Dear Sirs

London & Stamford Property Limited ("LSP") and its subsidiary under-takings (together, the "LSP Group")

Introduction

We report on the financial information set out in Section B of Part 8. This financial information has been prepared for inclusion in the scheme document dated 16 August 2010 of LSP (the "Scheme Document") on the basis of the accounting policies set out in note 1 to the financial information. This report is given for the purpose of the Scheme Document and for no other purpose.

Responsibilities

The directors of LSP ("LSP Directors") 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 Scheme Document, and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of LSP as a result of the inclusion of this report in the Scheme Document, 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 inclusion in the Scheme Document.

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 Scheme Document, a true and fair view of LSP as at the dates stated and of its consolidated profits, cash flows and 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.

Yours faithfully

BDO LLP
Chartered Accountants

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

Section B – Historical financial information on the LSP Group for the period ended 31 March 2008 and the years ended 31 March 2009 and 31 March 2010

The financial information set out below of the LSP Group, for the period ended 31 March 2008 and the years ended 31 March 2009 and 31 March 2010 have been prepared by the LSP Directors on the basis set out in note 1.

LSP Group Income Statements

	Notes	*Period ended 31 March 2008 £000*	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Gross rental income		808	2,654	17,251
Other income	2	–	1,000	–
Property outgoings		(183)	(572)	(1,111)
Net rental income		625	3,082	16,140
Administrative expenses – general		(3,364)	(5,987)	(11,695)
Administrative expenses – goodwill impairment	9	–	(2,745)	–
(Loss)/profit on revaluation of investment properties	8	(2,964)	(4,938)	72,099
(Loss)/profit on sale of investment properties		(36)	36	10,634
Loss on sale of subsidiaries	20	(17)	–	–
Share of profits of associates	11	–	23,599	29,412
Operating (loss)/profit	3	(5,756)	13,047	116,590
Finance income	4	5,772	10,613	1,465
Finance costs	4	(874)	(2,296)	(8,772)
Change in fair value of derivative financial instruments	4	(181)	(1,270)	(4,451)
(Loss)/profit before tax		(1,039)	20,094	104,832
Taxation	5	1,444	3,949	1,234
Profit for the period/year		405	24,043	106,066
Earnings per share				
Basic and diluted	7	0.14p	8.4p	24.8p

All amounts relate to continuing activities.

LSP Group Balance Sheets

	Notes	*31 March 2008 £000*	*31 March 2009 £000*	*31 March 2010 £000*
Non-current assets				
Investment properties	8	49,370	127,147	357,695
Investments in equity accounted associates	11	–	62,844	89,285
Deferred tax assets	5	1,190	5,172	7,071
		50,560	195,163	454,051
Current assets				
Trade and other receivables	12	8,036	1,386	7,678
Other financial assets		61,500	–	–
Cash and cash equivalents	13	182,112	169,856	276,593
		251,648	171,242	284,271
Total assets		302,208	366,405	738,322
Current liabilities				
Trade and other payables	14	1,364	3,429	10,285
		1,364	3,429	10,285
Non-current liabilities				
Borrowings	15	21,825	69,634	121,565
Derivative financial instruments	15	181	1,451	5,902
Provisions	16	940	210	–
		22,946	71,295	127,467
Total liabilities		24,310	74,724	137,752
Net assets		277,898	291,681	600,570
Equity				
Called up share capital	17	28,500	28,500	50,000
Special reserve		248,597	248,597	446,620
Retained earnings		801	14,584	103,950
Total equity		277,898	291,681	600,570
Net asset value per share	22	97.5p	102.3p	120.1p

LSP Group Statements of Changes in Equity

	Share capital £000	*Share premium account £000*	*Special reserve £000*	*Retained earnings £000*	*Total £000*
At incorporation	–	–	–	–	–
Profit for the period and total comprehensive income	–	–	–	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	28,500	–	248,597	801	277,898
Profit for the period and total comprehensive income	–	–	–	24,043	24,043
Dividends paid	–	–	–	(10,260)	(10,260)
At 31 March 2009	28,500	–	248,597	14,584	291,681
Profit for the period and total comprehensive income	–	–	–	106,066	106,066
Issue of ordinary share capital	21,500	–	198,023	–	219,523
Dividends paid	–	–	–	(16,700)	(16,700)
At 31 March 2010	50,000	–	446,620	103,950	600,570

LSP Group Cash Flow Statements

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Cash flows from operating activities			
(Loss)/profit before tax	(1,039)	20,094	104,832
Adjustments for non-cash items:			
Loss/(profit) on revaluation of investment properties	3,589	5,667	(72,099)
Loss/(profit) on sale of investment properties	36	(36)	(10,634)
Share of post-tax profit associates	–	(23,599)	(29,412)
Loss on sale of subsidiaries	17	–	–
Share-based payment	396	–	–
Net finance (income)/costs	(4,717)	(7,047)	11,758
Cash flows from operations before changes in working capital	(1,718)	(4,921)	4,445
Change in trade and other receivables	(1,358)	3,473	(3,710)
Change in trade and other payables	(779)	1,954	5,328
Change in provisions	(625)	(730)	(210)
Cash flows from operations	(4,480)	(224)	5,853
Interest received	3,544	12,740	1,562
Interest paid	(667)	(1,616)	(5,990)
Taxation paid	–	–	(44)
Financial arrangement fees paid	(145)	(496)	(3,076)
Cash flows from operating activities	(1,748)	10,404	(1,695)
Investing activities			
Purchase of subsidiary undertakings net of cash acquired	1,284	–	–
Purchase of investment properties	–	(77,531)	(199,030)
Purchase of rent guarantee arrangements	–	–	(2,679)
Capital expenditure on investment properties	(1,469)	(4,854)	(869)
Sale of subsidiary undertakings net of cash disposed of	21,866	–	–
Sale of investment property	(27)	–	52,224
Cash flow (to)/from associates	–	(39,245)	2,971
(Purchase)/sale of short term financial deposits	(61,500)	61,500	–
Cash flows from investing activities	(39,846)	(60,130)	(147,383)
Financing activities			
Proceeds of share issue	239,664	–	219,523
Dividends paid	–	(10,260)	(16,700)
New borrowings	22,820	47,730	147,995
Repayment of borrowings	(38,778)	–	(95,003)
Cash flows from financing activities	223,706	37,470	255,815
Net increase/(decrease) in cash and cash equivalents	182,112	(12,256)	106,737
Opening cash and cash equivalents	–	182,112	169,856
Closing cash and cash equivalents	182,112	169,856	276,593

Notes to the Historical Financial Information

1. Accounting Policies

(a) ***General information***

London & Stamford Property Limited ("LSP") is a limited liability investment company, incorporated on 1 October 2007, in accordance with The Companies (Guernsey) Law 1994-1996, as amended, LSP is domiciled in Guernsey. The address of its registered office is Regency Court, Glategny Esplanade, St Peter Port, Guernsey.

LSP did not trade between its date of incorporation and 30 October 2007 when it acquired London & Stamford Investments Limited as set out in notes 8 and 9 of this section.

(b) ***Statement of compliance***

The Consolidated historical financial information has been prepared in accordance with IFRS.

(c) ***Basis of preparation***

The functional and presentational currency of the LSP Group 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 LSP 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

No new standards or interpretations issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee have led to changes in the LSP Group's accounting policies.

1. Accounting Policies (continued)

Standards and interpretations in issue not yet adopted

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

		Effective date
IFRS 3	Business Combinations (revised)	01/07/2009
IFRIC 19	Extinguishing financial liabilities with equity instruments	01/04/2010
IAS 24	Revised related party disclosures	01/01/2011
IFRS 9	Financial instruments	01/01/2013

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

The IASB has also issued or revised IAS 19, IAS 27, IAS 32, IAS 39, IFRIC 17 and IFRIC 18 which are not relevant to the operations of the LSP Group.

(d) ***Basis of consolidation***

(i) *Subsidiaries*

The consolidated financial information includes the accounts of LSP and all its subsidiaries using the purchase method. Subsidiaries are those entities controlled by LSP. Control is assumed when LSP 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 LSP 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 LSP's share of the net assets of its associates. The consolidated income statement incorporates the LSP Group's share of associate profits after tax.

Accounting practices of subsidiaries and associates which differ from LSP's 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.

1. Accounting Policies (continued)

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 profit or loss.

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 LSP 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 LSP 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 profit or loss.

(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.

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.

1. Accounting Policies (continued)

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 profit or loss.

(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 LSP Group balance sheets when the LSP Group becomes a party to the contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of the LSP Group 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 LSP 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 LSP Group 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 LSP Group uses derivative financial instruments to hedge its exposure to interest rate risks.

1. Accounting Policies (continued)

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 profit or loss.

(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) ***Dividends***

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

(j) ***Tax***

Tax is included in 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 LSP 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.

1. Accounting Policies (continued)

Tax status of the LSP Group

LSP 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 LSP Group's affairs such that it continues to remain eligible for exemption.

During the period, the LSP 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.

(k) ***Foreign currency transaction***

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.

(l) ***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.

(m) ***Segmental reporting***

An operating business segment is a distinguishable component of the LSP Group that is engaged in business activities, earns revenue, and incurs expenses, whose operating results are regularly reviewed by the LSP Group's chief operating decision-makers and for which discrete financial information is available.

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

(n) ***Capital management policy***

The LSP Group manages its capital to ensure that entities in the LSP 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 LSP 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 LSP 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 LSP 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 LSP Group considers not only its short-term position but also its long-term operational and strategic objectives.

2. Other Income

For the year to 31 March 2010, as a consequence of only one investment property being held for the entire year, 34 per cent. of the LSP Group's gross rental income was receivable from one tenant.

A surrender premium of £1 million was received during 2009 in respect of a lease on Barracks Road, Newcastle-under-Lyme.

3. (Loss)/Profit from Operations

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
This has been arrived at after charging:			
Property advisor management fees	1,932	4,754	6,769
Property advisor performance fees	–	443	4,010
Directors' fees	83	165	165
Share-based payment expense	758	–	–
Auditors' remuneration:			
Audit of the LSP Group and LSP Financial Statements	83	75	134
Fees payable to LSP's auditors for other services to the LSP Group:			
– Statutory audit of subsidiary accounts	15	20	9
– IFRS conversion advice	15	–	–
– Taxation advice	61	36	–
– Taxation compliance work	22	25	40
– Fees in connection with LSP's admission to AIM and acquisition of the existing group	140	–	–

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

397,000 shares were issued to two members of the Property Adviser for their services as directors of the former London and Stamford Investments Limited Group (which was acquired by LSP on 30 October 2007 as stated in note 10) in settlement for the acquisition. As the issue was conditional upon the LSP'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 LSP. 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

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Finance income			
Interest on short-term deposits	5,772	10,613	1,465
	5,772	10,613	1,465
Finance costs			
Interest on bank loans	757	1,721	6,757
Amortisation of loan issue costs	117	575	2,015
Fair value loss on derivative financial instruments	181	1,270	4,451
	1,055	3,566	13,223

5. Taxation

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
The tax expense for the period comprises:			
Current tax			
UK corporation tax on profit for the period	–	33	665
	–	33	665
Deferred tax			
Change in deferred tax in the period	(1,444)	(3,982)	(1,899)
	(1,444)	(3,949)	(1,234)

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

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
(Loss)/profit before tax	(1,039)	20,094	104,832
(Loss)/profit at the standard rate of corporation tax in the UK of 28%	(290)	5,626	29,353
Effects of:			
Expenses not deductible for tax purposes	119	1,428	1,069
Tax effect of income not subject to tax	(1,273)	(4,519)	(23,151)
Share of post tax profit of associate	–	(751)	(8,270)
Excess of fair value of net assets acquired over consideration paid	–	(5,733)	–
Difference in tax rates	–	–	(235)
Total tax credit	(1,444)	(3,949)	(1,234)

Deferred tax asset	*Revaluation surplus £000*	*Other temporary and deductible differences £000*	*Losses £000*	*Total £000*
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	(581)	40	1,731	1,190
Credited in the year in the income statement	2,932	334	716	3,982
At 31 March 2009	2,351	374	2,447	5,172
(Debited)/credited during the period in the income statement	(406)	1,278	1,027	1,899
At 31 March 2010	1,945	1,652	3,474	7,071

5. Taxation (continued)

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 and 31 March 2010.

The LSP Group does not have unprovided deferred tax assets.

6. Dividends

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Ordinary dividends			
Amounts recognised as distributions to equity holders	–	10,260	16,700
Proposed final dividend (31 March 2009: 2p, 31 March 2008: 1.6p)	4,560	5,700	–

The proposed final dividend for the year 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 was 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 was payable on 27 July 2009 to ordinary shareholders on the register at the close of business on 19 June 2009 and has been recognised as an appropriation of retained earnings in 2010.

A second interim dividend of 2.2p per share was approved by the board on 1 April 2010 and was paid immediately to shareholders on the register at the close of business on 5 March 2010 and will be recognised as an appropriation of retained earnings in 2011. No further final dividend was proposed at 31 March 2010.

7. Earnings per Share

Earnings per share is calculated on a weighted average of 428,333,333 (2009: 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 £106.1 million (2009: £24.0 million, 2008: £0.4 million).

There were no potentially dilutive or anti-dilutive share options in any period.

Adjusting earnings for the effects of revaluing investment properties, deferred taxation, fair value of derivatives and goodwill results in attributable profits of £6.3 million or 1.5p per share (2009: £35 million or 1.2p per share, 2008: £2.7 million or 0.96p per share).

8. Investment Properties

	Freehold £000	*Long leasehold £000*	*Total £000*
At incorporation	–	–	–
Acquisitions	62,111	12,627	74,738
Other capital expenditure	1,351	118	1,469
Disposals	(19,978)	(3,270)	(23,248)
Revaluation movement	(2,544)	(1,045)	(3,589)
At 31 March 2008	40,940	8,430	49,370

	Freehold £000	*Long leasehold £000*	*Total £000*
Acquisitions	77,531	–	77,531
Other capital expenditure	4,848	6	4,854
Disposals	–	1,059	1,059
Revaluation movement	(4,013)	(1,654)	(5,667)
At 31 March 2009	119,306	7,841	127,147
Acquisitions	159,045	40,042	199,087
Other capital expenditure	472	480	952
Disposals	(40,748)	(842)	(41,590)
Revaluation movement	53,752	18,347	72,099
At 31 March 2010	291,827	65,868	357,695

At 31 March 2008, the LSP 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 LSP Group's investment properties were externally valued by CB Richard Ellis Limited, Chartered Surveyors at £120.6 million. At 31 March 2010, certain of the LSP Group's investment properties were externally valued by CB Richard Ellis Limited, Chartered Surveyors at £293.9 million and by Savills plc, Chartered Surveyors at £60 million (£57.3 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, 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 at 31 March 2010 were valued by the LSP Directors at £6.5 million (2009: £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 in 2009 of £4.9 million (31 March 2008: £3.0 million) recognised in the income statement, is a credit of £0.7 million (31 March 2008: £0.6 million) 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 LSP Group's investment properties at 31 March 2010 was £296.3 million (2009: £136.4 million, 2008: £53.0 million).

9. Investment in Subsidiary Undertakings

	Subsidiary undertakings £000
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
Additions to cost	1
Impairment in the year	(21,802)
At 31 March 2010	15,863

During the year to 31 March 2010, the investment in London & Stamford Investments Limited was impaired to its recoverable amount.

In the period to 31 March 2008 LSP issued 37.5 million ordinary shares of ten pence each to acquire 100 per cent. 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 LSP 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 represented a contingent event that requires an adjustment to the cost of the acquisition. The fair value of the assets at acquisition remained unchanged as the value enhancing event, being the granting of planning permission, did not exist at that date. This gave rise to goodwill on acquisition of £2.745 million which has been fully impaired in the year to 31 March 2009 and is reflected within profit.

9. Investment in Subsidiary Undertakings (continued)

LSP is the ultimate holding company of the LSP Group and had the following principal subsidiary undertakings at 31 March 2010, all of which are consolidated in the financial information for the year to 31 March 2010:

	Country of incorporation or registration	*Proportion of voting rights held*	*Nature of business*
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
London & Stamford Property Subsidiary Limited	Guernsey	100%	Intermediate holding company
London & Stamford Offices Trust*	Guernsey	100%	Property investment
L&S Leeds Limited	Guernsey	100%	Property investment
London & Stamford Retail Limited	Guernsey	100%	Property investment
L&S Business Space Limited	Guernsey	100%	Property investment
L&S Highbury Limited	Guernsey	100%	Property investment
L&S Business Space II Limited	Guernsey	100%	Property investment

*Undertakings held indirectly by LSP

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

10. Acquisitions

On 30 October 2007 LSP 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 million 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 million which was initially excluded from the cost of acquisition. The net assets acquired were as follows:

	Book value of net assets acquired £000	*Fair value of net assets acquired £000*
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	34,919	34,919
Goodwill on acquisition		–
Cost of acquisition		34,919

11. Investment in Associate

	Associates £000
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	62,844
Additions – cost of acquisition of associate	442
Share of profit for the year	29,412
Profit distributions received	(3,413)
At 31 March 2010	89,285

On 23 April 2008 the LSP Group entered into a new joint venture arrangement with Cavendish Limited (which subsequently assigned its interest to its affiliate Green Park Investments Limited), a wholly-owned subsidiary of a major Gulf institution. The LSP 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 LSP 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 The British Land Company PLC. The cost of acquisition of associate includes net costs borne by LSP of £0.9 million.

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

The LSP Group's 31.4 per cent. share of the profit after tax and net assets of its associate at 31 March 2010 and 31 March 2009 is as follows:

	31 March 2009 £000	*31 March 2010 £000*
Summarised income statement		
Net rental income	1,715	11,972
Administration expenses	(475)	(3,994)
Excess of fair value of net assets acquired over consideration paid	20,476	441
Surplus on revaluation of investment properties	3,063	29,846
Net finance costs	(1,120)	(8,695)
Tax	(60)	(158)
Profit after tax	23,599	29,412
Summarised balance sheet		
Property assets	187,599	217,445
Current assets	4,540	4,449
Current liabilities	(5,730)	(7,638)
Borrowings	(106,557)	(107,196)
Other non-current liabilities	(17,008)	(17,775)
Net assets	62,844	89,285

The investment properties were valued on an open market basis by CB Richard Ellis Limited, Chartered Surveyors, as at 31 March 2010 and 31 March 2009 in accordance with Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

12. Trade and Other Receivables

	31 March 2008 £000	*31 March 2009 £000*	*31 March 2010 £000*
Current assets			
Trade receivables	275	61	3,806
Amounts receivable on property sales	1,050	–	
Amounts receivable from income guarantees	–	–	2,679
Called up share capital issued but unpaid on acquisition of subsidiary	2,745	–	–
Interest receivable	2,228	101	4
Prepayments and accrued income	871	636	447
Other receivables	867	588	742
	8,036	1,386	7,678

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 ("LSI"), 2,812,500 ordinary shares were subject to a claw back based on the valuation of certain investment property owned by the LSI 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 LSP. On 31 March 2008 LSP 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 2010 there were no amounts which were overdue and no amounts which were impaired (31 March 2008 and 31 March 2009: none). There is no provision for impairment of trade receivables as at 31 March 2010 as the risk of impairment of the amounts outstanding is not considered to be significant (31 March 2008 and 31 March 2009: none).

13. Cash and Cash Equivalents

Cash and cash equivalents include £1.1 million (2009: £2.5 million, 2008: £1.0 million) retained in rent and restricted accounts which are not readily available to the LSP Group for day-to-day commercial purposes.

14. Trade and Other Payables

	31 March 2008 £000	*31 March 2009 £000*	*31 March 2010 £000*
Trade payables	263	751	457
Rent received in advance	281	1,394	3,308
Accrued interest	405	510	1,277
Other payables	45	31	140
Other accruals and deferred income	370	710	4,449
Corporation tax payable	–	33	654
	1,364	3,429	10,285

The LSP 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 LSP 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***

	31 March 2008 £000	*31 March 2009 £000*	*31 March 2010 £000*
Secured bank loans	22,820	70,550	123,542
Unamortised finance costs	(995)	(916)	(1,977)
	21,825	69,634	121,565

The bank loans are secured by fixed charges over certain of the LSP Group's investment properties with a carrying value of £246.9 million at 31 March 2010 and are repayable with two to five years.

(c) ***Financial risk management***

Financial risk factors

The LSP Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the LSP Group's financial performance. The LSP Group uses derivative financial instruments to hedge certain risk exposures. The policies of LSP are the same as those of the LSP Group.

The LSP 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 LSP Group if a client or counterparty to a financial instrument fails to meet its contractual obligations.

The LSP Group's principal financial assets are cash balances and deposits and trade and other receivables. The LSP 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 LSP 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 LSP Group's policy of monitoring counterparty exposures with a maximum exposure equal to the carrying amount of these instruments. The LSP 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 LSP Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the LSP Group will encounter difficulty in meeting its financial obligations as they fall due.

15. Financial Assets and Financial Liabilities (continued)

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

The LSP Group had available but undrawn bank loan facilities of £150.0 million at 31 March 2010 (2009: £79.5 million, 2008: £127.2 million), maturing between two and five years.

(iii) *Market risk*

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

(iv) *Interest rate risk*

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

The LSP 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 LSP Board accepts that this policy neither protects the LSP 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 2010 the LSP Group had £141.0 million of hedges in place (2009: £70.5 million, 2008: £15.0 million), and its debt was 100 per cent. fixed (2009: 100 per cent. fixed, 2008: 66 per cent. fixed). Consequently, based on debt levels at 31 March 2010, there would be no impact on the LSP Group's annual profit before tax of a 1 per cent. change in interest rates.

The average interest rate payable by the LSP Group on all bank borrowings at 31 March 2010 net of undrawn facility commitment fees was 5.83 per cent. (2009: 4.1 per cent., 2008: 6.4 per cent.).

(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 LSP Group's functional currency.

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

(vi) *Capital risk management*

The LSP Group defines its equity as share capital, share premium, special reserves and retained earnings. The LSP 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 LSP 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 LSP Group balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

15. Financial Assets and Financial Liabilities (continued)

(d) ***Financial instruments***

(i) *Categories of financial instruments*

	Loans and receivables		
	31 March 2008 £000	*31 March 2009 £000*	*31 March 2010 £000*
Current assets			
Cash and cash equivalents	182,112	169,856	276,593
Trade receivables (note 12)	275	61	3,806
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	4
Other receivables	501	82	8
Other financial assets	61,500	–	–
	250,411	170,100	280,411

	Measured at amortised cost		
	2008 £000	*2009 £000*	*2010 £000*
Non current liabilities			
Borrowings (note 15b)	21,825	69,634	121,565
Current liabilities			
Trade payables (note 14)	263	751	457
Accrued interest (note 14)	405	510	1,277
Other accruals (note 14)	370	267	4,449
Other payables (note 14)	45	31	140
Corporation tax payable (note 14)	–	33	654
	22,908	71,226	128,542

	Measured at fair value		
	2008 £000	*2009 £000*	*2010 £000*
Current liabilities		–	
Derivative financial instruments (see 15d(iii))	181	1,451	5,902
	181	1,451	5,902

(ii) *Fair values*

To the extent financial assets and liabilities are not carried at fair value in the consolidated balance sheet, the LSP Directors are of the opinion that book value approximates to fair value at 31 March 2008, 31 March 2009 and 31 March 2010.

15. Financial Assets and Financial Liabilities (continued)

(iii) *Derivative financial instruments*

All derivative financial instruments are carried at fair value following a valuation as at 31 March 2008, 31 March 2009 and 31 March 2010 by JC Rathbone Associates Limited.

Details of the fair value of the LSP Group's derivative financial instruments that were in place at 31 March 2008, 31 March 2009 and 31 March 2010 are provided below:

	Protected rate %	*Expiry*	*Market value 31 March 2008*	*Movement recognised in income statement*	*Market value 31 March 2009*
£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
			(181)	(1,270)	(1,451)

	Protected rate %	*Expiry*	*Market value 31 March 2009*	*Movement recognised in income statement*	*Market value 31 March 2010*
£10 million swap	3.61	October 2012	(386)	(111)	(497)
£38.4 million swap	3.68	June 2014	–	(2,035)	(2,035)
£43 million swap	3.77	October 2014	(1,518)	(849)	(2,367)
£17.5 million cap	4.00	October 2014	453	(37)	416
£12.3 million swap	3.90	October 2014	–	(833)	(833)
£19.8 million swap	3.21	January 2015	–	(586)	(586)
			(1,451)	(4,451)	(5,902)

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 LSP 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. This equates to a level 2 fair value measurement as defined by IFRS 7 Financial Instruments: Disclosures. The valuation, therefore, does not reflect the cost or gain to the LSP 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

	Enhanced management fees £000
On acquisition of subsidiary	1,565
Credited to the income statement	(625)
At 31 March 2008	940
Credited to the income statement	(730)
At 31 March 2009	210
Amounts paid in the year	(210)
At 31 March 2010	–

Under the terms of various management agreements, the LSP 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 LSP 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

	31 March 2008 Number	*31 March 2009 Number*	*31 March 2010 Number*
Authorised			
Ordinary shares of 10p each	500,000,000	500,000,000	Unlimited
Issued, called up and fully paid			
Ordinary shares of 10p each	285,000,000	285,000,000	500,000,000

	31 March 2008 £000	*31 March 2009 £000*	*31 March 2010 £000*
Authorised			
Ordinary shares of 10p each	50,000	50,000	Unlimited
Issued, called up and fully paid			
Ordinary shares of 10p each	28,500	28,500	50,000

LSP 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.

17. Share Capital (continued)

On 30 October 2007 LSP 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 LSP'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.

On 30 July 2009 an additional 215 million ordinary shares of 10p each were issued by way of a placing and open offer, and were admitted to trading on AIM. The share issue raised net proceeds of £219.5 million.

18. Reserves

The Statements of Changes in Equity are shown in Section B of Part 8 of this document.

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

Share capital	The nominal value of shares issued.
Special reserve	During the period to 31 March 2008 LSP 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 LLP, the Property Advisor to the LSP Group, as disclosed in note 3.

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 LSP Group. The property advisor received £6.8 million (2009: £4.8 million, 2008: £1.9 million) for the services of property management during the year. At 31 March 2008 and 31 March 2009 and 31 March 2010 none of the fee remained outstanding.

LSI Management LLP is also entitled to receive in aggregate £7.0 million (2009: £758,000, 2008: £nil) in performance fees for the year ended 31 March 2010 from both the LSP Green Park Property Trust, in which LSP has a 31.4 per cent. interest and LSP itself. LSP's share of the performance fee charge in its associate was £3.0 million (2009: £315,000, 2008: £nil) and £4.0 million (2009: £443,000) was charged direct to the LSP Group. At 31 March 2009 and 31 March 2010 all of this fee remained outstanding.

Under the property advisory agreements with LSI Management LLP, the LSP Group is contracted to pay a performance fee which is dependent on the growth in the net asset value of the LSP Group exceeding a cumulative hurdle return of 10 per cent. per annum, over the period to 2015. The calculation is undertaken annually on a cumulative basis and the agreements provide that 50 per cent. of the cumulative return is paid annually. The performance fee charged in the year to 31 March 2010 represents 50 per cent. of the outperformance achieved to date, less any amounts previously paid out.

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

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

20. Disposals

In November 2007 the LSP 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 £21.9 million and consisted primarily of investment property valued at £22.2 million, cash balances of £0.3 million and other net liabilities of £0.6 million. The cash consideration received in full settlement amounted to £21.9 million.

21. Events after the Balance Sheet Date

On 17 May 2010 the LSP Group completed the corporate acquisition of London & Stamford (Anglesea) Limited (formerly Radial Distribution Limited) for £208.5 million. The LSP Group holds a 94 per cent. interest in this Company. The portfolio consists of 16 distribution warehouses and was financed by cash resources and the £150 million loan facility with Bank of Scotland. These resources were used to purchase £1.0 million of shares and to re-finance the debt. Of the existing debt of £217 million, £5.5 million was written off by Bank of Scotland on completion, £62 million was repaid by way of a loan from the LSP Group and £150 million was re-financed using the LSP Group's loan facility with Bank of Scotland.

In the period from 31 March 2010 to acquisition, the property portfolio acquired increased in value by £10.2 million.

Goodwill of £1.0 million arose on this acquisition and was immediately fully impaired. The LSP Group incurred £3.96 million of acquisition costs which have been charged in the income statement on acquisition. In addition, London & Stamford (Anglesea) Limited paid certain fees to Warner Estates Limited and associated transaction costs which were contingent on the acquisition completing. These amounted to £5 million and decreased the net assets of London & Stamford (Anglesea) Limited on completion.

On 11 August 2010 LSIL entered into a share purchase agreement with the Company for the Company to acquire the entire issued share capital of LSI (Investments), a wholly owned subsidiary of LSP. LSI (Investments) is the owner of the LSP Group's properties at Stoke on-Trent and Newcastle-Under-Lyme. Completion of the Share Purchase Agreement is subject to a number of conditions, including the Scheme court order being filed with the Guernsey Companies Registry.

22. Net Asset Value

Net asset value per share is based on LSP's consolidated net assets at 31 March 2010 of £600,570,000 (2009: £291,681,000, 2008: £277,898,000) and the number of ordinary shares in issue at that date of 500 million (2009: 285 million, 2008: 285 million).

PART 9

ACCOUNTANT'S REPORT AND FINANCIAL INFORMATION ON LONDON & STAMFORD (ANGLESEA) LIMITED (FORMERLY RADIAL DISTRIBUTION LIMITED)

Section A – Accountant's report on Radial

BDO LLP
55 Baker Street
London
W1U 7EU

16 August 2010

The Directors
London & Stamford Property Ltd
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St Peter Port
Guernsey GY1 3NQ

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

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

Dear Sirs

London & Stamford (Anglesea) Limited (formerly Radial Distribution Limited) ("Radial")

Introduction

We report on the financial information set out in Section B of Part 9. This financial information has been prepared for inclusion in the scheme document dated 16 August 2010 of London & Stamford Property Limited ("LSP") (the "Scheme Document") on the basis of the accounting policies set out in note 1 to the financial information. This report is given for the purpose of the Scheme Document and for no other purpose.

Responsibilities

The directors of LSP ("LSP Directors") 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 Scheme Document, and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of LSP as a result of the inclusion of this report in the Scheme Document, 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 inclusion in the Scheme Document.

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 Scheme Document, a true and fair view of Radial as at the dates stated and of its profits, cash flows and 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.

Yours faithfully

BDO LLP
Chartered Accountants

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

Section B – Historical financial information on Radial for the three years ended 31 March 2008, 31 March 2009 and 31 March 2010

The financial information set out below of Radial, for the year ended 31 March 2008, the year ended 31 March 2009 and the year ended 31 March 2010 has been prepared by the LSP Directors on the basis set out in note 1.

Income Statement

	Notes	*12 months ended 31 March 2008 £000*	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Gross rental income		18,248	18,612	18,134
Property outgoings		(668)	(696)	(1,229)
Net rental income	1	17,580	17,916	16,905
Administrative expenses		(302)	(244)	(105)
(Loss)/profit on revaluation of investment properties		(46,187)	(66,224)	9,304
Operating (loss)/profit	2	(28,909)	(48,552)	26,104
Finance income	3	265	280	32
Finance costs	3	(14,806)	(14,188)	(13,111)
Change in fair value of derivative financial instruments	3	(2,089)	(8,418)	3,616
(Loss)/profit before tax		(45,539)	(70,878)	16,641
Taxation	5	(246)	(1,011)	(539)
(Loss)/profit for the year and total comprehensive income/(cost) attributable to equity shareholders		(45,785)	(71,889)	16,102
Earnings per share				
Basic and diluted	6	(274p)	(431p)	96p

All of the activities of Radial are classed as continuing.

Balance Sheet

	Notes	*31 March 2008 £000*	*31 March 2009 £000*	*31 March 2010 £000*
Non-current assets				
Investments	7	–	–	–
Investment properties	8	260,950	195,734	204,918
Derivative financial instruments	11	312	–	–
		261,262	195,734	204,918
Current assets				
Trade and other receivables	9	785	1,972	3,041
Cash and cash equivalents		6,679	10,302	13,122
		7,464	12,274	16,163
Total assets		268,726	208,008	221,081
Current liabilities				
Borrowings	10	–	(131,864)	(131,864)
Trade and other payables	10	(5,820)	(7,812)	(8,153)
		(5,820)	(139,676)	(140,017)
Non-current liabilities				
Borrowings	11	(217,785)	(85,998)	(85,707)
Derivative financial instruments	11	–	(8,106)	(4,490)
Deferred tax liabilities	5	(13)	(1,009)	(1,546)
		(217,798)	(95,113)	(91,743)
Total liabilities		(223,618)	(234,789)	(231,760)
Net assets/(liabilities)		45,108	(26,781)	(10,679)
Equity				
Called up share capital	12	16,691	16,691	16,691
Share premium		35,188	35,188	35,188
Retained earnings		(6,771)	(78,660)	(62,558)
Total equity		45,108	(26,781)	(10,679)
NAV per share	14	270p	(160p)	(64p)

Statements of Changes in Equity

	Share capital £000	*Share premium account £000*	*Retained earnings £000*	*Total £000*
At 1 April 2007	16,691	35,188	39,014	90,893
Loss for the year and total comprehensive cost	–	–	(45,785)	(45,785)
At 31 March 2008	16,691	35,188	(6,771)	45,108
Loss for the year and total comprehensive cost	–	–	(71,889)	(71,889)
At 31 March 2009	16,691	35,188	(78,660)	(26,781)
Profit for the year and total comprehensive income	–	–	16,102	16,102
At 31 March 2010	16,691	35,188	(62,558)	(10,679)

Cash Flow Statements

	12 months ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Cash flows from operating activities			
(Loss)/profit before tax	(45,539)	(70,878)	16,641
Adjustments for non-cash items:			
Loss/(profit) on revaluation of investment properties	46,187	66,224	(9,304)
Net finance costs	16,630	22,326	9,463
Cash flows from operations before changes in working capital	17,278	17,672	16,800
Change in trade and other receivables	8,520	(1,108)	(1,177)
Change in trade and other payables	(519)	(409)	447
Cash flows from operations	25,279	16,155	16,070
Interest received	265	280	32
Interest paid	(16,888)	(10,785)	(12,754)
Taxation paid	(897)	(939)	(648)
Cash flows from operating activities	7,759	4,711	2,700
Investing activities			
Capital (expenditure)/income on investment properties	(3,376)	(1,088)	120
Cash flows from investing activities	(3,376)	(1,088)	120
Financing activities			
Repayment of borrowings	(4,928)	–	–
Cash flows from financing activities	(4,928)	–	–
Net (decrease)/increase in cash and cash equivalents	(545)	3,623	2,820
Opening cash and cash equivalents	7,224	6,679	10,302
Closing cash and cash equivalents	6,679	10,302	13,122

Notes to the Historical Financial Information

1 Accounting policies

(a) ***General information***

Radial is a limited liability investment company, incorporated in England and Wales. The address of its registered office is 21 St James's Square, London, SW1Y 4JZ.

(b) ***Statement of compliance***

The consolidated historical financial information has been prepared in accordance with IFRS.

(c) ***Basis of preparation***

The functional and presentational currency of Radial 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 Radial are those requiring the greatest degree of subjective or complex judgements. These relate to property valuation, derivative financial instruments 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

No new standards or interpretations issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee have led to changes in Radial's accounting policies.

1 Accounting policies (continued)

Standards and interpretations in issue not yet adopted

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

		Effective date
IFRS 3	Business Combinations (revised)	01/07/2009
IFRIC 19	Extinguishing financial liabilities with equity instruments	01/04/2010
IAS 24	Revised related party disclosures	01/01/2011
IFRS 9	Financial instruments	01/01/2013

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

The IASB has also issued or revised IAS 19, IAS 27, IAS 32, IAS 39, IFRIC 17 and IFRIC 18 which are not relevant to the operations of Radial.

(d) ***Property portfolio***

(i) *Investment properties*

Investment properties are properties owned or leased by Radial 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 Radial 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.

(ii) *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.

(iii) *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.

1 Accounting policies (continued)

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

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.

(e) ***Financial assets and financial liabilities***

Financial assets and financial liabilities are recognised on Radial's balance sheets when Radial becomes a party to the contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of Radial 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 Radial, 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) *Equity instruments*

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

(iii) *Other financial liabilities*

Other financial liabilities include interest bearing loans, trade payables 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.

(iv) *Derivative financial instruments*

Radial 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.

(f) ***Finance costs***

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

(g) ***Finance income***

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

1 Accounting policies (continued)

(h) ***Segmental reporting***

An operating business segment is a distinguishable component of Radial that is engaged in business activities, earns revenue, and incurs expenses, whose operating results are regularly reviewed by Radial's chief operating decision-makers and for which discrete financial information is available.

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

(i) ***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; and
- 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.

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.

2 (Loss)/profit from operations

	12 months ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
This has been arrived at after charging:			
Auditors' remuneration:			
Audit of Radial's financial statements	39	30	42
Fees payable to Radial's auditors for other services to Radial:			
– Taxation advice	43	8	3

3 Finance income and costs

	12 months ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Finance income			
Bank interest receivable	259	164	–
Other interest receivable	6	116	32
	265	280	32
Finance costs			
Interest on bank loans	(13,936)	(13,305)	(12,228)
Amortisation of loan issue costs	(870)	(883)	(883)
	(14,806)	(14,188)	(13,111)
Fair value (loss)/profit on derivative financial instruments	(2,089)	(8,418)	3,616
	(16,895)	(22,606)	(9,495)

4 Directors' emoluments and employee costs

The directors of Radial did not receive any emoluments in respect of their services to Radial (2009 and 2008 – £nil), nor did they receive any compensation for loss of office (2009 and 2008 – £nil).

Radial did not have any employees in the year (2009 and 2008 – Nil).

5 Taxation

	12 months ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
The tax expense for the year comprises:			
Current tax			
UK corporation tax on profit/(loss) in the year	399	(399)	–
Deferred tax			
Change in deferred tax in the year	(4)	996	538
(Over)/under provision in respect of prior year	(149)	414	1
	246	1,011	539

5 Taxation (continued)

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

	12 months ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
(Loss)/profit before tax	(45,539)	(70,878)	16,641
(Loss)/profit at the standard rate of corporation tax in the UK of 28% (2009 – 28%; 2008 – 30%)	(13,662)	(19,846)	4,659
Effects of:			
Expenses not deductible for tax purposes	5	5	76
Tax effect of income not subject to tax	14,069	20,373	(4,172)
Losses utilised	–	(304)	(386)
Capital allowances released	(13)	(228)	(177)
Over provision in respect of prior year	–	(399)	–
Total tax charge/(credit)	399	(399)	–

Deferred tax liability

	Other temporary and deductible differences £000	*Losses £000*	*Total £000*
At 1 April 2007	17	–	17
(Credited) during the year in the income statement	(4)	–	(4)
At 31 March 2008	13	–	13
Charged/(credited) during the year in the income statement	1,440	(444)	996
At 31 March 2009	1,453	(444)	1,009
Charged during the year in the income statement	124	413	537
At 31 March 2010	1,577	(31)	1,546

The deferred tax liability comprises the tax effect of these timing differences which still exist as only 50 per cent. of the business converted to a REIT.

6 Earnings per share

Earnings per share is calculated on a weighted average of 16,690,838 (2009: 16,690,838, 2008: 16,690,838) ordinary shares of £1.00 each in issue throughout the year and is based on profit attributable to ordinary shareholders of £16,102,000 (2009: loss of £71,889,000, 2008: loss of £45,785,000).

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

Adjusting earnings for the effects of revaluing investment properties and fair value of derivatives results in attributable profits of £3.2 million or 19.1p per share (2009: £2.8 million or 16.5p per share, 2008: £2.5 million or 14.9p per share).

7 Investments

	31 March 2008	*31 March 2009*	*31 March 2010*
	£	*£*	*£*
Shares in subsidiary undertakings	2	2	1

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The investments held at 31 March 2008 and 31 March 2009 represent 100 per cent. holdings of £1.00 in each of Radial Distribution (Brackmills) No 2 Limited and Radial Distribution (Daventry Two) Limited, both dormant companies, incorporated in Jersey. The latter company was liquidated during the year to 31 March 2010.

8 Investment properties

	Freehold £000	*Long leasehold £000*	*Total £000*
At 1 April 2007	279,010	24,675	303,685
Capital expenditure	3,452	–	3,452
Revaluation movement	(42,562)	(3,625)	(46,187)
At 31 March 2008	239,900	21,050	260,950
Capital expenditure	1,013	(5)	1,008
Revaluation movement	(62,230)	(3,994)	(66,224)
At 31 March 2009	178,683	17,051	195,734
Capital expenditure	(120)	–	(120)
Revaluation movement	8,464	840	9,304
At 31 March 2010	187,027	17,891	204,918

At 31 March 2008, Radial's investment properties were externally valued by DTZ Debenham Tie Leung, Chartered Surveyors.

At 31 March 2009 and at 31 March 2010, Radial's investment properties were externally valued by DTZ Debenham Tie Leung and King Sturge LLP, Chartered Surveyors. 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 historical cost of all of Radial's investment properties at 31 March 2010 was £308.0 million (2009: £308.1 million, 2008: £307.1 million).

	2008 £000	*2009 £000*	*2010 £000*
Investment property at market value at 31 March as determined by external valuers	260,950	196,530	206,470
Less accrued lease incentives separately accrued as a debtor in the balance sheet	–	(796)	(1,552)
Balance sheet carrying value of investment property	260,950	195,734	204,918

9 Trade and other receivables

	31 March 2008 £000	*31 March 2009 £000*	*31 March 2010 £000*
Current assets			
Trade receivables	233	512	850
Prepayments and accrued income	141	72	255
Other receivables	411	1,388	1,936
	785	1,972	3,041

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

10 Trade and other payables

	31 March 2008 £000	*31 March 2009 £000*	*31 March 2010 £000*
Bank loans and overdrafts	–	131,864	131,864
Trade payables	67	–	33
Other tax and social security	711	615	1,141
Other payables	842	850	957
Other accruals and deferred income	4,131	6,347	6,022
Corporation tax payable	69	–	–
	5,820	7,812	8,153

Other payables include a one off charge for Radial's conversion to REIT which has not yet been settled.

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

11 Financial assets and financial liabilities

(a) ***Financial assets***

The financial assets of Radial consist of trade and other receivables and cash and cash equivalents.

(b) ***Non-current financial liabilities***

	31 March 2008 £000	*31 March 2009 £000*	*31 March 2010 £000*
Secured bank loans	217,734	85,870	86,079
Unamortised finance costs	(1,843)	(1,006)	(828)
REIT conversion charge	1,894	1,134	456
	217,785	85,998	85,707

The bank loans are secured by fixed charges over certain of Radial's investment properties which were valued at 31 March 2010 of £206,470,000 (2009: £196,530,000; 2008: £260,950,000).

11 Financial assets and financial liabilities (continued)

Summary of borrowings

	Bank loans and overdrafts 31 March 2008 £000	*Bank loans and overdrafts 31 March 2009 £000*	*Bank loans and overdrafts 31 March 2010 £000*
Within one year	–	131,864	131,864
Between two and five years	217,734	85,870	86,079
Unamortised finance costs	(1,843)	(1,006)	(828)
	215,891	216,728	217,115

(c) ***Financial risk management***

Financial risk factors

Radial's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Radial's financial performance. Radial uses derivative financial instruments to hedge certain risk exposures.

Radial'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 Radial if a client or counterparty to a financial instrument fails to meet its contractual obligations.

Radial's principal financial assets are cash balances and trade and other receivables. Radial's credit risk is primarily attributable to its cash balances 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 Radial 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.

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

(ii) *Liquidity risk*

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

(iii) *Market risk*

Radial is exposed to market risk through interest rates.

(iv) *Interest rate risk*

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

11 Financial assets and financial liabilities (continued)

Radial uses interest rate swaps to manage its interest rate exposure and hedge future interest rate risk for the term of the bank loan. Although Radial accepts that this policy neither protects Radial 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 2010 Radial had £85.0 million of hedges in place (2009: £206.7 million, 2008: £153.7 million), and its debt was 39 per cent. fixed (2009: 95 per cent. fixed, 2008: 71 per cent. fixed).

The average interest rate payable by Radial on all bank borrowings at 31 March 2010 net of undrawn facility commitment fees was 3.74 per cent. (2009: 5.83 per cent., 2008: 6.33 per cent.).

(v) *Capital risk management*

Radial defines its equity as share capital, share premium, other reserves and retained earnings. Radial'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 Radial consists of debt, which includes borrowings, cash and cash equivalents, and equity comprising issued capital, reserves and retained earnings. Radial 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.

11 Financial assets and financial liabilities (continued)

(d) ***Financial instruments***

(i) *Categories of financial instruments*

	Loans and receivables		
	31 March 2008	*31 March 2009*	*31 March 2010*
	£000	*£000*	*£000*
Current assets			
Cash and cash equivalents	6,679	10,302	13,122
Trade receivables (note 9)	233	512	850
Other receivables	411	592	385
	7,323	11,406	14,357

	Measured at amortised cost		
	2008	*2009*	*2010*
	£000	*£000*	*£000*
Non current liabilities			
Secured bank loan (note 11b)	217,734	85,870	86,079
REIT conversion charge (note 11b)	1,894	1,134	456
Other payables (note 11b)	51	128	(372)
	219,679	87,132	86,163

	Measured at amortised cost		
	2008	*2009*	*2010*
	£000	*£000*	*£000*
Current liabilities			
Borrowings (note 10)	–	131,864	131,864
Trade payables (note 10)	67	–	33
Tax and social security (note 10)	711	615	1,141
Other accruals (note 10)	–	2,497	2,087
Other payables (note 10)	842	850	957
Corporation tax payable (note 10)	69	–	–
	1,689	3,962	4,218

	Measured at fair value		
	2008	*2009*	*2010*
	£000	*£000*	*£000*
Non current assets			
Derivative financial instruments (note 11 d.iii)	312	–	–
Non current liabilities			
Derivative financial instruments (note 11 d.iii)	–	8,106	4,490

(ii) *Fair values*

To the extent financial assets and liabilities are not carried at fair value in the consolidated balance sheet, the directors of Radial are of the opinion that book value approximates to fair value at 31 March 2008 and 31 March 2009 and 31 March 2010.

(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 and 31 March 2010 by JC Rathbone Associates Limited.

11 Financial assets and financial liabilities (continued)

Details of the fair value of Radial's derivative financial instruments that were in place at 31 March 2008 and 31 March 2009 and 31 March 2010 are provided below:

	Protected rate %	Expiry	Market value at 31 March 2007 £000	Movement recognised in income statement £000	Market value at 31 March 2008 £000	Movement recognised in income statement £000	Market value at 31 March 2009 £000	Movement recognised in income statement £000	Market value at 31 March 2010 £000
£94.64 million swap	4.96%	Dec 2009	1,669	(1,377)	292	(2,449)	(2,157)	2,157	–
£32.0 million swap	4.10%	Apr 2008	518	(506)	12	(12)	–	–	–
£27.04 million cap	5.50%	Dec 2009	214	(206)	8	(584)	(576)	576	–
£85.0 million swap	4.67%	Sep 2011	–	–	–	(5,373)	(5,373)	883	(4,490)
			2,401	(2,089)	312	(8,418)	(8,106)	3,616	(4,490)

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 Radial 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. This equates to a level 2 fair value measurement as defined by IFRS 7 Financial Instruments: Disclosures. The valuation, therefore, does not reflect the cost or gain to Radial 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.

12 Share capital

	31 March 2008 Number	*31 March 2009 Number*	*31 March 2010 Number*
Authorised			
Ordinary A shares of £1.00 each	8,345,419	8,345,419	8,345,419
Ordinary B shares of £1.00 each	8,345,419	8,345,419	8,345,419
	16,690,838	16,690,838	16,690,838
Issued, called up and fully paid			
Ordinary A shares of £1.00 each	8,345,419	8,345,419	8,345,419
Ordinary B shares of £1.00 each	8,345,419	8,345,419	8,345,419
	16,690,838	16,690,838	16,690,838

	31 March 2008 £	*31 March 2009 £*	*31 March 2010 £*
Authorised			
Ordinary A shares of £1.00 each	8,345,419	8,345,419	8,345,419
Ordinary B shares of £1.00 each	8,345,419	8,345,419	8,345,419
	16,690,838	16,690,838	16,690,838
Issued, called up and fully paid			
Ordinary A shares of £1.00 each	8,345,419	8,345,419	8,345,419
Ordinary B shares of £1.00 each	8,345,419	8,345,419	8,345,419
	16,690,838	16,690,838	16,690,838

At 31 March 2008, 2009 and 2010 the A shares were held by Warner Estate Joint Ventures Limited and the B shares were held by Uberior Ventures Limited. Each had equal voting and dividend rights and equal priority on winding up.

13 Reserves

The Statement of changes in equity is shown in Section B of Part 9.

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

Share capital	The nominal value of shares issued.
Share premium account	The premium paid on shares issued.
Retained earnings	The cumulative profits and losses after the payment of dividends.

14 Net asset value

Net asset value per share is based on Radial's net liabilities at 31 March 2010 of £10,679,000 (2009: net liabilities of £26,781,000, 2008: net assets of £45,108,000) and the number of ordinary shares in issue at that date of 16,690,838 (2009: 16,690,838, 2008: 16,690,838).

15 Related party transactions

	Transaction amount 31 March 2008 £000	*Balance outstanding as at 31 March 2008 £000*	*Transaction amount 31 March 2009 £000*	*Balance outstanding as at 31 March 2009 £000*	*Transaction amount 31 March 2010 £000*	*Balance outstanding as at 31 March 2010 £000*
The Warner Estate Holdings PLC Group						
Property management fees payable	(423)	(17)	(254)	(56)	(645)	(418)
Lloyds Banking Group PLC						
Bank interest receivable	259	–	164	–	–	–
Equity monitoring fees payable	(48)	–	(35)	–	(35)	–
Loan interest payable	(13,924)	158	(13,283)	(2,384)	(11,880)	(1,445)
Loans	–	217,734	–	217,734	209	217,943

Radial was sold by its shareholders since the year end and, therefore, the relationships referred to above are no longer related parties post year end.

16 Events after the reporting period

On 11 May 2010 Radial Distribution Limited changed its name to London & Stamford (Anglesea) Limited.

On 17 May 2010 London & Stamford (Anglesea) Limited was purchased by L&S Distribution Limited, a joint venture between LSP and Anglesea Capital 0 LLP. LSP owns a 94 per cent. interest in the joint venture. Of the existing debt of £217 million, £5.5 million was written off by Bank of Scotland on completion, £62 million was repaid by way of a loan from LSP and £150 million was re-financed using LSP's loan facility with Bank of Scotland. In the period from 31 March 2010 to acquisition, the property portfolio acquired had increased in value by £10.2 million.

17 Ultimate parent company

The ultimate parent undertaking and controlling party is LSP which is incorporated in Guernsey. Their registered address is 2nd Floor, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3NQ.

PART 10

ACCOUNTANT'S REPORT AND FINANCIAL INFORMATION ON LSI MANAGEMENT LLP

Section A – Accountant's report on LSI Management LLP

BDO LLP
55 Baker Street
London
W1U 7EU

16 August 2010

The Directors
London & Stamford Property Ltd
2nd Floor
Regency House
Glategny Esplanade
St Peter Port
Guernsey GY1 3NQ

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

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

Dear Sirs

LSI Management LLP ("LSI Management")

Introduction

We report on the financial information set out in Section B of Part 10. This financial information has been prepared for inclusion in the scheme document dated 16 August 2010 of London & Stamford Property Limited ("LSP") (the "Scheme Document") on the basis of the accounting policies set out in note 1 to the financial information. This report is given for the purpose of the Scheme Document and for no other purpose.

Responsibilities

The directors of LSP ("LSP Directors") 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 Scheme Document, and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of LSP as a result of the inclusion of this report in the Scheme Document, 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 inclusion in the Scheme Document.

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 Scheme Document, a true and fair view of LSI Management as at the dates stated and of its profits, cash flows and 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.

Yours faithfully

BDO LLP
Chartered Accountants

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

B – Historical financial information on LSI Management for the period ended 31 March 2008, the year ended 31 March 2009 and the year ended 31 March 2010

The audited financial information set out below of LSI Management, for the period to 31 March 2008, the year ended 31 March 2009 and the year ended 31 March 2010 has been prepared by the LSP Directors on the basis set out in note 1, specifically for the purposes of the historical financial information for inclusion in the Prospectus. The audited financial statements of LSI Management for statutory reporting purposes for those periods were prepared in accordance with UK GAAP.

Statements of Comprehensive Income

	Note	*Period ended 31 March 2008 £000*	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Revenue	1	1,932	6,403	23,339
Administrative expenses		(1,448)	(3,925)	(4,523)
of which members' remuneration	3	(592)	(1,622)	(1,694)
Profit from operations	4	484	2,478	18,816
Finance income	5	15	22	3
Finance cost	5	(39)	–	–
Profit and total comprehensive income for the financial period/year attributable to the members	9	460	2,500	18,819

The profit distributable to members is determined in accordance with accounting policies which differ from IFRS. The principal difference relates to the accounting treatment of lease incentives.

Statements of Changes in Equity

	Note	*Members' capital £000*	*Members' equity – other reserves £000*	*Total £000*
Members' interests:				
Capital introduced by members on incorporation	9	500	–	500
Profit for the financial period available for discretionary division among members		–	1,052	1,052
Allocated profits		–	(592)	(592)
Members' interests at 31 March 2008		500	460	960
Profit for the financial year available for discretionary division among members		–	2,500	2,500
Allocated profits		–	(1,051)	(1,051)
Members' interests at 31 March 2009		500	1,909	2,409
Profit for the financial year available for discretionary division among members		–	18,819	18,819
Allocated profits		–	(5,789)	(5,789)
Members' interests at 31 March 2010		500	14,939	15,439

Balance Sheets

	Note	*31 March 2008 £000*	*31 March 2009 £000*	*31 March 2010 £000*
Assets				
Non-current assets				
Property, plant and equipment	6	305	500	409
Other receivables	7	121	100	78
		426	600	487
Current assets				
Trade and other receivables	7	1,593	2,942	16,539
Cash and cash equivalents		641	607	210
		2,234	3,549	16,749
Total assets		2,660	4,149	17,236
Current liabilities				
Trade and other payables	8	(1,700)	(1,740)	(1,797)
Total liabilities		(1,700)	(1,740)	(1,797)
Net assets		960	2,409	15,439
Equity				
Members' capital	9	500	500	500
Members' other reserves	9	460	1,909	14,939
Total members' interests		960	2,409	15,439

	31 March 2008 £000	*31 March 2009 £000*	*31 March 2010 £000*
The following balances relating to members are included in the balance sheets:			
Members' capital (included in total members' interests)	500	500	500
Other reserves	460	1,909	14,939
Total members' interests	960	2,409	15,439

Cash Flow Statements

	Note	*Period ended 31 March 2008 £000*	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Cash flows from operating activities				
Profit for the period/year		460	2,500	18,819
Depreciation charged	4	34	86	107
Net finance costs/(income)	5	24	(22)	(3)
Cash flows from operations before changes in working capital		518	2,564	18,923
Changes in trade and other receivables		(1,714)	(1,326)	(10,959)
Changes in trade and other payables		1,700	40	(1,260)
Cash flows from operations		504	1,278	6,704
Finance income	5	15	22	3
Finance expense	5	(39)	–	–
Cash flows from operating activities		480	1,300	6,707
Investing activities				
Purchase of property, plant and equipment		(339)	(283)	(15)
Cash flows from investing activities		(339)	(283)	(15)
Financing activities				
Partners' equity		500	–	–
Issue of loans to members		–	–	(1,300)
Members' profit share		–	(1,051)	(5,789)
Cash flows from financing activities		500	(1,051)	(7,089)
Net increase/(decrease) in cash and cash equivalents		641	(34)	(397)
Opening cash and cash equivalents		–	641	607
Closing cash and cash equivalents		641	607	210

Notes to the Historical financial information

1. Accounting polices

(a) ***General information***

LSI Management is a limited liability partnership registered in the United Kingdom. The address of its registered office is 21 St James's Square, London, SW1Y 4JZ.

(b) ***Statement of compliance***

The historical financial information has been prepared in accordance with IFRS and "International Financial Reporting Interpretation Committee as adopted by the European Union and issued and effective as at 31 March 2010 and with those parts of the Companies Act 2006 applicable to limited liability partnerships reporting under IFRS".

(c) ***Basis of preparation***

The functional and presentational currency of LSI Management is sterling. The historical financial information has been prepared on the historical cost basis.

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.

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

No new standards or interpretations issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee have led to changes in LSI Management's accounting policies.

Standards and interpretations in issue not yet adopted

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

		Effective date
IFRS 3	Business Combinations (revised)	01/07/2009
IFRIC 19	Extinguishing financial liabilities with equity instruments	01/04/2010
IAS 24	Revised related party disclosures	01/01/2011
IFRS 9	Financial instruments	01/01/2013

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

The IASB has also issued or revised IAS 19, IAS 27, IAS 32, IAS 39, IFRIC 17 and IFRIC 18 which are not relevant to the operations of LSI Management.

(d) ***Revenue***

Revenue represents management and performance fees received for investment advisory and property management services to LSP and LSP Green Park Property Trust.

(e) ***Leases***

Annual rentals on operating leases are charged to the income statement on a straight-line basis over the term of the lease.

(f) ***Property, plant and equipment***

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment loss. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

(g) ***Depreciation***

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over the estimated useful economic lives as follows:

Computer equipment	4 years
Fixtures and fittings	10 years
Leasehold improvements	7 years

(h) ***Financial assets and financial liabilities***

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

(i) *Loans and receivables*

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In the case of LSI Management, loans and receivables comprise trade and other receivables 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 liabilities*

Other financial liabilities include trade 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.

(i) ***Finance income***

Finance income includes interest receivable on cash deposits recognised on an accruals basis.

(j) ***Tax***

The financial statements do not incorporate any charge or liability for taxation on the results of LSI Management, as the relevant income tax is the responsibility of the individual members.

(k) ***Pensions***

LSI Management makes contributions to the personal pension schemes of certain members and employees on a fixed contribution basis. The contributions are charged to the comprehensive income statement in the year in which they become payable.

(l) ***Segmental reporting***

An operating business segment is a distinguishable component of LSI Management that is engaged in business activities, earns revenue, and incurs expenses, whose operating results are regularly reviewed by LSI Management's members and for which discrete financial information is available.

LSI Management has two customers, LSP and LSP Green Park Property Trust, both of whom contribute to more than 10 per cent. of total revenue. The amounts and percentages attributable to LSP and LSP Green Park Property Trust were:

	LSP		*LSP Green Park Property Trust*	
	£000	*%*	*£000*	*%*
2008	1,932	100	–	–
2009	5,197	81	1,206	19
2010	10,779	46	12,560	54

During the period LSI Management had only one business activity being the provision of investment advisory and property management services to LSP and LSP Green Park Property Trust operating in the United Kingdom.

2. Staff costs

Staff costs (excluding members) incurred during the year in respect of employees were:

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Salaries	154	668	906
Social security costs	12	68	126
Pension costs	14	71	102
	180	807	1,134

The average number of staff during the year was 13 (2009: 12, 2008: 7). All employees were involved in management or administration.

3. Members' profit shares

Profits (and losses) are shared among the members in accordance with the agreed profit sharing arrangements within LSI Management's LLP partnership agreement as summarised in note 9. Members are required to make their own provisions for taxation from their remuneration and profit shares.

Members' fixed remuneration for the year is disclosed below:

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Members' remuneration consists of:			
Fees and emoluments paid for management services	559	1,520	1,536
Pension contributions to members' personal pension schemes	33	102	158
	592	1,622	1,694

The average number of members during the year was eight (2009: 8, 2008: 7). LSI Management made pension contributions on behalf of five designated members in the year (2009: 5, 2008: 4). The emoluments of the highest paid member were £322,000 (2009: £308,000, 2008: £119,000). No pension contributions were made by LSI Management on his behalf.

4. Profit from operations

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
This has been arrived at after charging:			
Operating lease rentals			
– land and buildings	187	497	490
– other	2	9	10
Depreciation of property, plant and equipment	34	86	87
Auditors' remuneration:			
– Audit of LSI Management's financial statements	8	10	9
Fees payable to LSI Management's auditors for other services to the Group:			
– Tax compliance	8	10	5

5. Finance income and costs

	Period ended 31 March 2008 £000	*12 months ended 31 March 2009 £000*	*12 months ended 31 March 2010 £000*
Finance income			
Interest on bank accounts	15	22	3
Finance costs			
Payable on conditional shares	(39)	–	–

6. Property, plant and equipment

	Computer equipment £000	*Fixtures and fittings £000*	*Leasehold improvements £000*	*Total £000*
Cost				
At 28 June 2007	–	–	–	–
Additions	33	80	226	339
Disposals	–	(23)	–	(23)
At 31 March 2008	33	57	226	316
Additions	16	47	218	281
Disposals	–	–	–	–
At 31 March 2009	49	104	444	597
Additions	3	13	–	16
Disposals	–	–	(20)	(20)
At 31 March 2010	52	117	424	593
Depreciation				
At 28 June 2007	–	–	–	–
Charge in the period	6	3	3	12
Disposals	–	(1)	–	(1)
At 31 March 2008	6	2	3	11
Charge for the year	17	10	59	86
Disposals	–	–	–	–
At 31 March 2009	23	12	62	97
Charge for the year	17	12	62	91
Disposals	–	–	(4)	(4)
At 31 March 2010	40	24	120	184
Net book value at 31 March 2008	27	55	223	305
Net book value at 31 March 2009	26	92	382	500
Net book value at 31 March 2010	12	93	304	409

7. Trade and other receivables

	31 March 2008 £000	*31 March 2009* £000	*31 March 2010* £000
Current assets			
Trade receivables	1,410	1,352	1
Performance fee receivable	–	1,302	13,484
Prepayments and accrued income	161	266	407
Amounts due from members	–	–	2,617
Unamortised formation costs	22	22	22
VAT recoverable	–	–	2
Other receivables	–	–	6
	1,593	2,942	16,539
Non-current assets			
Unamortised formation costs	121	100	78
	1,714	3,042	16,617

LSI Management incurred formation costs of £152,500 in the year to 31 March 2008. This cost is being amortised on a straight line basis over 7 years to October 2014, being the expected life of LSI Management.

As explained in note 9, certain members redeemed their B unit interests in the year ending 31 March 2010. The redemption price payable by the non-redeeming members of £2,617,000 is reflected as a receivable at 31 March 2010.

At the end of each period there were no amounts overdue and no amounts considered to be impaired.

8. Trade and other payables

	31 March 2008 £000	*31 March 2009* £000	*31 March 2010* £000
Trade payables	143	29	125
Tax and social security costs	7	21	134
VAT payable	109	122	–
Deferred income	1,205	1,216	–
Amounts payable to redeeming members	–	–	1,317
Other accruals	236	352	221
	1,700	1,740	1,797

As explained in note 9, during the year certain members redeemed their B unit interests in LSI Management. At 31 March 2010 £1,317,000 remained payable to these members.

9. Members' interests

	Members' capital £000	*Amounts due from members £000*	*Members' equity – other reserves £000*	*Total £000*
Members' interests:				
Capital introduced by members on incorporation	500	–	–	500
Profit for the financial period available for discretionary division among members	–	–	460	460
Members' interests at 31 March 2008	500	–	460	960
Profit for the financial year available for discretionary division among members	–	–	2,500	2,500
Allocated profits	–	1,051	(1,051)	–
Profit share paid to members	–	(1,051)	–	(1,051)
Members' interests at 31 March 2009	500	–	1,909	2,409
Profit for the financial year available for discretionary division among members	–	–	18,819	18,819
Allocated profits	–	5,789	(5,789)	–
Profit share paid to members	–	(5,789)	–	(5,789)
Members' interests at 31 March 2010	500	–	14,939	15,439

Capital

The interests of the members in LSI Management comprise A units and B units. The initial partnership capital of £500,000 was paid by the members in proportion to the number of A units held. Members may be invited by written notice to make further capital contributions as required from time to time *pro rata* to their respective holdings of A units at the date of the written notice. If any member elects not to make an additional capital contribution, the shortfall can be funded by the other members and additional A units allocated accordingly. Interest is not paid on the capital invested.

A member does not have the right to withdraw or receive back any capital contribution made to LSI Management, except with the consent of all the other members, or upon the termination or liquidation of LSI Management. On 23 March 2010 three members redeemed all of their B units for a total consideration of £2,617,000. The redeemed B units were reallocated to the non-redeeming members in proportion to their B unit holding. At 31 March 2010 £1,317,000 remained payable to the redeeming members and is reflected in payables.

Profit shares and distributions

Profits and losses are shared between the members, first in accordance with each member's fixed distribution as specified in the partnership agreement, and then the balance is allocated in proportion to the number of A and B units held by each member. The fixed distribution is distributed in equal monthly instalments. Members may agree to retain profits required by LSI Management for business. Any remaining profits are taken to 'other reserves' within members interests on the balance sheet and ultimately distributed. At 31 March 2010 profit available for distribution and not distributed to members amounted to £14,939,000 (2009: £1,909,000, 2008: £460,000).

Any loans and other debts due to members outstanding at the year end would rank alongside other creditors in the event of a winding up.

10. Financial assets and financial liabilities

(a) 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) *Financial risk management*

(i) Capital risk management

LSI Management is financed by member capital. LSI Management's capital structure and treasury policies are regularly reviewed to ensure that they remain relevant to the business and its plans for growth. LSI Management meets working capital requirements by active management and targeting of receivables.

Financial instruments comprise cash, trade and other receivables and trade and other payables, members' capital and amounts due from members. Financial instruments give rise to liquidity and credit risk, information about how these risks are managed is set out below.

(ii) Credit risk

Credit risk is the risk of financial loss to LSI Management if a client or counterparty to a financial instrument fails to meet its contractual obligations.

LSI Management's principal financial assets are cash balances and deposits and trade and other receivables. LSI Management'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 LSI Management will not be able to collect amounts due according to the original terms of the receivables concerned. The credit risk of trade receivables is considered to be low.

(iii) Liquidity risk

Liquidity risk arises from LSI Management's management of working capital. It is the risk that LSI Management will encounter difficulty in meeting its financial obligations as they fall due.

LSI Management prepares annual budgets and working capital forecasts to assess future cash requirements.

11. Operating lease commitments

At 31 March 2008, 31 March 2009 and 31 March 2010, LSI Management LLP had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		
	31 March 2008	*31 March 2009*	*31 March 2010*
	£000	*£000*	*£000*
Operating payments which fall due:			
Within one year	665	665	665
Within two to five years	2,660	2,660	2,660
In more than five years	1,663	997	332
	4,988	4,322	3,657

11. Operating lease commitments (continued)

	31 March 2008 £000	*Other 31 March 2009 £000*	*31 March 2010 £000*
Operating payments which fall due:			
Within one year	9	9	9
Within two to five years	34	25	16
In more than five years	–	–	–
	43	34	25

12. Related party transactions and balances

LSI Management receives management and performance fees from LSP and LSP Green Park Property Trust. Mr H R Mould, Mr P L Vaughan and Mr M F McGann are all non-executive directors and shareholders in LSP. Mr H R Mould and Mr P L Vaughan are directors of LSP Green Park Management Limited, the Manager of LSP Green Park Property Trust.

Turnover includes management fees for the year of £6.7 million (2009: £4.8 million, 2008 £1.9 million) and performance fees of £4.1 million (2009: £400,000, 2008: £nil) from LSP. At 31 March 2010 £4 million (2009: £1.8 million, 2008: £1.4 million) remained outstanding and is reflected in receivables. In 2009 £1.2 million of this related to future periods and was reflected as deferred income in payables (2010: £nil, 2008: £1.2 million).

Turnover also includes management fees for the year of £3.1 million (2009: £348,000, 2008: £nil) and performance fees of £9.5 million (2009: £902,000, 2008: £nil) from LSP Green Park Property Trust. At 31 March 2010 £9.5 million (2009: £902,000, 2008: £nil) remained outstanding and is reflected in receivables.

All other members of LSI Management are also shareholders in LSP.

The members receive both fixed and variable profit distributions from LSI Management. In the year to 31 March 2010 fixed profit distributions payable to members totalled £1,694,000 (2009: £1,622,000; 2008: £592,000) and variable profit distributions totalled £5,789,000 (2009: £1,051,000; 2008: Nil).

13. Events after the balance sheet date

LML and GEPT have entered into the GEPT Agreement under which GEPT will transfer to LML the entities which indirectly hold GEPT's interest in LSI Management in exchange for the issue of shares in LML to GEPT.

On 11 August 2010, LML, LSI Management and the LSI Management Members entered into a conditional agreement to transfer the whole of the business and assets of LSI Management to LML under which LML will issue shares to the Individual Management Members.

The LML Acquisition Agreement is conditional, *inter alia*, on:

(a) the requisite majority of LSP Shareholders approving the Scheme and the LSI Acquisition Agreement and the LML Acquisition Agreement;

(b) the Scheme being sanctioned by the Court;

(c) the UKLA approving the Prospectus and the publication of the Prospectus; and

(d) completion of the Share Purchase Agreement.

Completion of the LML Acquisition Agreement will take place following satisfaction of its conditions. From completion, LML will own the entire business and assets of LSI Management and LML will be owned by the LSI Vendors.

On 11 August 2010, the LSI Vendors and the Company entered into a conditional agreement pursuant to which the Company has agreed to acquire the entire issued share capital of LML after completion of the LML Acquisition Agreement in consideration of an issue of shares in the Company. The consideration payable by the Company under the LSI Acquisition Agreement shall be the sum of £55.0 million, to be satisfied by the issue of the Consideration Shares to the LSI Vendors at a price of £1.201 per Consideration Share (being the NAV per Ordinary Share at 31 March 2010).

PART 11

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Part A – Accountant's report on unaudited pro forma statement of net assets of Enlarged Group

BDO LLP
55 Baker Street
London
W1U 7EU

16 August 2010

The Directors
London & Stamford Property Limited
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Glategny Esplanade
St Peter Port
Guernsey GY1 3NQ

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

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

Dear Sirs

London & Stamford Property Limited ("LSP")

Pro forma financial information

We report on the pro forma statement of net assets (the "Pro Forma Financial Information") set out in Section B of Part 11 of the scheme document dated 16 August 2010 which has been prepared on the basis described in the notes to Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed acquisition of LSP and its subsidiaries (together, the "LSP Group") by London & Stamford Property plc which will be effected by way of a share for share exchange, the proposed admission of its ordinary shares to the premium segment of the Official List of the Financial Services Authority and to trading on the London Stock Exchange plc's market for listed securities, the proposed application for conversion to a UK REIT and the internalisation of the Group's external property adviser, LSI Management LLP and the acquisition of London & Stamford (Anglesea) Limited (formerly Radial Distribution Limited) 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 2010.

Responsibilities

It is the responsibility of the directors of LSP ("LSP Directors") to prepare the Pro Forma Financial Information.

It is our responsibility to form an opinion, that:

(a) the pro forma financial information has been properly compiled on the basis stated; and

(b) that basis is consistent with the accounting policies of the issuer.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of LSP as a result of the inclusion of this report in the Scheme Document, 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 inclusion in the Scheme Document.

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 LSP 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 LSP and 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 LSP and the Company.

Yours faithfully

BDO LLP
Chartered Accountants

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

Part B – Pro forma statement of net assets of the Enlarged Group

The unaudited pro forma statement of net assets set out in this Part 11 has been prepared for illustrative purposes only to show the effect of the Company being established as the holding company of LSP, Radial and LSI Management (together, the "Enlarged Group"), the transaction costs associated with the Proposals, the Enlarged Group's election for UK-REIT status and on the net assets of the Company as if they had occurred on 31 March 2010. Because of its nature, the unaudited pro forma statement of net assets addresses a hypothetical situation and does not, therefore, represent the Enlarged Group's actual financial position.

Unaudited pro forma statement of net assets of the Enlarged Group as at 31 March 2010

			Adjustments						
	The Company as at 31 March 2010 (note 1) £000	*LSP Group as at 31 March 2010 (note 2) £000*	*Deferred tax adjustment (note 3) £000*	*Radial as at 31 March 2010 (adjusted) (note 4) £000*	*Radial acquisition (note 5) £000*	*Transaction costs (excluding internalisation) (note 6) £000*	*Pro forma net assets of the Enlarged Group (excluding internalisation) £000*	*Internalisation of LSI Management (note 7) £000*	*Pro forma net assets of the Enlarged Group (including internalisation) £000*
Non-current assets									
Investment properties	–	357,695	–	215,114	–	–	572,809	–	572,809
Investment in equity accounted associates	–	89,285	–	–	–	–	89,285	–	89,285
Intangible assets	–	–	–	–	–	–	–	20,100	20,100
Tangible assets	–	–	–	–	–	–	–	409	409
Other receivables	–	–	–	–	–	–	–	78	78
Deferred tax assets	–	7,071	(7,071)	–	–	–	–	7,329	7,329
	–	454,051	(7,071)	215,114	–	–	662,094	27,916	690,010
Current assets									
Trade and other receivables	–	7,678	–	3,041	–	–	10,719	16,539	27,258
Share-based payment prepayment	–	–	–	–	–	–	–	41,250	41,250
Cash and cash equivalents	–	276,593	–	8,122	(67,206)	(14,600)	202,909	–	202,909
	–	284,271	–	11,163	(67,206)	(14,600)	213,628	57,789	271,417
Total assets	–	738,322	(7,071)	226,277	(67,206)	(14,600)	875,722	85,705	961,427
Current liabilities									
Borrowings	–	–	–	(126,377)	62,248	–	(64,129)	–	(64,129)
Trade and other payables	–	(10,285)	–	(8,153)	–	–	(18,438)	(17,026)	(35,464)
	–	(10,285)	–	(134,530)	62,248	–	(82,567)	(17,026)	(99,593)
Non-current liabilities									
Borrowings	–	(121,565)	–	(85,707)	–	–	(207,272)	–	(207,272)
Derivative financial instruments	–	(5,902)	–	(4,490)	–	–	(10,392)	–	(10,392)
Provisions	–	–	–	(1,546)	–	–	(1,546)	–	(1,546)
	–	(127,467)	–	(91,743)	–	–	(219,210)	–	(219,210)
Total liabilities	–	(137,752)	–	(226,273)	62,248	–	(301,777)	(17,026)	(318,803)
Net assets	–	600,570	(7,071)	4	(4,958)	(14,600)	573,945	68,679	642,624
Net asset value per share (note 9)		£1.20					£1.15		£1.18
EPRA net asset value per share (note 9)		£1.18					£1.12		£1.15

Notes:

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

1. The net assets of the Company at 31 March 2010, as set out in Section B of Part 7 of this document, were £2. The acquisition of LSP will constitute a 'reverse acquisition' and consequently no goodwill or other intangible assets will be recognised.

Adjustments:

2. The net assets of the LSP Group at 31 March 2010 have been extracted without material adjustment from the financial information on the LSP Group for the year ended 31 March 2010 as set out in Section B of Part 8 of this document, and we set out in the first column below.

3. When LSP is acquired by the Company it will be subject to taxation under the UK-REIT rules. Accordingly the deferred tax asset will not be realised and will be written off.

4. The net assets of Radial at 31 March 2010 have been extracted without material adjustment from the financial information on Radial for the year ended 31 March 2010 as set out in Section B of Part 9 of this document, and are set out in the first column below.

The table below reflects the adjustments to Radial's net assets at the date it was acquired by the LSP Group, as set out in note 16 to the financial information on Radial.

	Radial as at 31 March 2010 £000	*Completion adjustments £000*	*Net impact on the Enlarged Group's net assets at 31 March 2010 £000*
Non-current assets			
Investment properties	204,918	10,196	215,114
	204,918	10,196	215,114
Current assets			
Trade and other receivables	3,041	–	3,041
Cash and cash equivalents	13,122	(5,000)	8,122
	16,163	(5,000)	11,163
Total assets	221,081	5,196	226,277
Current liabilities			
Borrowings	(131,864)	5,487	(126,377)
Trade and other payables	(8,153)	–	(8,153)
	(140,017)	5,487	(134,530)
Non-current liabilities			
Borrowings	(85,707)	–	(85,707)
Derivative financial instruments	(4,490)	–	(4,490)
Provisions	(1,546)	–	(1,546)
	(91,743)	–	(91,743)
Total liabilities	(231,760)	5,487	(226,273)
Net assets/(liabilities)	(10,679)	10,683	4

The completion adjustments included:

– The investment properties being fair valued upwards by £10.2 million;

– Radial's providers of debt finance agreed to write off £5.5 million of bank borrowings in recognition of the total bank facility being repaid on completion; and

– Radial's former parent company received £5.0 million for certain fees and transaction costs.

5. Radial Acquisition

On 17 May 2010, the LSP Group completed the corporate acquisition of a 94 per cent. interest in Radial for £208.5 million (excluding costs).

As set out in note 21 of Section B of Part 8 of this document, the LSP Group acquired the equity interests of Radial for a cash consideration of £1.0 million, and the goodwill arising on acquisition was immediately written off in full.

As set out in note 21 of Section B of Part 8 of this document, as part of the Radial acquisition, the LSP Group lent Radial £62.2 million and used its loan facility with the Bank of Scotland to repay the outstanding bank borrowings in Radial at the date of completion.

As set out in note 21 of Section B of Part 8 of this document, the LSP Group incurred costs connected to this acquisition of £3.958 million.

The impact of the Radial acquisition, reflecting the above matters, on the net assets of the LSP Group is set out below:

	Share purchase consideration £000	*Shareholder loan £000*	*Acquisition costs £000*	*Impact on the net assets of the LSP Group £000*
Cash and cash equivalents	(1,000)	(62,248)	(3,958)	(67,206)
Borrowings	–	62,248	–	62,248
	(1,000)	–	(3,958)	(4,958)

6. Transaction costs

As a result of the implementation of the Proposals the Company will incur transaction costs of approximately £3.1 million (as set out in paragraph 25.7 of Part 17 of this document) and a liability to pay a UK-REIT entry charge of approximately £11.5 million (as set out in paragraph 2.1 of Part 1 of this document), equivalent to 2 per cent. of qualifying value of the gross assets entering the REIT. The internalisation of LSI will not give rise to any material incremental transaction costs.

7. Internalisation of LSI Management

As part of the Proposals, it is intended that LSP's external property advice and management function, currently provided by LSI Management, is brought within the Enlarged Group by way of the Acquisition. The Acquisition is subject to Admission. The consideration payable pursuant to the Acquisition Agreement of £55.0 million is to be satisfied by the issue of Consideration Shares by the Company.

The net assets of LSI Management at 31 March 2010 set out below have been extracted without material adjustment from the financial information on the LSI Management for the year ended 31 March 2010 as set out in Section B of Part 10 of this document.

7. Internalisation of LSI Management (continued)

The impact of the Acquisition on the Enlarged Group net assets at 31 March 2010 is set out below.

	LSI Management as at 31 March 2010 £000	*Adjustments*				*Net impact on the Enlarged Group's net assets at 31 March 2010 £000*
		Adjustment £000	*LSI Management assets acquired £000*	*Note*	*Acquisition consideration £000*	
Non-current assets						
Intangible assets	–	–	–	(a)	20,100	20,100
Tangible assets	409	–	409		–	409
Other receivables	78	–	78		–	78
Deferred tax asset	–	–	–	(b)	7,329	7,329
	487	–	487		27,429	27,916
Current assets						
Trade and other receivables	16,539	–	16,539		–	16,539
Share-based payment prepayment	–	–	–	(c)	41,250	41,250
Cash and cash equivalents	210	(210)	–		–	–
	16,749	(210)	16,539		41,250	57,789
Total assets	17,236	(210)	17,026		68,679	85,705
Current liabilities						
Trade and other payables	(1,797)	(15,229)	(17,026)		–	(17,026)
Total liabilities	(1,797)	(15,229)	(17,026)		–	(17,026)
Net assets	15,439	(15,439)	–		68,679	68,679
Members Capital Accounts	15,439	(15,439)	–			

Notes to adjustment of LSI Management assets required:

Immediately prior to the Acquisition, the cash in LSI Management as at 31 March 2010 of approximately £210,000 will be distributed to its members. The balance of the members' capital accounts as at 31 March 2010 of approximately £15.2 million will be transferred to current liabilities.

As at the date of the Acquisition LSI Management will have net tangible assets of £Nil.

Notes to acquisition consideration:

(a) LSI Management has two property advisory agreements, which have been valued by the Directors at £55.0 million (but with no value recognised in LSI Management's account), this is the same value as the purchase consideration which is to be settled in new ordinary shares in the Company, issued at £1.201 each as set out in paragraph 17.6 of Part 17 of this document.

The two property advisory agreements are with LSP and Green Park, and have been valued at £34.9 million and £20.1 million respectively as set out in paragraph 17.5 of Part 17 of this document.

The value attributed to the Property Advisory Agreement is treated as a payment to avoid making future payments under the contract and the associated intangible fixed asset of £34.9 million will be fully written off immediately following the completion of the acquisition of LSI Management.

7. Internalisation of LSI Management (continued)

The Green Park Property Advisory Agreement will be capitalised as an intangible asset equal to £20.1 million and amortised over the remaining period of the contract, which expires on 22 May 2015.

(b) A deferred tax asset of £7.3 million has been provided for as a result of the write off of the intangible assets arising on the purchase of the Property Advisory Agreement. Deferred tax has been provided at the current corporation tax rate of 28 per cent.

(c) The purchase consideration will be subject to 'bad leaver' provisions with the exception of the £13.75 million payable to GEPT (further details of which are set out in paragraph 17.6 of Part 17). In accordance with accounting standards the 'bad leaver' provisions mean that the consideration is contingent on future services provided by the original members of LSI Management to the Company. The consideration payable to the original members of LSI Management will constitute a share based payment.

Based on a share price of £1.201 at the point of the Acquisition a share based payment prepayment of £41.25 million will be created with a corresponding negative goodwill figure which is credited to the income statement. This will be released to the income statement on a straight line basis over the three year 'bad leaver' period. The exact value of the share based payment will depend on the market price of the Company's share at the date the Acquisition completes.

8. For the purpose of the unaudited pro forma the statement of net assets adjusted net debt has been calculated as follows:

	Cash and cash equivalents £000	*Borrowings £000*	*Total net debt £000*
Net cash/(net debt) in LSP Group at 31 March 2010	276,593	(121,565)	155,028
Radial adjusted balances	8,122	(212,084)	(203,962)
Radial loan repayment and acquisition costs	(67,206)	62,248	(4,958)
Transaction and UK-REIT entry costs	(14,600)	–	(14,600)
Estimated adjusted cash balance	202,909	(271,401)	(68,492)

9. The net asset value and EPRA net asset value per share of the Company before internalisation is based on the number of shares in issue on 31 March 2010 in LSP of 500 million and after internalisation of 545,795,171 (details of which are set out in paragraph 6.7 of Part 17).

10. No account has been taken of the financial or trading performance of the Company, LSP, LSI or Radial, since 31 March 2010, nor of any other event save as disclosed above.

PART 12

PROPERTY PORTFOLIO

1. OVERVIEW

On Admission, the Enlarged Group's Property Portfolio will comprise fifteen investments, all of which are located in the UK. As set out in Part 13 of this document LSP's Property Portfolio excluding LSP's investment in Meadowhall and including a 100 per cent. interest in Radial (as accounted for as 'investment properties') has been valued as at 30 July 2010 at £622.2 million. Including LSP's interest in the property value of Meadowhall at £225.3 million, LSP's 93.75 per cent. interest in Radial at £214.8 million, Bridges Wharf, Battersea at £30.0 million and the other assets in the Property Portfolio at £363.1 million, the Property Portfolio as set out in Part 13 of this document has been valued as at 30 July 2010 at £833.2 million.

Details of these investment properties are set out in the Valuation Reports in Part 13 of this document. The Property Portfolio includes residential, distribution, retail, office, business space and other real estate assets.

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

Details relate to the entire asset, not just LSP Group's interest (where applicable).

2. RETAIL PORTFOLIO

2.1 *Meadowhall*

Property	Meadowhall Shopping Centre, Sheffield
Ownership	15.7%
Property Gross Internal Area	1,514,930 sq ft
Key Dates	Development completed in 1990, rolling refurbishment
Tenure	Leasehold
Principal Occupiers	Marks and Spencers, Debenhams, House of Fraser, BHS, Next
Number of Tenants*	304
Weighted Average Unexpired Lease Term	11.2 yrs
Occupancy Rate	97.4%*
Rents Passing	£82,217,979 pa
Average Rents Passing	£50.61 psf
Joint Venture	Yes (British Land: 50%; Trust: 50% of which Green Park 34.3% of whole, LSP: 15.7% of whole)

* Shopping Centre only.

2.1.1 *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 11.2 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 standalone restaurant, an industrial estate, and a 103 bedroom hotel. A 50 per cent. indirect interest in the leasehold 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 31.4 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.

2.1.2 *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.

2.2 ***Aintree – Racecourse Retail Park***

Property	Racecourse Retail Park, Aintree
Ownership	100%
Property Net Internal Area	295,000 sq ft
Planning Consent	Part bulky, part open A1
Tenure	Freehold
Principal Occupiers	Boots, M&S, Next, Mothercare, B&Q Best Buy
Number of Tenants	14
Unexpired Lease Term	13 yrs
Occupancy Rate	100%
Rents Passing (p.a.)	£5,694,729
Average Rents Passing (psf)	£19
Joint Venture	No

2.2.1 *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, the consent was widened to achieve open A1 on 3 units now occupied by Next, M&S and Boots. A further planning consent was granted for a restaurant pod let to Frankie & Benny and construction is currently underway.

2.2.2 *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 widening of the planning consent.

3. OFFICE PORTFOLIO

3.1 ***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	5
Weighted Average Unexpired Lease Term	14.95 yrs
Occupancy Rate	99.3%
Rents Passing	£6,043,626 pa
Average Rents Passing	£36 psf overall
Joint Venture	No

3.1.1 *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 (15 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 units representing approximately 3 per cent. of the income, including Corney & Barrow. The total rent is £6,043,626 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.

3.1.2 *Strategy*

The property generates a quality income stream and it is intended that it is held in anticipation of capital growth. The one vacant retail unit is currently being marketed for leasing.

4. BUSINESS SPACE PORTFOLIO

4.1 ***Tamworth***

Focus National Distribution Centre

Property	Focus DIY National Distribution Centre, Tamworth
Ownership	100%
Property Net Internal Area	591,597 sq ft
Key Dates	Purchased 18 January 2010
Tenure	Freehold
Principal Occupiers	Focus (DIY) Limited
Number of Tenants	1
Unexpired Lease Term	13.75 yrs
Occupancy Rate	100%
Rent Passing	£3,348,415 pa
Average Rents Passing	£5.25 psf overall
Joint Venture	No

4.1.1 *Background*

The property is located in Tamworth, West Midlands and comprises a purpose built distribution warehouse occupied by Focus DIY Limited. The original unit was built in 1994 and extended in 2005 and now totals 591,597 sq ft in three blocks. The property is held freehold and Focus occupy on a lease expiring at 24 March 2024.

4.1.2 *Strategy*

The property equates a quality income stream and it is intended that it is held in anticipation of capital growth whilst generating a strong cash yield.

4.2 ***Crawley***

Forest House

Property	Forest House, Crawley, RH1 1
Ownership	100%
Property Net Internal Area	38,477 sq ft
Key Dates	Fully refurbished 2008/2009
Tenure	Freehold
Principal Occupiers	Bard Ltd
Number of Tenants	1
Unexpired Lease Term	19 yrs

Occupancy Rate	100.0%
Rent Passing	£909,000 per annum
Average Rents Passing	£24 psf overall
Joint Venture	No

4.2.1 *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 was completed in 2009. 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 RH1 1
Ownership	100%
Property Net Internal Area	29,105 sq ft
Key Dates	Acquired 2007
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

4.2.2 *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.

4.2.3 *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.

4.3 ***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	12 yrs
Occupancy Rate	100.0%
Rents Passing	£568,310 per annum
Average Rents Passing	£4.25 psf
Joint Venture	No

4.3.1 *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.

4.3.2 *Strategy*

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

4.4 ***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	17.3 yrs
Occupancy Rate	100%
Rents Passing (p.a.)	£1,792,279
Average Rents Passing (psf)	£5.25
Joint Venture	No

4.4.1 *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 17.4 years who are not in occupation and it is sub-let to NYK Logistics (UK) Ltd until November 2012 at a rent of £1,584,125 (£4.64 psf).

4.4.2 *Strategy*

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

5. INITIAL PORTFOLIO

5.1 ***Stoke-on-Trent***

Property	Campbell Road, Stoke
Ownership	100%
Property Net Internal Area	433,783 sq ft
Key Dates	Acquired in 2007
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

5.1.1 *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 and the warehouse includes 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.

5.1.2 *Strategy*

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

5.2 ***Newcastle-Under-Lyme***

Property	Barracks Road, Newcastle-Under-Lyme
Ownership	100%
Property Net Internal Area	33,033 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	£2.77 psf
Joint Venture	No

5.2.1 *Background*

This property comprises four edge of town modern retail warehouse units with dedicated car parking, totalling approximately 33,033 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.

5.2.2 *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.

5.3 ***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

5.3.1 *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.

5.3.2 *Strategy*

The site will be held until the occupational market has recovered and developed once a pre-let has been secured.

5.4 ***Yeovil***

Property	Site at Copse Road, Yeovil, BA22
Ownership	100%
Site Area	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

5.4.1 *Background*

A former Yoplait Dairy Crest factory site. The site was acquired in 2007 and planning has subsequently been granted for 46 units comprising of B1/B2 and B8 uses. In the absence of a strong and reliable market for owner occupiers, a sale of 2.5 acres of the site has been agreed with Steven-Hatherly Holdings Limited (Paragon Dry Cleaners) for £970,000. The proposed transaction has exchanged contracts conditional upon receipt of the appropriate planning consent.

5.4.2 *Strategy*

The remainder of the site will be held until the occupational market has recovered and developed once a pre-let has been secured.

5.5 ***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

5.5.1 *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 47,000 sq ft of light industrial units.

5.5.2 *Strategy*

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

6. RESIDENTIAL

6.1 ***Highbury Court, Avenall Road, Highbury, London N5***

Property	Portfolio of 144 residential apartments and 98 car parking spaces located at The Stadium, in Highbury Square
Use	Residential apartments
Ownership	100%
Property Net Internal Area	103,144 sq ft
Key Dates	Acquired 25 September 2009
Tenure	Long Leasehold
Principal Occupiers	Residential (Assured Shorthold Tenancies)
Number of Tenants	141
Rent Passing	£2,483,260 pa
Unexpired Lease Term	1 year with 6 month break option.
Lease Term	254 years (less 3 days) from 1 January 2007
Occupancy Rate	100
Joint Venture	No

6.1.1 *Background*

The property is located on Highbury Square, Islington and was home to the Arsenal Football Club until 2006. The 144 apartments comprise 1 and 2 bed flats over 8 floors on the historic site. The facts are finished to a high standard and designed to a modern specification.

6.1.2 *Strategy*

Continue to maintain 100 per cent. occupancy of the rental flats, sell the three penthouses and utilise the rental guarantee to achieve the target returns.

6.2 ***Bridges Wharf, Battersea, London SW11***

Property	Portfolio of 58 residential apartments and 59 car parking spaces; located at Bridges Wharf, Battersea
Ownership	100%
Property Net Internal Area	53,172 sq ft (£518 per sq ft)
Key Dates	Completion 30 June and 20 July 2010
Tenure	Long Leasehold
Principal Occupiers	Residential (Assured Shorthold Tenancies)
Number of Tenants	–
Unexpired Lease Term	–
Occupancy Rate	–
Annual Rental of Deals Agreed to Date	£0
Annual ERV	£1.8 million
Joint Venture	No

6.2.1 *Background*

The Company's holding represents 58 residential units of varying sizes within a new development of approximately 250 units in 3 blocks. The development is well located with the majority of the units benefitting from riverside views, both up and down the Thames. Practical Completion of the development was earlier this year.

6.2.2 *Strategy*

The acquisition price represents a significant discount to open market value and whilst the initial objective is to let the units by way of standard Assured Shorthold Tenancies, the possibility of long leasehold sales cannot be ruled out due to the initial interest of parties wishing to purchase the units. If sales are to be contemplated, it is anticipated that these will be significantly ahead of the per square foot acquisition price.

7. L&S DISTRIBUTION LIMITED

Property	L&S Distribution portfolio
Ownership	93.75%
Property Net Internal Area	3,356,377 sq ft
Key Dates	Acquired in May 2010
Tenure	Freehold
Principal Occupiers	Tesco Plc, Travis Perkins Plc, Eddie Stobart Limited
Number of Tenants	13
Unexpired Lease Term	6.62
Occupancy Rate	92%
Rents Passing (pa)	£17.4 million
Average Rents Passing (psf)	£5.17 per sq ft
Joint Venture	Yes. (6.25% owned by Anglesea Capital 3 Limited)

7.1.1 *Background*

L&S Distribution Ltd is a recently acquired portfolio of 16 prime, modern and well specified distribution assets located in core strategic locations across England and Scotland. The majority of the assets are within the established principle distribution hub of the Midlands. The prevailing passing rents are in line with market rents today and there are a range of tenants including Tesco, Travis Perkins, Eddie Stobart and Kuhne & Nagel. The acquisition of such a prime portfolio together with its scale provides an excellent opportunity for the Company to add and create value with the dominant occupiers in the sector. The portfolio contains two vacant units which are already the subject of tenant interest.

7.1.2 *Strategy*

Let the two vacant units. Once fully let, the portfolio will produce an annual income of £18.91 million per annum which equates to a Net Initial Yield of 8.75 per cent. on the purchase price. Furthermore, the fully let elements of the portfolio present additional opportunities to add value through management of fixed lease events such as rent reviews, lease expiries and break clauses over the life of the investment.

PART 13

VALUATION REPORTS

Part A – CBRE Valuation of Portfolio (excluding Residential)

CB Richard Ellis Limited
Kingsley House
Wimpole Street
London W1G 0RE

Switchboard 020 7182 2000
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Valuation Report Date	16 August 2010
Addressee	London & Stamford Property Limited ("LSP") Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3NQ London & Stamford Property Plc 21 St James's Square London SW1Y 4JZ KBC Peel Hunt Ltd ("KBC") 4th Floor 111 Old Broad Street London EC2N 1PH and Credit Suisse Securities (Europe) Limited ('Credit Suisse') One Cabot Square London E14 4QL
The Properties	As listed in the Schedule set out below.
Instruction	To value on the basis of Market Value the LSP's freehold and leasehold Properties as at the valuation date in accordance with our agreed Terms of Engagement letter dated 30 July 2010.
Valuation Date	30 July 2010.
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 LSP ("LSP Directors") the current Market Value of the Properties

and secondly, for inclusion in a scheme circular to be issued by LSP on or about the date of this Valuation Report and a prospectus to be issued by the Company on or before 20 September 2010.

We understand that this Valuation Report will be relied upon by KBC Peel Hunt Ltd and Credit Suisse Securities (Europe) Limited.

Market Value

£743,189,000 (Seven hundred and forty THREE million, ONE hundred and EIGHTY NINE 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				
	Valuation 100% Market Value	*Valuation Adjusted for JV Shares*	*Current Net Annual Rent Receivable 100%*	*Current Net Annual Rent Receivable Adjusted for JV shares*	*No of Properties*
Freehold Properties	£401,926,000	£388,681,250	£27,876,889	£26,896,016	22
Leasehold Properties	£125,766,000	£124,690,813	£8,319,983	£8,213,246	5
Freehold and Leasehold Properties	£4,522,000	£4,522,000	£63,700	£63,700	1
Special Assumption property[1]	£1,435,000,000	£225,295,000	£82,217,979	£12,908,223	1
Total	£1,967,214,000	£743,189,000	£118,478,551	£48,081,185	29

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

Application of Valuation Figures in Financial Statements

We understand that LSP 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. Meadowhall Shopping Centre is held within a Joint Venture and as at 31 March 2010 this had a value of £1,385,000,000. In respect of this, LSP incorporates into its financial statements the proportion of the Market Value proportionate to LSP's holding, totalling 15.7 per cent. The overall valuation of all the assets owned by LSP as at 31 March 2010 (at 100 per cent. of Market Value for each asset) was £1,685,374,000, of which LSP's share (reflecting only the appropriate proportion of the joint venture properties) was **£517,874,000 (FIVE HUNDRED AND SEVENTEEN MILLION EIGHT HUNDRED AND SEVENTY FOUR THOUSAND POUNDS)**, exclusive of VAT.

Please note: The market values of £1,685,374,000 and £517,874,000 stated above both include the director's valuations of £6,500,000 for the three sites at Gillingham, Yeovil and Nottingham held in the Initial Portfolio as at 31 March 2010.

We have also been asked to include an explanation of the difference between the valuation figures set out in this Property valuation and the equivalent figure reported to LSP as at 31 March 2010 for the purposes of its year end financial statements. As at 31 March 2010, the equivalent figure was £517,874,000. The difference between these two figures is £225,315,000, which is primarily due to the acquisition of London & Stamford Distribution Ltd since 31 March 2010, with an aggregate value as at 30 July 2010 of £214,799,000, after adjustment for LSP's joint venture share of 93.75 per cent. The remaining difference is due to market movement (an overall increase of £10,516,000). This is set out in the table below.

Portfolio Analysis

The values of the investment properties as at 30 July 2010 including the Group share of Joint Ventures, can be analysed by sector as follows:

Portfolio Analysis of Investment Properties

Portfolio	*Market Value as at 31 March 2010 (£)*	*Market Value Movements (£)*	*% Change (£)*	*Mitigation (£)*	*Acquisition (£)*	*Market Value as at 30 July 2010 (£)*
Retail Portfolio[1]	£313,500,000[1]	£8,395,000	2.68%	–	–	£321,895,000
Office Portfolio	£99,900,000	£100,000	0.10%	–	–	£100,000,000
Business Space Portfolio	£88,239,000	£2,534,000	2.87%	–	–	£90,773,000
Initial Portfolio	£16,235,000[2]	–£513,000	–3.16%	–	–	£15,722,000
L & S Distribution Ltd	–	–	–	–	£214,799,000[3]	£214,799,000[3]
TOTALS	£517,874,000	£10,516,000	1.99%	–	£214,799,000	£743,189,000

Portfolio Comments:

(1) The valuation of Meadowhall has been adjusted to reflect the 15.7 per cent. share owned by LSP.

(2) This includes the director's valuation as at 31 March 2010 of the sites at Gillingham, Yeovil and Nottingham of £6,500,000.

(3) The valuation of L&S Distribution Ltd has been adjusted to reflect the 93.75 per cent. share owned by LSP.

Overall the portfolio shows the following investment yields:

Portfolio Investment Yields as at 30 July 2010

Portfolio	*Market Value*	*MV %*	*Net Initial Yield %*	*Equiv Yield %*	*Reversion Yield %*	*Ave Rents/ sq ft*
Retail Portfolio	£321,895,000	43%	5.48%	5.45%	5.45%	£10.28
Office Portfolio	£100,000,000	13%	5.71%	4.70%	4.46%	£35.70
Business Space Portfolio	£90,773,000	12%	7.35%	6.67%	6.11%	£7.82
Initial Portfolio	£15,722,000	2%	0.36%	8.13%	5.91%	£0.14
L & S Distribution Ltd	£214,799,000	29%	6.59%	6.73%	7.07%	£5.18
Totals	£743,189,000	100%	5.94%	5.75%	5.75%	£17.08

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'), LSP/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 LSP/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 LSP benefits from certain rent guarantees receivable from The British Land Company Plc and the most likely course of action by LSP/LSPGP to achieve best price in the event of a sale. Except insofar as we have not provided the Market Value of Meadowhall in its existing state, the valuations of all the other properties 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, save as stated above in respect of Meadowhall.
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 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

MICHAEL BRODTMAN FRICS
EXECUTIVE DIRECTOR
For and on behalf of
CB Richard Ellis Ltd

Yours faithfully

JO WINCHESTER MRICS
DIRECTOR
For and on behalf of
CB Richard Ellis Ltd

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SCHEDULE

Address	*Building Size Sq Ft*	*Vacant %*	*Market Value Net (rounded)*	*Total Value £ per sq ft*	*Current Annual Rent*	*Comments*
1. RETAIL PORTFOLIO						
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)	1.6% (shopping centre only)	£1,435,000,000[1]	£1,066	£82,217,979[2]	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 £375 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.
AINTREE, Racecourse Retail Park	295,000	0%	£96,600,000	£327	£5,694,729	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 Best Buy, Marks and Spencer, B&Q, Next and Mothercare. Overall average unexpired term certain of circa 12 years. Freehold.
2. OFFICE PORTFOLIO						
LONDON, EC4, One Fleet Place	169,631	0%	£100,000,000	£589	£6,043,880	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.
3. BUSINESS SPACE PORTFOLIO						
TAMWORTH, Focus Distribution Shed	591,597	0%	£38,375,000	£65	£3,348,415	Distribution warehouse with ancillary offices, training rooms, board rooms, canteen and administration areas. The property is let to Focus (DIY) Limited, with Focus (No 1) Limited as guarantor, on four leases expiring on 24 March 2024. Freehold.
CRAWLEY, Forest House, Tilgate Forest Business Park	38,477	0%	£13,756,000	£357	£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%	£4,608,000	£158	£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.
NOTTINGHAM, Hillary's Blinds, Glaisdale Parkway	133,717	0%	£7,963,000	£60	£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.

Address	*Building Size Sq Ft*	*Vacant %*	*Market Value Net (rounded)*	*Total Value £ per sq ft*	*Current Annual Rent*	*Comments*
WELLING-BOROUGH, Industrial Distribution Unit, Park Farm Industrial Estate	341,320	0%	£26,071,000	£76	£1,792,279	Distribution warehouse with ancillary offices. Let to Somerfield Stores Plc with Somerfield Ltd (formerly Somerfield Plc) as guarantor on lease expiring on 14 November 2027. Located on established industrial estate. Freehold.
4. INITIAL PORTFOLIO						
STOKE-ON-TRENT, The Campbell Centre	433,783	100%	£5,250,000	£12	£0	Detached vacant factory/depot premises located within close proximity to Junction 15 of the M6. Refurbishment opportunity. Freehold. To Let.
NEWCASTLE-UNDER-LYME, Retail Units, Barracks Road	33,033(3)	88%	£4,522,000	£136	£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.
GILLINGHAM, Land at Gillingham Business Park	N/A	100%	£3,300,000	N/A	£0	3.176 ha (7.848 ac) site. Planning consent for 8,175.2 sq m (88,000 sq ft) of industrial space and 3,994.7 sq m (43,000 sq ft) of office space was granted on 21 May 2008. Freehold.
YEOVIL, Land at Copse Road	N/A	100%	£2,050,000	N/A	£0	2.21 ha (5.47 ac) site with planning approval for a mixed use development subject to highways condition being satisfied. The development includes 19,616 sq ft of trade counter space, 35,416 sq ft of offices and 63,359 sq ft of sheds. Freehold.
NOTTINGHAM, Land at Glaisdale Parkway	N/A	100%	£600,000	N/A	£0	0.97 ha (2.4 acres) site with detailed planning consent has been granted for a development of 4,418 sq m (47,560 sq ft) of industrial accommodation in April 2007. Held leasehold expiring October 2132 at a peppercorn rent.
5. RESIDENTIAL	**See part 13B**					
6. L&S DISTRIBUTION LIMITED						
DAVENTRY DIRFT A, Tesco Distribution Shed	201,393	0%	£12,900,000[4]	£64	£1,022,520	Distribution Warehouse with ancillary offices. The property is let to Eddie Stobart Ltd. for 25 years from the 29 March 2000 and expiring 28 March 2025. The property is sublet to Tesco Direct. There is an outstanding rent review from 29 March 2010 and the subtenant has a rolling break option from 29 March 2015. Freehold.
DAVENTRY DIRFT B, ELC Distribution Shed	142,920	0%	£9,100,000[4]	£63	£722,135	Distribution warehouse with ancillary offices. The property is let to Eddie Stobart Ltd. for 25 years from 29 March 2000 and expiring 28 March 2025. The property is sublet to Exel Europe until May 31 2013. There is an outstanding rent review from 29 March 2010. The subtenant has a rolling break option from 1 June 2011. Freehold.
DAVENTRY DIRFT C, Ingram Micro Distribution Shed	261,639	0%	£16,526,000[4]	£63	£1,435,715	Distribution warehouse with ancillary offices. The property is let to Ingram Micro on a lease expiring 22 July 2025. Rent commencement date is 23 October 2010. Freehold.

Address	*Building Size Sq Ft*	*Vacant %*	*Market Value Net (rounded)*	*Total Value £ per sq ft*	*Current Annual Rent*	*Comments*
DAVENTRY DIRFT E1, NFT Distribution Shed	224,245	0%	£17,800,000[4]	£79	£1,290,000	Distribution warehouse with ancillary offices. The property is let to NFT Distribution Operations Ltd for 11 years 3 months from July 2008 and expiring 30 September 2019. There is a rent review on 1 July 2013. Freehold.
NORTHAMPTON, Brackmills, Immanis Distribution Shed	127,914	100%	£6,230,000[4]	£47	£0	Distribution warehouse with ancillary offices. Vacant and to let. Freehold.
NORTHAMPTON, Brackmills, Travis Perkins Distribution Shed	483,013	0%	£35,900,000[4]	£74	£2,563,500	Distribution warehouse with 2 sets of ancillary offices. The property is let in its entirety to Travis Perkins (Properties) Ltd on a 20 year lease expiring on 27 March 2022. The rent is composed of a base rent of £2,465,843 plus £97,657 per annum for fit out. Freehold.
COLESHILL, Hams Hall Distribution Shed	219,122	0%	£13,950,000[4]	£63	£1,179,716	Distribution warehouse constructed in early 2000. Currently let to Accident Exchange Group Plc expiring in April 2021. There is a tenant only break option effective in April 2016. The next rent review is due 28 April 2011. Freehold.
LUTTERWORTH, Magna Park, Unipart Distribution Shed	205,780	0%	£11,925,000[4]	£58	£1,134,293	Distribution warehouse with ancillary offices. Let to Unipart Logistics Ltd, with the lease expiring on the 21 December 2014. There is a tenant only break option on the 22 December 2011. The property is subject to an outstanding rent review dating from 22 December 2009. Held leasehold expiring on 31 August 2988 at a peppercorn.
TAMWORTH, Relay Park, NYK Logistics Distribution Shed	85,383	0%	£5,950,000[4]	£67	£456,000	Distribution warehouse with ancillary offices. Let to NYK Logistics (UK) Limited for a term of 17 years from 24 August 2001 and expiring on in August 2025. The next rent review is in August 2011. Freehold.
COLESHILL, Highway Point, Units 1 & 2 Distribution Shed	140,209	0%	£10,025,000[4]	£71	£847,347	Distribution warehouse with ancillary offices. Let to Northrup Grumman Properties Ltd with Northrup Grumman Corporation as Guarantor. Currently sublet to International Automotive Components Ltd on identical terms. Rent review 18 January 2012 and 5 yearly thereafter. There is a tenant only break option 17 January 2017. Base rent is £728,000 per annum with £119,347 per annum additional rent in respect of expansion land. Freehold.
COLESHILL, Highway Point, Unit 3 Distribution Shed	120,681	0%	£8,590,000[4]	£71	£727,160	Distribution warehouse with ancillary mezzanine offices. Let to Greenwoods Communications Limited for a term of 20 years commencing 25 August 2002 and expiring 24 August 2022. The next rent review is 26 August 2012. Tenant break option 26 August 2017. £690,060 base rent with an additional £37,100 for expansion land. Freehold.
STOKE ON TRENT, Radial Point, Plot 600 Distribution Shed	183,679	100%	£8,220,000[4]	£43	£0	Distribution warehouse with ancillary offices. The property was constructed in 2006. It is currently vacant and to let. Freehold.

Address	*Building Size Sq Ft*	*Vacant %*	*Market Value Net (rounded)*	*Total Value £ per sq ft*	*Current Annual Rent*	*Comments*
BARDON, Interlink Park, Distribution Shed	282,957	0%	£20,400,000[4]	£70	£1,424,812	Distribution warehouse with ancillary offices. The property was originally let for 17 years from 20 November 2000 to Antalis Limited. The lease was extended for a further 5 years with a revised expiry date of 19 November 2022. The next rent review is 19 November 2010. Freehold.
CAMBUSLANG, 7 Clydesmill Place Distribution Shed	120,717	0%	£5,278,000[4]	£43	£573,500	Distribution warehouse with ancillary offices and a separate administrative block. The property is held as a long leasehold for Britvic Soft Drinks Ltd, for a term of 15 years from 2nd August 2002 at a rent of £1 per annum and expiring 1st August 2017. An option to purchase the heritable interest for £1 after 1st January 2018. The property is underlet to Kuehne and Nagel on a lease expiring on 30 October 2013 subject to a schedule of condition. Held leasehold expiring 1 August 2177 at a rent of £1 per annum.
WEYBRIDGE, Brooklands, Tesco Distribution Centre	313,135	0%	£28,400,000[4]	£90	£2,555,000	Distribution warehouse with ancillary offices. The property is let to Tesco Distribution Ltd. for 15 years from, 25 December 1989 and expires 24 December 2014. The property is subject to an outstanding rent review dating 25 December 2009.
BRISTOL, Western Approach Distribution Shed	243,590	0%	£17,925,000[4]	£71	£1,470,061	Distribution warehouse with ancillary offices and expansion land. There is a lease to Cemex Investments Ltd for a term of 25 years from 10 May 2010 expiring 26 March 2022, subject to a tenant only break option in 24 March 2017, with Hall and Co Limited as guarantor. There is an underlease to Focus (DIY) Limited, although due to a CVA their liabilities are limited to business rates only.
Total (100% Market Value)	6,936,970		£1,967,214,000		£118,478,551	
Total (share owned by LSP after adjustments for JVs)			**£743,189,000**		**£48,081,185**	

Notes:

(1) The figure stated is 100 per cent. of the value. LSP 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.

(2) The rents include the guaranteed rents payable under the terms of the Share Purchase Agreement.

(3) Floor area includes first floor (10,000 sq ft) of vacant gym unit.

(4) The figure stated is 100 per cent. of the value. The asset is held in a Joint Venture and LSP effectively owns a 93.75 per cent. share in the asset.

SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

We have carried out our work based upon information supplied to us by LSI Management LLP 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.

Revaluation Without Inspection

As instructed, we have not re-inspected all the properties for the purpose of this valuation. All properties have been inspected between July 2008 and May 2010. With regard to those properties which have not been subject to re-inspection, you have confirmed that you are not aware of any material changes to the physical attributes of the properties, or the nature of its 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

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination. We have not carried out any investigations into the past or present uses of the Properties , nor any neighbouring land, in order to establish whether there is any potential for contamination and have, therefore, assumed that none exists.

Repair and Condition

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.

We have not been provided with building condition surveys.

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 adviser.

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.

Title, Tenure, 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 per cent. 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 B – Savills Valuation of Residential

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16 August 2010

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Credit Suisse Securities (Europe) Limited
One Cabot Square
London
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Ladies and Gentlemen,

VALUATION AS AT 30 JULY 2010
CERTAIN RESIDENTIAL APARTMENTS AT:
1. BRIDGES WHARF, BATTERSEA, LONDON SW11; AND
2. HIGHBURY SQUARE, AVENALL ROAD, HIGHBURY. LONDON N5

1. INSTRUCTIONS

1.1 In accordance with instructions received from LSI Management LLP ("LSI Management") as confirmed in our letter dated 30 July 2010, we have carried out a valuation of certain residential apartments at Bridges Wharf, Battersea and Highbury Square, Highbury described in more detail in the schedules attached to this report (the "Properties").

1.2 It is understood that our Valuation Report and Schedules (the "Valuation Report") are required for inclusion in a scheme of arrangement circular to be sent to Shareholders and for inclusion in a Prospectus investors will rely on (the "Purpose of this Report").

1.3 We confirm that these valuations are each prepared for a Regulated Purpose as defined in the Royal Institution of Chartered Surveyors ("RICS") Valuation Standards.

1.4 The Valuation Report will be relied upon by London & Stamford Property plc, KBC Peel Hunt Ltd and Credit Suisse Securities (Europe) Limited.

1.5 The effective date of the valuation is 30 July 2010 (the "Valuation Date").

2. THE PROPERTIES

2.1 The Properties we have valued are briefly described in the Schedules attached to this Valuation Certificate. These are all held for investment purposes.

2.2 Each individual residential unit forming part of each property identified in the Schedules has been valued individually and not as part of a portfolio. The aggregate stated is the aggregate of the individual apartment values at each property and no allowance has been made for any possible discount or premium which may apply for a bulk portfolio sale.

3. INSPECTIONS

We have not inspected each and every apartment at each property but have inspected a representative sample within the last 4 months. In accordance with our instructions, we have not undertaken additional inspections specifically for the purpose of this valuation. We have been advised by LSI Management that no material changes have occurred to any part of the Properties in the intervening period.

4. COMPLIANCE AND INDEPENDENCE

4.1 We confirm that our valuations have been prepared in accordance with both the Listing Rules and Prospectus Rules of the FSA and the Valuation Standards. They have been undertaken by External Valuers, as defined in the Valuation Standards.

4.2 The total fees, including the fees for this instruction, earned by Savills Advisory Services Limited (or other companies forming part of the same group of companies within the UK) from LSI Management and/or LSP (or other companies forming part of the same group of companies) is substantially less than 5 per cent. of our total UK turnover.

4.3 Mr. Stephen Reasbeck, one of the signatories of this report has been the signatory of valuations in respect of the Bridges Wharf property for LSP this year.

4.4 Savills Advisory Services Limited has been carrying out valuation services for the Company for 6 months and has carried out agency and other professional services on behalf of the Company for 1 year.

5. BASIS OF VALUATION

In accordance with the Valuation Standards and the Listing Rules, our valuations have been prepared on the basis of Market Value. This is an internationally recognised basis and 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".

6. VALUATIONS

6.1 On the bases outlined in this Valuation Report, we are of the opinion that each individual Market Value as at 30 July 2010 of LSP's long leasehold interests, subject to and with the benefit of the various occupational leases and otherwise with the benefit of vacant possession, as summarised in each Schedule, is as stated against that Property in each Schedule.

6.2 Our valuations are exclusive of any VAT.

6.3 The aggregate of the said individual Market Values for the properties as at 30 July 2010 is £90,000,000 (Ninety Million Pounds). All of the individual apartments making up each property are held on a long leasehold basis.

6.4 Property values can change significantly over a relatively short period of time. Consequently, our valuations are only valid on the date of valuation.

6.5 We include in the schedules some information on the net annual rent receivable at the date of valuation. Net Annual Rent is defined as:

"the current income or income estimated by the valuer:

(i) ignoring any special receipts or deductions arising from the property;

(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent."

We have reported on this basis but have not included any allowance for void costs, vacant units and the like. The figures stated are, therefore, the aggregate of the net annual rents for the tenancies in place.

7. REALISATION COSTS

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of a Property.

8. ASSUMPTIONS AND SOURCES OF INFORMATION

8.1 ***Floor Areas***

We have relied upon the floor areas provided to us by LSP. In certain instances check measurements have previously been taken on site and the floor area figures provided have proved to be accurate. We assume that all floor area figures provided are complete and correct and calculated in accordance with the Code of Measuring Practice issued by the RICS. All measurements and areas quoted in this Valuation Report are approximate.

8.2 ***Plant and Machinery***

Landlord's plant and machinery such as lifts, escalators, air conditioning and other normal service installations have been treated as an integral part of each property and are included within our valuations. Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

No specialist tests have been carried out on any of the service systems and, for the purpose of our valuations, we have assumed that all are either in good working order and in compliance with any relevant statute, by-law or regulation, or will be upon completion of development of the Property concerned.

8.3 ***Environmental Investigations and Ground Conditions***

We have not ourselves undertaken any environmental investigations, for contamination or otherwise but have assumed that, except to the extent (if any) disclosed to us by the Company, there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

8.4 ***Building Structure***

We are not instructed to carry out structural surveys for the purpose of this valuation and have assumed that there are not, and will not be, any structural or latent defects within the Properties. From our inspections, all of Properties appeared to be well maintained and in good condition. We have assumed that no known deleterious or hazardous materials have been, or are being, utilised in the construction of any of the Properties.

We have assumed that each apartment is supported by a NHBC certificate or equivalent although we have not been provided with copies.

8.5 ***Town Planning and Statutory Requirements***

We have made verbal town planning enquiries only and information has been provided to us on the basis that it should not be relied upon. In general terms, we have assumed that there are no adverse town planning, highway or other schemes or proposals in respect of any of the Properties.

We have assumed that, save as may be disclosed in the Schedules, all relevant planning consents exist for the Properties and their respective present or proposed uses (as appropriate).

We have assumed that all buildings currently comply with all statutory and local authority requirements including building, fire and health and safety regulations.

8.6 ***Tenure and Tenancies***

We have not reviewed or had access to the title deeds or various agreements and our valuation has been based on the information which LSP has supplied to us as to tenure and similar.

Unless disclosed to us to the contrary our valuation is on the basis that:

8.6.1 the Properties possess good marketable titles free from any unusual encumbrances, restrictions or obligations;

8.6.2 nothing would be revealed by any local search or replies to usual enquiries of the seller which would materially adversely affect the respective values of the Properties; and

8.6.3 in respect of leasehold property, consent (if required) to assign the leasehold interest would not be withheld or delayed by the relevant landlord if requested.

No account has been taken of any mortgages, debentures or other security which may now or in the future exist over any of the Properties.

We have not read copies of the leases or related documents but have relied upon the tenancy information provided to us directly by the Company.

8.7 ***Third Party Covenants***

We have not conducted credit enquiries into the financial status of any of the tenants. However, in undertaking our valuations, we have reflected our understanding of the market's perception of the financial status of those parties. We have also assumed that each party is capable of meeting its obligations, and that there are no material undisclosed breaches of covenant.

9. RELIANCE AND CONFIDENTIALITY

9.1 No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose of this Report. Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear.

9.2 We authorise, and accordingly take responsibility for the contents of this report for the purposes of item 5.5.3R (2) (f) of the Prospectus Rules and confirm 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. Our Valuation Report complies with 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.

Yours faithfully
For and on behalf of Savills Advisory Services Limited

S R REASBECK MRICS
Director

SCHEDULE 1

Property	*Location and Description*	*Tenure and Tenancies*	*Market Market Value*	*Net Annual Rent*
1. RESIDENTIAL				
Bridges Wharf, Bridges Court, Battersea, London SW11	The property is located on the west side of Bridges Court, a private road accessed from York Road (A3205) to the south of central Battersea and close to Wandsworth. The River Thames runs along the whole western edge of the scheme whilst London Heliport is situated to the north. The property comprises 58 residential apartments and 59 car parking spaces situated in 3 larger blocks (out of a total of 259 units and up to 15 storeys in height) in this recently completed scheme by Weston Homes. There are 5 live/work units, a single one-bed unit and 51 two-bed units with a total gross internal floor area of 49,864 sq ft. Detailed planning consent was granted in August 2006.	Each apartment is held on a 150 year lease from March 2006 with ground rents of £250 per annum for the 1-bed units and £300 per annum for the 2-bed flat and live/work units. Each lease includes the right to use a dedicated car parking space in the basement with the exception of a penthouse unit which has the right to use 3 spaces. Each apartment is held with vacant possession.	£30,000,000 Note (a)	Nil
Highbury Court, Avenall Road, Highbury, London N5	Highbury is located in north London and around 2.7km north of Islington and 5.5km north of the City of London. The property is situated close to Arsenal London Underground Station with the main entrance onto Avenall Road. The property comprises 144 residential apartments and 98 car parking spaces situated within the Highbury Square development (a total of 711 units in four blocks) which was formerly the Arsenal Football Stadium. One of the units is located in the west stand whilst the remaining units, 143 in total, are located in the north stand. The total gross internal floor area is 103,144 sq ft and the scheme was completed in 2009. Detailed planning consent was granted in September 2005 following earlier permissions.	The 144 apartments are held leasehold from Highbury Square Management Company Ltd on 2 leases. The first is for 145 units in the north stand and the second is for one unit in the west stand. The lease terms are for 254 years less 3 days from 1 January 2007 with peppercorn ground rents. Three of the units (being the three penthouses) are held with vacant possession whilst the remainder are subject to separate Assured Shorthold Tenancies mainly to private individuals and with an annualised aggregate gross rent passing of £2,483,260 per annum.	£60,000,000 Note (a) (b)	£2,264,260 Note (c)

Notes:

(a) The total stated is the aggregate of the individual apartment values and assumes a sale of each in a single lot by private treaty. No allowance has been made for any possible portfolio or bulk sale.

(b) For the north stand units at Highbury, we have assumed a sub-leasehold sale of each unit from the head lease.

(c) This net annual rent makes specific allowance for £219,000 per annum in non-recoverable service charge costs.

PART 14

UK-REIT STATUS

1. INTRODUCTION

1.1 ***Principal advantages of group UK-REIT status***

The principal advantages of group UK-REIT status are as follows:

1.1.1 the Enlarged Group's contingent corporation tax on chargeable gains liability on investment properties will be eliminated;

1.1.2 the companies within the Enlarged Group will be largely exempt from future corporation tax on both rental profits and chargeable gains on disposals of investment properties. This will remove the effective double tax charge currently suffered by many investors in UK companies (see paragraph 2.1 of this Part 14 for more information); and

1.1.3 as a group UK-REIT, the Enlarged Group will be able to substantially shelter potential chargeable gains in corporate vehicles that are acquired in property transactions, which should help the Enlarged Group to maintain its sector competitiveness.

1.2 ***Principal disadvantages of group UK-REIT status***

The principal disadvantages of group UK-REIT status are as follows:

1.2.1 the Enlarged Group will have to pay an entry tax charge of approximately £11.5 million, equivalent to 2 per cent. of its qualifying gross assets;

1.2.2 the Enlarged Group's adjusted Net Asset Value will be initially reduced because of the payment of the entry tax charge;

1.2.3 in order for it to remain a group UK-REIT, the Enlarged Group will have to comply with the various tests outlined in paragraph 2.2 of this Part 14 on an ongoing basis; and

1.2.4 withholding tax of 20 per cent. must be deducted from certain distributions made to certain Shareholders (see paragraph 3 of this Part 14 for further details).

As detailed in paragraph 2.3.1, the entry tax charge can either be paid as a lump sum or in instalments over a four year period. The PLC Board has evaluated these options and is proposing that the charge is paid as a lump sum. Paying the entry tax charge over a four year period would result in additional charge which increases the total conversion charge to 2.19 per cent.

Overall, the PLC Board believes that the advantages of group UK-REIT status outweigh the disadvantages.

1.3 ***Enlarged Group tax profile under UK-REIT status***

Should the Enlarged Group become a group UK-REIT, most of its current activities will fall within the Property Rental Business (including almost all of the Enlarged Group's development activities). The activities that will remain subject to corporation tax mainly consist of the Enlarged Group's development management services and property management services provided to joint ventures and third parties. The profits arising in respect of the Enlarged Group's share of the Meadowhall shopping centre will effectively be subject to corporation tax. However, the profits arising from these activities are small compared with the Enlarged Group's Property Rental Business.

1.4 ***Dividend policy under UK-REIT regime***

The Company will have to meet a minimum distribution test for each year that it is the principal company of a group UK-REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits (broadly, calculated using normal tax rules) of the Property Rental Business for each year. From Royal Assent of the second 2010 Finance Bill, the issue of stock dividends will be treated as distributions for this purpose. The PLC Board believes that a continuation of LSP's dividend policy of recent years will enable the Company to meet this minimum distribution requirement.

1.5 ***The Substantial Shareholder rule***

Under the UK-REIT Regime, a tax charge may be levied on the Company if the Company makes a distribution to a Substantial Shareholder, unless the Company has taken "reasonable steps" to avoid such a distribution being paid. This tax charge may be imposed only if, after joining the UK-REIT regime, the Company pays a dividend in respect of a Substantial Shareholding and the dividend is paid to a person who is a Substantial Shareholder. The charge is not triggered merely because a Shareholder is a Substantial Shareholder, or if the person beneficially entitled to the dividend is a Substantial Shareholder. The amount of the charge is calculated by reference to the whole dividend paid to the Substantial Shareholder, and not just that part of the dividend attributable to Ordinary Shares held by the Substantial Shareholder in excess of 10 per cent. of the Company's issued share capital.

A summary of the Articles is set out in Part 17 and the relevant provisions intended to give the PLC Board the powers it needs to demonstrate to HMRC that "reasonable steps" have been taken to avoid making distributions to Substantial Shareholders are set out in paragraph 4 and 5 of this Part 14. As at 10 August 2010 (being the last practicable date prior to submission of this document with the Court), the LSP Board does not believe that the Company has any Substantial Shareholders.

1.6 ***Close company condition***

As mentioned below in the section headed 'Exit from the UK-REIT regime' and further explained in paragraph 2.2.1 of this Part 14, the Enlarged Group would automatically lose group UK-REIT status if the Company became (in certain circumstances) a close company. Loss of group UK-REIT status would have a material impact on the Enlarged Group because of the loss of tax benefits conferred by the group UK-REIT regime.

Although the LSP Board does not expect the close company condition to be breached in the ordinary course, there is a risk that the Company may fail to meet this condition for reasons beyond its control. In such circumstances, the UK-REIT regime would allow the Company until the end of the following accounting period in order to become compliant with the close company condition.

1.7 ***Exit from the UK-REIT regime***

The Company can give notice to HMRC at any time that it wants the Enlarged Group to leave the group UK-REIT regime. The PLC Board retains the right to decide to exit the UK-REIT regime at any time in the future without the consent of PLC Shareholders if it considers this to be in the best interests of the Enlarged Group and the PLC Shareholders.

If the Enlarged Group voluntarily leaves the UK-REIT regime within ten years of joining and any company within the Enlarged Group disposes of any property or other asset that was involved in its qualifying property rental business within two years of leaving, any uplift in the base cost of the property as a result of the deemed disposal on entry into the UK-REIT regime, movement into the ringfence or exit from the UK-REIT regime would be disregarded in calculating the gain or loss on the disposal. However, there is no repayment of the entry charge in these circumstances.

It is important to note that the Company cannot guarantee continued compliance with all of the group UK-REIT conditions and that the UK-REIT regime may cease to apply in some circumstances. HMRC may require the Enlarged Group to exit the group UK-REIT regime if:

1.7.1 it regards a breach of the conditions (including failure to satisfy the conditions relating to the Property Rental Business), or an attempt by any entity within the Enlarged Group to avoid tax, as sufficiently serious;

1.7.2 the Enlarged Group has committed a certain number of breaches of the conditions within a specified period; or

1.7.3 HMRC has given the Company two or more notices in relation to the avoidance of tax by the Enlarged Group within a ten year period.

The Enlarged Group may lose its status as a group UK-REIT from the first day of joining the UK-REIT regime if during the first accounting period certain conditions have not been met. In such circumstances the UK-REIT status may not apply for the whole period.

In addition, the Enlarged Group would automatically lose UK-REIT status if any of the following were to occur:

1.7.4 the conditions for UK-REIT status relating to the share capital of the Company and the prohibition on entering into loans with abnormal returns are breached;

1.7.5 the Company ceases to be UK resident for tax purposes;

1.7.6 the Company becomes dual resident for tax purposes; or

1.7.7 the Company becomes an open-ended company.

Future changes in legislation may cause the Enlarged Group to lose its UK-REIT status.

If the Enlarged Group is required to leave the group UK-REIT regime within 10 years of joining, HMRC has wide powers to direct how the companies within the Enlarged Group should be taxed, including in relation to the date on which the Enlarged Group is treated as exiting the group UK-REIT regime.

LSP Shareholders should note that it is possible that the Enlarged Group could lose its status as a group UK-REIT as a result of actions by third parties (for example, if the Company is taken over by a company that is not itself a UK-REIT).

2. THE UK-REIT REGIME

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company's understanding of current UK law and HMRC practice, each of which is subject to change. They are not advice.

2.1 ***Overview***

The UK-REIT regime is intended to encourage greater investment in the UK property market and follows similar legislation in other European countries, as well as the long-established regime in the United States.

Investing in property through a corporate investment vehicle (such as a UK company) has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholders (but not most UK companies) effectively suffer tax twice on the same income: first, indirectly, when the vehicle pays UK direct tax on its profits; and secondly, directly (but with the benefit of a tax credit), when the shareholder receives a dividend. Non-tax paying entities, such as UK pension funds, suffer tax indirectly when investing through a corporate vehicle that is not a UK-REIT in a manner they do not suffer if they invest directly in the property assets.

Provided certain conditions and tests are satisfied (see "Qualification as a UK-REIT" below), UK-REITs will not pay UK direct taxes on their Property Rental Business. Instead, distributions in respect of the Property Rental Business will be treated for UK tax purposes as property income in the hands of shareholders. However, corporation tax will still be payable in the normal way in respect of income and gains from a group's Residual Business (generally including any property trading business) not included in the Property Rental Business.

While within the UK-REIT regime, the Property Rental Business will be treated as a separate business for corporation tax purposes to the Residual Business, and a loss incurred by the Property Rental Business cannot be set off against profits of the Residual Business (and *vice versa*).

A UK-REIT will be required to distribute to its shareholders (by way of dividend), on or before the filing date for the UK-REIT's tax return for the accounting period in question, at least 90 per cent. of the income profits (calculated using normal tax rules) of the Property Rental Business arising in each accounting period. Failure to meet this requirement will result in a tax charge calculated by reference to the extent of the failure, although this charge can be avoided if an additional dividend is paid within a specified period which brings the amount of profits distributed up to the required level.

In this document, references to a company's accounting period are to its accounting period for tax purposes. This period can differ from a company's accounting period for other purposes.

The treatment of a dividend paid by the principal company in the group in the first year after it becomes a UK-REIT will depend on whether it is paid out of profits that existed before or after the company became a UK-REIT. For example, if a company converting into a UK-REIT on 1 January 2010 that has before that date announced an intention to pay an interim dividend for payment after that date, that dividend would be paid entirely out of profits earned before that company became a UK-REIT, and should therefore be a Non-PID Dividend. A dividend later in 2010 may be paid partly out of profits earned prior to that company becoming a UK-REIT and partly out of profits earned subsequently and would therefore comprise partly a PID and partly a Non-PID Dividend. The company will provide shareholders with a certificate setting out how much of their dividend is a PID and how much is a Non-PID Dividend.

Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). Further details of the UK tax treatment of shareholders after entry into the UK-REIT regime are contained in paragraph 3 of this Part 14.

2.2 ***Qualification as a UK-REIT***

A company or a group becomes a UK-REIT by serving notice on HMRC before the date from which it wishes itself and its group members to come under the UK-REIT regime. In order to qualify as a UK-REIT, the principal company (and, in certain respects, the other members of the group) must satisfy certain conditions set out in the Corporation Tax Act 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the principal company must satisfy the conditions set out in paragraphs 2.2.1, 2.2.2, 2.2.3 and 2.2.4 below and the group as a whole must satisfy the conditions set out in paragraph 2.2.5.

2.2.1 *Principal company conditions*

The principal company must be a solely UK-resident company whose ordinary shares are listed on a recognised stock exchange, such as the London Stock Exchange and not be an open-ended investment company. The principal company must also not (apart from in one exceptional circumstance) be a close company. Broadly, a close company, is a UK resident company controlled by five or fewer participants, or by participants who are directors. A participant is a person having a share or interest in the income or capital of a company. There is a "quoted company" exemption which allows a close company to not be treated as close where at least 35 per cent. of the votes are held by the public and the shares have been quoted and dealt with on a recognised stock exchange within the previous 12 months. For this exemption to apply, not less than 35 per cent. of the principal company's shares must be beneficially held by the

public and for this purpose the 'public' excludes directors of the principal company and certain of their associates, and shareholders who, alone or together with certain associates, control more than 5 per cent. of the principal company's share capital.

2.2.2 *Share capital restrictions*

The principal company must have only one class of ordinary shares in issue and the only other shares it may issue are particular types of non-voting preference shares.

2.2.3 *Interest restrictions*

The principal company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets. In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

2.2.4 *Financial statements*

The principal company must prepare financial statements in accordance with statutory requirements and submit these to HMRC. The financial statements must contain the information about the Property Rental Business and the Residual Business separately. The UK-REIT regime legislation specifies the information to be included and the basis of preparation of these financial statements.

2.2.5 *Conditions for the Property Rental Business*

The Property Rental Business must satisfy the conditions summarised below in respect of each accounting period during which it is to be treated as a UK-REIT:

(a) the Property Rental Business must, throughout the accounting period, involve at least three properties;

(b) throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all the properties involved in the Property Rental Business. Assets must be valued in accordance with IFRS, and at fair value when IFRS offers a choice between a cost basis and a fair value basis;

(c) at least 90 per cent. of the amounts shown in the financial statements of a group as income profits (broadly, calculated using normal tax rules) of the UK resident members of the group arising in respect of their Property Rental Business in the accounting period, and the income profits of the non-UK resident members of the group insofar as they arise in respect of such members' UK qualifying property rental business in the accounting period, must be distributed to shareholders of the UK-REIT in the form of a PID on or before the filing date for the UK-REIT's tax return for the accounting period (the "90 per cent. distribution test"). For the purpose of satisfying the 90 per cent. distribution test, any dividend withheld in order to comply with the rule relating to Substantial Shareholders (as described in paragraph 2.3.3 below) will be treated as having been paid. Note that from Royal Assent of the second 2010 Finance Bill, the issue of stock dividends will count towards the 90 per cent. threshold;

(d) the income profits arising from the qualifying property rental business must represent at least 75 per cent. of a group's total profits for the accounting period (the "75 per cent. profits test"). Profits for this purpose means profits before deduction of tax and excludes realised and unrealised gains and losses (for example, gains and losses on the disposal of property, and gains and losses on the revaluation of properties) calculated in accordance with IFRS; and

(e) at the beginning of the accounting period the value of the assets in the qualifying property rental business must represent at least 75 per cent. of the total value of assets held by a group (the "75 per cent. assets test"). Assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between cost basis and fair value. In applying this test, no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).

2.3 ***Effect of becoming a UK-REIT***

2.3.1 *Entry charge*

Each UK resident member of a group that carries on a qualifying property rental business in the UK or overseas and any non-UK resident member of a group that carries on a qualifying property rental business in the UK will be liable to pay an entry charge equal to 2 per cent. of the aggregate market value of the properties involved in that business.

This can be paid at the same time as corporation tax is payable in respect of the first accounting period following entry into the UK-REIT regime. The entry charge is payable in line with the normal dates for payment of corporation tax applicable in the period in which UK-REIT status is elected for, with an option to pay in instalments over a four year period (which will incur an additional charge which increases the total conversion charge to 2.19 per cent.).

There is no equivalent entry charge if a member of a group buys a property following entry into the UK-REIT regime. However, if a group were to acquire a company that is not a UK-REIT, a similar entry charge will apply in respect of the property owned by the acquired company. See also paragraph 2.3.12 ("Acquisitions and takeovers") below.

2.3.2 *Tax savings*

As a group UK-REIT, a group will not pay UK direct tax on profits and gains from the Property Rental Business. Corporation tax will still apply in the normal way in respect of the Residual Business which includes certain trading activities, incidental letting in relation to property trades, intra-group letting of property, letting of administrative property which is temporarily surplus to requirements and certain income such as dividends from other UK-REITs. Corporation tax could also be payable were a member of a group or an interest in an entity such as a unit trust (as opposed to property involved in the UK qualifying property rental business) to be sold. A group would also continue to pay indirect taxes such as VAT, stamp duty land tax and stamp duty and payroll taxes (such as national insurance) in the normal way.

2.3.3 *The Substantial Shareholder rule*

A UK-REIT will become subject to an additional tax charge if it pays a dividend to, or in respect of, a Substantial Shareholder. The additional tax charge will be calculated by reference to the whole dividend paid to a Substantial Shareholder, and not just by reference to the proportion which exceeds the 10 per cent. threshold. It should be noted that this restriction only applies to shareholders that are bodies corporate and to certain entities which are deemed to be bodies corporate for the purposes of overseas jurisdictions with which the UK has a double taxation agreement or for the purposes of such double taxation agreements. It does not apply to nominees.

This tax charge will not be incurred if the UK-REIT has taken "reasonable steps" to avoid paying dividends to such a shareholder. HMRC guidance describes certain actions that a UK-REIT may take to show it has taken such "reasonable steps". One of these actions is to include restrictive provisions in the UK-REIT's articles of association to address this requirement. The Articles of Association are consistent with such provisions.

2.3.4 *Dividends*

When a UK-REIT pays a dividend, (note this will include the issue of stock dividends from Royal Assent of the second 2010 Finance Bill) that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution test. If the dividend exceeds the amount required to satisfy that test or if the UK-REIT makes a distribution that is not a dividend, the UK-REIT may determine that all or part of the balance is a Non-PID Dividend paid out of the profits of the activities of the Residual Business. Any remaining balance of the dividend (or other distribution) will be deemed to be a PID: firstly, in respect of the income profits out of which a PID can be paid and which have not been distributed in full; and secondly, a PID paid out of certain chargeable gains which are exempt from tax by virtue of the UK-REIT regime. Any remaining balance will be attributed to any other profits.

2.3.5 *Financial statements*

As mentioned above, a UK-REIT is required to submit special financial statements to HMRC.

2.3.6 *Interest cover ratio*

A tax charge will arise if, in respect of any accounting period, the ratio of the income profits (before capital allowances) of the UK resident members of a UK-REIT plus the UK income profits of any non-UK resident member of a UK-REIT, in each case, in respect of its Property Rental Business to the financing costs incurred in respect of the Property Rental Business of a group, excluding certain intra-group financing costs, is less than 1.25. This ratio is calculated by reference to the Financial Statements, apportioning costs relating partly to the Property Rental Business and partly to the Residual Business respectively. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 is chargeable to corporation tax.

2.3.7 *Property development*

A property development by a UK resident member of a group can be within the Property Rental Business provided certain conditions are met. However, if the costs of the development exceed 30 per cent. of the fair value of the asset at the later of (i) the date on which the relevant company becomes a UK-REIT, and (ii) the date of the acquisition of the development property, and the UK-REIT sells the development property within three years of practical completion, the deemed disposal and re-acquisition of the property on entry to the UK-REIT regime is ignored, and the sale is treated as being in the course of the Residual Business. The same treatment applies if a UK resident member of the group disposes of a property (whether or not a development property) in the course of a trade.

2.3.8 *Certain tax avoidance arrangements*

If HMRC believes that a member of a group UK-REIT has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Property Rental Business.

2.3.9 *Movement of assets in and out of the Property Rental Business*

In general, where an asset owned by a UK-resident member of a group and used for the Property Rental Business begins to be used for the Residual Business, there will be a tax-free step up in the base cost of the property. Where an asset owned by a UK-resident member of a group and used for the Residual Business begins to be used for the Property Rental Business, this will generally constitute a taxable market value disposal of the asset, except for capital allowances purposes. Special rules apply to disposals by way of a trade and of development property.

2.3.10 *Funds awaiting reinvestment*

Where an asset used exclusively in the Property Rental Business is sold, the sale proceeds are to be treated as assets of the Property Rental Business for the purposes of the 75 per cent. assets test for two years following the disposal, provided that they are held as cash or cash equivalents. However, any interest earned on that cash is treated as part of the Residual Business and therefore taxable.

2.3.11 *Joint ventures*

If one or more members of a group are beneficially entitled, in the aggregate, to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding-up, that joint venture company is carrying on a qualifying property rental business which satisfies the 75 per cent. profits test and the 75 per cent. assets test (the "JV company") and certain other conditions are satisfied, the UK-REIT may, by giving notice to HMRC, elect for the relevant proportion of the assets and income of the JV company to be included in the Property Rental Business for tax purposes. In such circumstances, the income and assets of the JV company will count towards the 90 per cent. distribution test, the 75 per cent. profits test and the 75 per cent. assets test to the extent of a group's interest in the JV company. Note that these rules also apply to joint venture groups.

2.3.12 *Acquisitions and takeovers*

If a member of a group acquires another UK-REIT, no entry charge will be payable. However, if a company which is not a UK-REIT joins a group, the entry charge will be payable on the qualifying property rental business of the target company.

If a UK-REIT is taken over by another UK-REIT, the acquired UK-REIT does not necessarily cease to be a UK-REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the profits of its Property Rental Business and chargeable gains on disposal of properties in the Property Rental Business. There is no entry charge as a result of the acquired UK-REIT joining the acquirer's group and the properties of the acquired UK-REIT are not treated as having been sold and reacquired at market value.

The position is different where a UK-REIT is taken over by an acquirer which is not a UK-REIT. In these circumstances, the acquired UK-REIT is likely in most cases to fail to meet the requirements for being a UK-REIT and will, therefore, be treated as leaving the UK-REIT regime at the end of its accounting period preceding the takeover and ceasing from the end of this accounting period to benefit from tax exemptions on the profits of its Property Rental Business and chargeable gains on disposal of property forming part of its Property Rental Business. The properties in the Property Rental Business are treated as having been sold and reacquired at market value for the purposes of corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax-free as they are deemed to have been made at a time when the company was still in the UK-REIT regime and future chargeable gains on the relevant assets will, therefore, be calculated by reference to a base cost equivalent to this market value. If the company ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be recharacterised retrospectively as normal dividends.

3. UNITED KINGDOM TAX TREATMENT OF SHAREHOLDERS UNDER UK-REIT STATUS

3.1 ***Introduction***

The following paragraphs are intended as a general guide only and are based on the Company's understanding of current UK tax law and HMRC practice, each of which is subject to change, possibly with retrospective effect. They are not advice.

The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of shares in the Company, in each case, after the Enlarged Group becomes a group UK-REIT. Except where otherwise indicated, they apply only to PLC Shareholders who are both resident and ordinarily resident for tax purposes solely in the United Kingdom. They apply only to PLC Shareholders who are the absolute beneficial owners of both their PIDs and their Ordinary Shares and who hold their Ordinary Shares as investments. They do not apply to Substantial Shareholders. They do not apply to certain categories of PLC Shareholders, such as dealers in securities or distributions, persons who have or are deemed to have acquired their shares by reason of their or another's employment, persons who hold their shares as part of hedging or conversion transactions, or persons who hold their shares in connection with a UK branch, agency or permanent establishment. Except where otherwise indicated at paragraph 3.3.4 (Withholding tax) below, they do not apply to persons holding Ordinary Shares by virtue of an interest in any partnerships, insurance companies, life insurance companies, mutual companies, collective investment schemes, charities, trustees, local authorities, or pension scheme administrators.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, should consult their own appropriate independent professional adviser without delay, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so.

3.2 ***UK taxation of Non-PID Dividends***

Non-PID Dividends paid by the Company will be taxed in the same way as dividends paid by the Company prior to entry into the UK-REIT regime, whether in the hands of individual or corporate Shareholders and regardless of whether the Shareholder is resident for tax purposes in the UK.

3.3 ***UK taxation of PIDs***

3.3.1 *UK taxation of individual PLC Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of PLC Shareholders who are individuals as the profit of a single UK property business (as defined in section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of the Corporation Tax Act 2010 applies, treated as a separate UK property business from any other UK property business (a "different UK property business") carried on by the relevant PLC Shareholders. This means that surplus expenses from a PLC Shareholder's different UK property business cannot be off-set against a PID as part of a single calculation of the profits of the PLC Shareholder's UK property business.

Please see also paragraph 3.3.4 (Withholding tax) below.

3.3.2 *UK taxation of corporate PLC Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a UK property business (as defined in section 205 of the Corporation Tax Act 2009). This means that, subject to the availability of any exemptions or reliefs, such PLC Shareholders should be liable to corporation tax on income on the entire amount of their PID. A PID is, together with any property income distribution from any other company to which Part 12 of the Corporation Tax Act 2010 applies, treated as a separate UK property business from any other UK property business (a "different UK property business") carried on by the relevant PLC Shareholder. This means that any surplus expenses from a Shareholder's different UK property business cannot be off-set against a PID as part of a single calculation of the PLC Shareholder's UK property profits.

Please see also paragraph 3.3.4 (Withholding tax) below.

3.3.3 *UK taxation of PLC Shareholders who are not resident for tax purposes in the UK*

Where a PLC Shareholder who is resident outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding.

Please see also paragraph 3.3.4 (Withholding tax) below.

3.3.4 *Withholding tax*

(a) General

Subject to certain exceptions summarised at paragraph 3.3.4(d) below, the Company is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs. The Company will provide PLC Shareholders with a certificate setting out the amount of tax withheld.

(b) PLC Shareholders solely resident and ordinarily resident in the UK

Where income tax has been withheld at source, PLC Shareholders who are individuals may, depending on their circumstances, either be liable to further tax on their PID at their applicable marginal rate, or be entitled to claim repayment of some or all of the tax withheld on their PID. PLC Shareholders who are corporates may, depending upon their circumstances, be liable to pay corporation tax on their PID but they should note that, where income tax is withheld at source, the tax withheld can be set against the PLC Shareholder's liability to corporation tax in the accounting period in which the PID is received.

(c) PLC Shareholders who are not resident for tax purposes in the UK

It is not possible for a PLC Shareholder to make a claim under a double taxation treaty for a PID to be paid by the Company gross or at a reduced rate. The right of a PLC Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any such double taxation treaty between the UK and the country in which the PLC Shareholder is resident.

(d) Exceptions to requirement to withhold income tax

PLC Shareholders should note that in certain circumstances the Company may not withhold income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a charity, or a body mentioned in section 468 Corporation Tax Act 2010 which is allowed the same exemption from tax as a charity. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, or the sub-scheme administrator of certain pension sub-schemes, the account manager of an Individual Savings Account (ISA), the plan manager of a Personal Equity Plan (PEP), or the account provider of a child trust fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

The Company will also not be required to withhold income tax at source from a PID where the Company reasonably believes that the body beneficially entitled to the PID is a partnership each member of which is a body described in the paragraph above.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the PLC Shareholder concerned is entitled to that treatment. For that purpose the Company will require such Shareholders to submit a valid claim form.

3.4 ***UK taxation of chargeable gains, stamp duty and stamp duty reserve tax ("SDRT") in respect of shares in the Company***

Subject to the first paragraph of paragraph 3.1 above, the following comments apply to both individual and corporate Shareholders, regardless of whether or not such PLC Shareholders are resident for tax purposes in the UK.

3.4.1 *UK taxation of chargeable gains*

Chargeable gains arising on the disposal of Ordinary Shares following entry into the UK-REIT Regime should be taxed in the same way as chargeable gains arising on the disposal of Ordinary Shares prior to entry into the UK-REIT regime. The entry of the Enlarged Group into the UK-REIT regime will not constitute a disposal of Ordinary Shares by PLC Shareholders for UK chargeable gains purposes.

3.4.2 *UK stamp duty and SDRT*

A conveyance or transfer on sale or other disposal of Ordinary Shares following entry into the UK-REIT regime will be subject to UK stamp duty or SDRT in the same way as it would have been prior to entry into the UK-REIT regime.

4. DESCRIPTION OF THE REIT PROVISIONS INCLUDED IN THE ARTICLES

4.1 ***Introduction***

The Articles of Association contain provisions designed to enable the Company to demonstrate to HMRC that it has taken "reasonable steps" to avoid paying a dividend (or making any other distribution) to any Substantial Shareholder.

If a distribution is paid to a Substantial Shareholder and the Company has not taken reasonable steps to avoid doing so, the Company would become subject to a tax charge.

The Articles contain a special article for this purpose (the "Special Article"). The text of the Special Article is set out in paragraph 5 of this Part 14.

The Special Article:

(a) provides directors with powers to identify its Substantial Shareholders (if any);

(b) prohibits the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met;

(c) allows dividends to be paid on Ordinary Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its New Ordinary Shares; and

(d) seeks to ensure that if a dividend is paid on Ordinary Shares that form part of a Substantial Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend.

The effect of the Special Article is explained in more detail below.

4.2 ***Identification of Substantial Shareholders***

The share register of the Company records the legal owner and the number of Ordinary Shares they own but does not identify the persons who are beneficial owners of the Ordinary Shares or are entitled to control the voting rights attached to the New Ordinary Shares or are beneficially entitled to dividends. While the requirements for the notification of interests in shares provided in Part VI of the 2006 Act and the PLC Board's rights to require disclosure of such interests (pursuant to Part 22 of the 2006 Act and Article 57 of the Articles) should assist in the identification of Substantial Shareholders, those provisions are not on their own sufficient.

Accordingly, the Special Article requires a Substantial Shareholder and any registered Shareholder holding New Ordinary Shares on behalf of a Substantial Shareholder to notify the Company if his New Ordinary Shares form part of a Substantial Shareholding. Such a notice must be given within two business days. The Special Article gives the PLC Board the right to require any person to provide information in relation to any Ordinary Shares in order to determine whether the shares form part of a Substantial Shareholding. If the required information is not provided within the time specified (which is seven days after a request is made or such other period as the PLC Board may decide), the PLC Board is entitled to impose sanctions, including withholding dividends (as described in paragraph 4.3 below) and/or requiring the transfer of the Ordinary Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 4.6 below).

4.3 ***Preventing payment of a dividend to a Substantial Shareholder***

The Special Article provides that a dividend will not be paid on any Ordinary Shares that the PLC Board believes may form part of a Substantial Shareholding unless the PLC Board is satisfied that the Substantial Shareholder is not beneficially entitled to the dividend.

If in these circumstances payment of a dividend is withheld, the dividend will be paid subsequently if the PLC Board is satisfied that:

(a) the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph 4.4 below);

(b) the shareholding is not part of a Substantial Shareholding;

(c) all or some of the Ordinary Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, a Substantial Shareholder (in which case the dividends will be paid to the transferee); or

(d) sufficient Ordinary Shares have been transferred (together with the right to the dividends) such that the Ordinary Shares retained are no longer part of a Substantial Shareholding (in which case the dividends will be paid on the retained Ordinary Shares).

For this purpose references to the "transfer" of a share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that New Ordinary Share.

4.4 ***Payment of a dividend where rights to it have been transferred***

The Special Article provides that dividends may be paid on Ordinary Shares that form part of a Substantial Shareholding if the PLC Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, a Substantial Shareholder and the PLC Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Substantial Shareholder. Such a certificate may apply to a particular dividend or to all future dividends in respect of Ordinary Shares forming part of a specified Substantial Shareholding, until notice rescinding the certificate is received by the Company. A certificate that deals with future dividends will include undertakings by the person providing the certificate:

(a) to ensure that the entitlement to future dividends will be disposed of; and

(b) to inform the Company immediately of any circumstances which would render the certificate no longer accurate.

The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.

If the PLC Board believes a certificate given in these circumstances is or has become inaccurate, then it will be able to withhold payment of future dividends (as described in paragraph 3 above). In

addition, the PLC Board may require a Substantial Shareholder to pay to the Company the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to a Substantial Shareholder in reliance on the inaccurate certificate. The PLC Board may require a sale of the relevant shares and retain the amount claimed from the proceeds.

Certificates provided in the circumstances described above will be of considerable importance to the Company in determining whether dividends can be paid. If the Company suffers loss as a result of any misrepresentation or breach of undertaking given in such a certificate, it may seek to recover damages directly from the person who has provided it. Any such tax may also be recovered out of dividends to which the Substantial Shareholder concerned may become entitled in the future.

The effect of these provisions is that there is no restriction on a person becoming or remaining a Substantial Shareholder provided that the person who does so makes appropriate arrangements to divest itself of the entitlement to dividends.

4.5 ***Trust arrangements where rights to dividends have not been disposed of by Substantial Shareholder***

The Special Article provides that if a dividend is in fact paid on Ordinary Shares forming part of a Substantial Shareholding (which might occur, for example, if a Substantial Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date) the dividends so paid are to be held on trust by the recipient for any person (who is not a Substantial Shareholder) nominated by the Substantial Shareholder concerned. The person nominated as the beneficiary could be the purchaser of the Ordinary Shares if the Substantial Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Substantial Shareholder rule. If the Substantial Shareholder does not nominate anyone within 12 years, the dividend concerned will be held on trust for the Company or such charity as the PLC Board may nominate.

If the recipient of the dividend passes it on to another without being aware that the Ordinary Shares in respect of which the dividend was paid were part of a Substantial Shareholding, the recipient will have no liability as a result. However, the Substantial Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

4.6 ***Mandatory sale of Substantial Shareholdings***

The Article also allows the PLC Board to require the disposal of shares forming part of a Substantial Shareholding if:

(a) a Substantial Shareholder has been identified and a dividend has been announced or declared and the PLC Board has not been satisfied that the Substantial Shareholder has transferred the right to the dividend (or otherwise is not beneficially entitled to it);

(b) there has been a failure to provide information requested by the PLC Board; or

(c) any information provided by any person proves materially inaccurate or misleading.

In these circumstances, if the Company incurs a charge to tax as a result of one of these events, the PLC Board may, instead of requiring the Shareholder to dispose of the Ordinary Shares, arrange for the sale of the relevant Ordinary Shares and for the Company to retain from the sale proceeds of an amount equal to any tax so payable.

4.7 ***Takeovers***

The Special Article does not prevent a person from acquiring control of the Company through a takeover or otherwise, although as explained above, such an event may cause the Enlarged Group to cease to qualify as a group UK-REIT.

4.8 ***Other***

The Special Article also gives the Company power to require any Shareholder who applies to be paid dividends without any tax withheld to provide such certificate as the PLC Board may require to establish the Shareholder's entitlement to that treatment.

The Special Article may be amended by special resolution passed by the Shareholders in the future, including to give powers to the Directors to ensure that the Company can comply with the close company condition described in paragraph 2.2.1 of this Part 14, which powers may include the ability to arrange for the sale of New Ordinary Shares on behalf of Shareholders.

5. REIT ARTICLE 3

"3 REAL ESTATE INVESTMENT TRUST

3.1 ***Cardinal principle***

3.1.1 It is a cardinal principle that, for so long as the Company is the principal company in a UK-REIT for the purposes of Part 12 of the Corporation Tax Act 2010, as such Part may be modified, supplemented or replaced from time to time it should not be liable to pay tax under Section 551 of the Corporation Tax Act 2010 (as such legislation may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution.

3.1.2 This Article 3 supports such cardinal principle by, among other things, imposing restrictions and obligations on the shareholders of the Company and, indirectly, certain other Persons who may have an interest in the Company, and shall be construed accordingly so as to give effect to such cardinal principle.

3.2 ***Definitions and interpretation***

3.2.1 For the purposes of this Article 3, the following words and expressions shall bear the following meanings:

"business day"	means a day (not being a Saturday or Sunday) on which banks are normally open for business in London;
"Distribution"	means any dividend or other distribution on or in respect of the shares of the Company and references to a Distribution being paid include a distribution not involving a cash payment being made;
"Distribution Transfer"	means a disposal or transfer (however effected) by a Person of his rights to a Distribution from the Company such that he is not beneficially entitled (directly or indirectly) to such a distribution and no Person who is so entitled subsequent to such disposal or transfer (whether the immediate transferee or not) is (whether as a result of the transfer or not) a Substantial Shareholder;
"Distribution Transfer Certificate"	means a certificate in such form as the directors may specify from time to time to the effect that the relevant Person has made a Distribution Transfer, which certificate may be required by the directors to satisfy them that a Substantial Shareholder is not beneficially entitled (directly or indirectly) to a Distribution;

"Excess Charge"	means, in relation to a Distribution which is paid or payable to a Person, all tax or other amounts which the directors consider may become payable by the Company under Section 551 of the Corporation Tax Act 2010 (as such legislation may be modified, supplemented or replaced from time to time) and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution being paid to or in respect of that Person;
"Group"	is to be construed in this Article 3 only as meaning the Company and the other companies in its group for the purposes of section 606 of the Corporation Tax Act 2010 (as such section may be modified, supplemented or replaced from time to time);
"HMRC"	means HM Revenue & Customs;
"interest in the Company"	includes, without limitation, an interest in a Distribution made or to be made by the Company;
"Person"	includes a body of persons, corporate or unincorporated, wherever domiciled;
"Relevant Registered Shareholder"	means a shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder);
"Reporting Obligation"	means any obligation from time to time of the Company to provide information or reports to HMRC as a result of or in connection with the Group's status as a group UK-REIT;
"Substantial Shareholding"	means the shares in the Company in relation to which or by virtue of which (in whole or in part) a Person is a Substantial Shareholder;
"Substantial Shareholder"	means any Person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause the Company to be liable to pay tax under Section 551 of the Corporation Tax Act 2010 (as such legislation may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution to or in respect of such Person including, at the date of adoption of this Article 3, any holder of excessive rights as defined in Section 553 of the Corporation Tax Act 2010.

3.2.2 Where under this Article 3 any certificate or declaration may be or is required to be provided by any Person (including, without limitation, a Distribution Transfer Certificate), such certificate or declaration may be required by the directors (without limitation):

(a) to be addressed to the Company, the directors or such other Persons as the directors may determine (including HMRC);

(b) to include such information as the directors consider is required for the Company to comply with any Reporting Obligation;

(c) to contain such legally binding representations and obligations as the directors may determine;

(d) to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;

(e) to be copied or provided to such Persons as the directors may determine (including HMRC); and

(f) to be executed in such form (including as a deed or deed poll) as the directors may determine.

(iii) This Article 3 shall apply notwithstanding any provisions to the contrary in any other article (including, without limitation, articles 134 to 145 (Dividends)).

3.3 ***Notification of Substantial Shareholder and other status***

3.3.1 Each shareholder and any other relevant Person shall serve notice in writing on the Company at the Office on:

(a) him becoming a Substantial Shareholder (together with the percentage of voting rights, share capital or dividends he controls or is beneficially entitled to, details of the identity of the shareholder(s) who hold(s) the relevant Substantial Shareholding and such other information, certificates or declarations as the directors may require from time to time);

(b) him becoming a Relevant Registered Shareholder (together with such details of the relevant Substantial Shareholder and such other information, certificates or declarations as the directors may require from time to time); and

(c) any change to the particulars contained in any such notice, including on the relevant Person ceasing to be a Substantial Shareholder or a Relevant Registered Shareholder.

Any such notice shall be delivered by the end of the second business day after the day on which the Person becomes a Substantial Shareholder or a Relevant Registered Shareholder or the change in relevant particulars or within such shorter or longer period as the directors may specify from time to time.

3.3.2 The directors may at any time give notice in writing to any Person requiring him, within such period as may be specified in the notice (being seven days from the date of service of the notice or such shorter or longer period as the directors may specify in the notice), to deliver to the Company at the Office such information, certificates and declarations as the directors may require to establish whether or not he is a Substantial Shareholder or a Relevant Registered Shareholder or to comply with any Reporting Obligation. Each such Person shall deliver such information, certificates and declarations within the period specified in such notice.

3.4 ***Distributions in respect of Substantial Shareholdings***

3.4.1 In respect of any Distribution, the directors may, if the directors determine that the condition set out in Article 3.4.2 is satisfied in relation to any shares in the Company, withhold payment of such Distribution on or in respect of such shares. Any Distribution so withheld shall be paid as provided in article 3.4.3 and until such payment the Persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

3.4.2 The condition referred to in Article 3.4.1 is that, in relation to any shares in the Company and any Distribution to be paid or made on and in respect of such shares:

(a) the directors believe that such shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and

(b) the directors are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid,

and, for the avoidance of doubt, if the shares comprise all or part of a Substantial Shareholding in respect of more than one Substantial Shareholder this condition is not satisfied unless it is satisfied in respect of all such Substantial Shareholders.

3.4.3 If a Distribution has been withheld on or in respect of any shares in the Company in accordance with Article 3.4.1, it shall be paid as follows:

(a) if it is established to the satisfaction of the directors that the condition in Article 3.4.2 is not satisfied in relation to such shares, in which case the whole amount of the Distribution withheld shall be paid; and

(b) if the directors are satisfied that sufficient interests in all or some of the shares concerned have been transferred to a third party so that such transferred shares no longer form part of the Substantial Shareholding, in which case the Distribution attributable to such shares shall be paid (provided the directors are satisfied that following such transfer such shares concerned do not form part of a Substantial Shareholding); and

(c) if the directors are satisfied that as a result of a transfer of interests in shares referred to in (b) above the remaining shares no longer form part of a Substantial Shareholding, in which case the Distribution attributable to such shares shall be paid.

In this Article 3.4.3, references to the "transfer" of a share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that share.

3.4.4 A Substantial Shareholder may satisfy the directors that he is not beneficially entitled to a Distribution by providing a Distribution Transfer Certificate. The directors shall be entitled to (but shall not be bound to) accept a Distribution Transfer Certificate as evidence of the matters therein stated and the directors shall be entitled to require such other information, certifications or declarations as they think fit.

3.4.5 The directors may withhold payment of a Distribution on or in respect of any shares in the Company if any notice given by the directors pursuant to Article 3.3.2 in relation to such shares shall not have been complied with to the satisfaction of the directors within the period specified in such notice. Any Distribution so withheld will be paid when the notice is complied with to the satisfaction of the directors unless the directors withhold payment pursuant to Article 3 (D)(i) and until such payment the Persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

3.4.6 If the directors decide that payment of a Distribution should be withheld under Article 3.4.1 or Article 3.4.5, they shall within seven business days give notice in writing of that decision to the Relevant Registered Shareholder.

3.4.7 If any Distribution shall be paid on a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall pay the amount of such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company on demand by the Company. Without prejudice to the right of the Company to claim such amount from the Substantial Shareholder, such recovery may be made out of the proceeds of any disposal pursuant to Article 3.6.2 or out of any subsequent Distribution in respect of the shares to such Person or to the shareholders of all shares in relation to or by virtue of which the directors believe that Person has an interest in the Company (whether that Person is at that time a Substantial Shareholder or not).

3.5 ***Distribution trust***

3.5.1 If a Distribution is paid in respect of a Substantial Shareholding in circumstances where the Substantial Shareholder is not beneficially entitled to the Distribution, the Distribution and any income arising from it shall be held by the payee or other recipient to whom the Distribution is transferred by the payee on trust absolutely for the Persons nominated by the relevant Substantial Shareholder under Article 3.5.2 in such proportions as the relevant Substantial Shareholder shall in the nomination direct or, subject to and in default of such nomination being validly made within 12 years after the date the Distribution is made, for the Company or for such charity as may be nominated by the directors from time to time.

3.5.2 The relevant Substantial Shareholder of shares of the Company in respect of which a Distribution is paid shall be entitled to nominate in writing any two or more Persons (not being Substantial Shareholders) to be the beneficiaries of the trust on which the Distribution is held under Article 3.5.1 and the Substantial Shareholder may in any such nomination state the proportions in which the Distribution is to be held on trust for the nominated Persons, failing which the Distribution shall be held on trust for the nominated Persons in equal proportions. No Person may be nominated under this Article 3.5.1 who is or would, on becoming a beneficiary in accordance with the nomination, become a Substantial Shareholder. If the Substantial Shareholder making the nomination is not by virtue of Article 3.5.1 the trustee of the trust, the nomination shall not take effect until it is delivered to the Person who is the trustee.

3.5.3 Any income arising from a Distribution which is held on trust under Article 3.5.1 shall until the earlier of (i) the making of a valid nomination under Article 3.5.2 and (ii) the expiry of the period of 12 years from the date when the Distribution is paid be accumulated as an accretion to the Distribution. Income shall be treated as arising when payable, so that no apportionment shall take place.

3.5.4 No Person who by virtue of Article 3.5.1 holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.

3.5.5 No Person who by virtue of Article 3.5.1 holds a Distribution on trust shall be liable for any breach of trust unless due to his own wilful fraud or wrongdoing or, in the case of an incorporated Person, the fraud or wilful wrongdoing of its directors, officers or employees.

3.6 ***Obligation to dispose***

3.6.1 If at any time, the directors believe that:

(a) in respect of any Distribution declared or announced, the condition set out in Article 3.4.2 is satisfied in respect of any shares in the Company in relation to that Distribution;

(b) a notice given by the directors pursuant to Article 3.3.2 in relation to any shares in the Company has not been complied with to the satisfaction of the directors within the period specified in such notice; or

(c) any information, certificate or declaration provided by a Person in relation to any shares in the Company for the purposes of the preceding provisions of this Article 3.3.1(F)(i) was materially inaccurate or misleading,

the directors may give notice in writing (a "Disposal Notice") to any Persons they believe are Relevant Registered Shareholders in respect of the relevant shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the directors consider to be appropriate in the circumstances) to dispose of such number of shares the directors may in such notice specify or to take such other steps as will cause the condition set out in Article 3.4.2 no longer to be satisfied. The directors may, if they think fit, withdraw a Disposal Notice.

3.6.2 If:

(a) the requirements of a Disposal Notice are not complied with to the satisfaction of the directors within the period specified in the relevant notice and the relevant Disposal Notice is not withdrawn; or

(b) a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable;

the directors may arrange for the Company to sell all or some of the shares to which the Disposal Notice relates or, as the case may be, that form part of the Substantial Shareholding concerned. For this purpose, the directors may make such arrangements as they deem appropriate. In particular, without limitation, they may authorise any officer or employee of the Company to execute any transfer or other document on behalf of the holder or holders of the relevant share and, in the case of a share in uncertificated form, may make such arrangements

as they think fit on behalf of the relevant holder or holders to transfer title to the relevant share through a relevant system.

3.6.3 Any sale pursuant to Article 3.6.2 above shall be at the price which the directors consider is the best price reasonably obtainable and the directors shall not be liable to the holder or holders of the relevant share for any alleged deficiency in the amount of the sale proceeds or any other matter relating to the sale.

3.6.4 The net proceeds of the sale of any share under Article 3.6.2 (less any amount to be retained pursuant to Article 3.4.7 and the expenses of sale) shall be paid over by the Company to the former holder or holders of the relevant share upon surrender of any certificate or other evidence of title relating to it, without interest. The receipt of the Company shall be a good discharge for the purchase money.

3.6.5 The title of any transferee of shares shall not be affected by an irregularity or invalidity of any actions purportedly taken pursuant to this Article 3.

3.7 ***General***

3.7.1 The directors shall be entitled to presume without enquiry, unless any director has reason to believe otherwise, that a Person is not a Substantial Shareholder or a Relevant Registered Shareholder.

3.7.2 The directors shall not be required to give any reasons for any decision or determination (including any decision or determination not to take action in respect of a particular Person) pursuant to this Article 3 and any such determination or decision shall be final and binding on all Persons unless and until it is revoked or changed by the directors. Any disposal or transfer made or other thing done by or on behalf of the board or any director pursuant to this Article 3.3.1 shall be binding on all Persons and shall not be open to challenge on any ground whatsoever.

3.7.3 Without limiting their liability to the Company, the directors shall be under no liability to any other Person, and the Company shall be under no liability to any shareholder or any other Person, for identifying or failing to identify any Person as a Substantial Shareholder or a Relevant Registered Shareholder.

3.7.4 The directors shall not be obliged to serve any notice required under this Article 3 upon any Person if they do not know either his identity or his address. The absence of service of such a notice in such circumstances or any accidental error in or failure to give any notice to any Person upon whom notice is required to be served under this Article 3 shall not prevent the implementation of or invalidate any procedure under this Article 3.

3.7.5 The provisions of Articles 153 to 161 (Notices) shall apply to the service upon any Person of any notice required by this Article 3. Any notice required by this Article 3 to be served upon a Person who is not a shareholder or upon a Person who is a shareholder but whose address is not within the United Kingdom and who has failed to supply to the company an address within the United Kingdom pursuant to Article 154, shall be deemed validly served if such notice is sent through the post in a pre-paid cover addressed to that Person or shareholder at the address if any, at which the directors believe him to be resident or carrying on business or, in the case of a holder of depository receipts or similar securities, to the address, if any, in the register of holders of the relevant securities. Service shall, in such a case be deemed to be effected on the day of posting and it shall be sufficient proof of service if that notice was properly addressed, stamped and posted.

3.7.6 Any notice required or permitted to be given pursuant to this Article 3 may relate to more than one share and shall specify the share or shares to which it relates.

3.7.7 The directors may require from time to time any Person who is or claims to be a Person to whom a Distribution may be paid without deduction of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 to provide such certificates or declarations as they may require from time to time.

3.7.8 This Article 3 may be amended by special resolution from time to time, including to give powers to the directors to take such steps as they may require in order to ensure that the Company can satisfy Condition D of Section 528 of the Corporation Tax Act 2010 (as such section may be modified, supplemented or replaced from time to time) which relates to close company status, which powers may include the ability to arrange for the sale of shares on behalf of shareholders."

PART 15

THE SCHEME OF ARRANGEMENT

IN THE ROYAL COURT OF GUERNSEY
IN THE MATTER OF LONDON & STAMFORD PROPERTY LIMITED
AND
IN THE MATTER OF THE COMPANIES (GUERNSEY) LAW, 2008

SCHEME OF ARRANGEMENT

(under Part VIII of the Companies (Guernsey) Law, 2008)

BETWEEN
LONDON & STAMFORD PROPERTY LIMITED
AND
THE HOLDERS OF SCHEME SHARES

(as hereinafter defined)

1. PRELIMINARY

1.1 In this Scheme the following expressions have the meanings stated, unless they are inconsistent with the subject or context:

"Admission"	admission of the PLC Existing Ordinary Shares and the New Ordinary Shares to the premium listing segment of the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange;
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which clearing banks in the City of London are generally open for the transaction of normal Sterling banking business;
"Companies Law"	the Companies (Guernsey) Law, 2008;
"Company"	London & Stamford Property Plc;
"Court"	the Royal Court of Guernsey;
"Court Hearing"	the hearing by the Court of the application to sanction the Scheme;
"CREST"	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations;
"Effective Date"	the date on which this Scheme becomes effective in accordance with its terms;
"Euroclear"	Euroclear UK & Ireland Limited;
"Hearing Record Time"	6.00 p.m. on the Business Day immediately preceding the Hearing Date;
"Holder"	a registered holder, (including any person(s) entitled by transmission);
"Hearing Date"	the date of the commencement of the Court Hearing;
"LSP"	London & Stamford Property Limited a company incorporated in Guernsey with registered number 47816 with its registered office at

	2nd Floor Regency Court, Glategny Esplanade, St Peter, Guernsey GY1 3NQ
"LSP Ordinary Shares"	ordinary shares of 10 pence each in the capital of LSP;
"New Ordinary Shares"	the ordinary shares of 10 pence each in the capital of the Company to be credited and issued in accordance with clause 3.1 of this Scheme;
"Overseas Shareholders"	holders of LSP 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;
"PLC Existing Ordinary Shares"	the 500,000 ordinary shares of 10 pence each in the capital of the Company in issue at the date of this Scheme other than the Subscriber Shares;
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 / 3755);
"Scheme"	this scheme of arrangement in its present form or with or subject to any modification thereof or addition thereto or condition approved or imposed by the Court and agreed by LSP and the Company;
"Scheme Court Meeting"	the meeting convened by order of the Court pursuant to Part VIII of the Companies Laws (and any adjournment thereof) to be held at 2nd Floor, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3NQ, on 15 September 2010 at 10.00 a.m., for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) of which notice is set out on page 275 of this document, including any adjournment thereof;
"Scheme Record Date"	6.00 p.m. on the last Business Day immediately prior to the Effective Date;
"Scheme Shareholders"	holders of Scheme Shares;
"Scheme Shares"	the LSP Ordinary Shares: (i) in issue at the date of this Scheme; (ii) (if any) issued after the date of this Scheme but before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Hearing Record Time on terms that the original or any subsequent holders shall be, or shall have agreed in writing by such time to be, bound by this Scheme;
"Subscriber Shares"	the aggregate of 20 ordinary shares of 10 pence each in the capital of the Company in issue at the date of this Scheme which are nil paid and which are proposed to be surrendered and cancelled prior to Admission;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"Uncertificated or in uncertificated form"	in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of

CREST; and

"Voting Record Time"	in relation to the Scheme Court Meeting, 6.00 p.m. on the day prior to the day immediately before the Scheme Court Meeting or, if the Scheme Court Meeting is adjourned, 48 hours before the time set for any such adjourned meeting.

1.2 The share capital of LSP comprises an unlimited number of ordinary shares of 10 pence each. At the date of this Scheme, there are 500,000,000 LSP Ordinary Shares in issue which are all fully paid up or credited as fully paid up.

1.3 The Company was incorporated in England and Wales on 13 January 2010. The issued share capital of the Company at the date of this Scheme is 500,020 ordinary shares of 10 pence each comprising the PLC Existing Ordinary Shares and the Subscriber Shares. It is proposed that the Subscriber Shares will be surrendered and cancelled prior to Admission. The directors of the Company are authorised to issue the New Ordinary Shares.

1.4 The Company has agreed to appear by Counsel at the Court Hearing, to submit thereto, to undertake to the Court to be bound thereby and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme.

2. TRANSFER OF THE SCHEME SHARES

2.1 Forthwith at the Effective Date, the Scheme Shares shall be transferred to the Company, free from all liens, equities, charges, encumbrances and other interests but together with all rights at the Effective Date or thereafter to receive and retain all dividends and distributions declared or paid.

2.2 To give effect to any such transfers pursuant to Clause 2.1 of the Scheme, any person may be appointed by the Company to execute as transferor any instruments of transfer and/or any other documents as may be required and any and every instrument of transfer or other document so executed shall be as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.

2.3 Pending registration of transfer each holder of Scheme Shares irrevocably appoints any director of the Company as their attorney to exercise voting rights and all rights or privileges attached to the Scheme Shares, to sign any consent to short notice of meetings, to execute forms of proxy and authorises LSP to send notices to the Company.

3. CONSIDERATION

3.1 In consideration for the transfer of the Scheme Shares pursuant to Clause 2.1, the Company shall allot and issue to the holders of Scheme Shares (as appearing in the register of members of the Company at the Scheme Record Date):

one New Ordinary Share for every one Scheme Share

New Ordinary Shares will be credited as fully paid up and will be deemed for the purposes of the Scheme to have been issued in accordance with this Scheme.

3.2 The New Ordinary Shares shall be issued credited as fully paid, shall rank equally in all respects with all other fully paid PLC Ordinary Shares and shall be entitled to all dividends and other distributions declared, paid or made by the Company by reference to a record date on or after the Effective Date.

3.3 The provisions of this paragraph 3 shall be subject to any prohibition or condition imposed by law.

4. SETTLEMENT OF CONSIDERATION

4.1 As soon as reasonably practicable after the Effective Date and, in any event, no later than 14 days after the Effective Date, the Company shall allot and issue the New Ordinary Shares as is required pursuant

to this Scheme to the persons respectively entitled thereto, such consideration to be settled as set out in this Clause 4.

4.2 Settlement of consideration in the form of New Ordinary Shares to which a holder of Scheme Shares is entitled shall be effected by the Company as follows:

4.2.1 in the case of Scheme Shares which at the Scheme Record Date are in certificated form, by procuring the despatch of certificates for such New Ordinary Shares to the persons entitled thereto in accordance with Clause 4.3; and

4.2.2 in the case of Scheme Shares which at the Scheme Record Date are in uncertificated form, by procuring that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant holder with such holder's entitlement to such New Ordinary Shares, provided that the Company reserves the right to settle all or part of such consideration in the manner set out in Clause 4.2.1 if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 4.2.2.

4.3 All deliveries of share certificates pursuant to this Scheme shall be effected by sending the same by first class post in prepaid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of LSP at the Scheme Record Date (or, in the case of joint holders, at the registered address of that one of the joint holders whose name stands first in the said register in respect of such joint holding at that time), and neither LSP or the Company or their respective agents shall be responsible for any loss or delay in the transmission or delivery of any share certificates sent in accordance with this Clause 4.3, which shall be sent at the risk of the persons entitled thereto.

4.4 The provisions of this Clause 4 shall be subject to any prohibition or condition imposed by law.

5. SHARE CERTIFICATES AND CANCELLATION OF ENTITLEMENTS

With effect from and including the Effective Date:

5.1 all certificates representing Scheme Shares shall cease to have effect as documents of title to the shares represented thereby and every holder thereof shall be bound at the request of LSP to deliver up the same to LSP or to destroy the same; and

5.2 Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form and appropriate entries shall be made in the register of members of LSP with effect from the Effective Date to reflect their cancellation.

6. DIVIDEND MANDATES

All mandates and other instructions to LSP in relation to the receipt of cash dividends (but not in relation to any dividend reinvestment plan) that are in force at the Scheme Record Date relating to Scheme Shares shall, unless and until revoked or amended, be deemed as from the Effective Date to be valid and effective mandates and instructions to the Company in relation to the New Ordinary Shares issued in respect thereof.

7. OVERSEAS SHAREHOLDERS

Overseas Shareholders should inform themselves about and observe any applicable requirements of the laws of the relevant jurisdiction. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

It is the responsibility of Scheme Shareholders who are citizens, residents or nationals of jurisdictions outside the United Kingdom to ensure that the correct rate of postage is paid before returning the forms of

proxy. If the Company is advised that the allotment and issue of New Ordinary Shares to any persons would infringe the laws of any jurisdiction outside the United Kingdom or would require the Company to observe any governmental or other consent or any registration, filing or other formality with which the Company is unable to comply or compliance with which the Company regards as unduly onerous, the Company may in its sole discretion determine that such New Ordinary Shares shall not be allotted and issued to such persons but shall instead be allotted and issued to a nominee appointed by the Company as trustee and sold by the trustee for the benefit of such persons at the best price reasonably obtainable.

8. EFFECTIVE DATE

8.1 This Scheme shall become effective in accordance with its terms on Admission subject to all of the following conditions having been met:

8.1.1 this Scheme being approved by a majority in number of those Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Court Meeting (or at any adjournment thereof) representing not less than 75 per cent. in nominal value of the Scheme Shares held by such Scheme Shareholders (excluding any treasury Shares);

8.1.2 this Scheme being sanctioned by the Court;

8.1.3 in the event that the resolution proposed at the extraordinary general meeting of LSP to follow the Court Meeting is passed:

(a) the agreement dated 11 August 2010, made between (1) LSI Management Limited ("LML"), (2) LSI Management LLP (the "Property Advisor") and (3) the LSI Management Members (comprising Raymond Mould, Patrick Vaughan, Martin McGann, Humphrey Price, Jackie Jessop, Jadzia Duzniak, Jeremy Bishop and Stewart Little (the "Individual Management Members") and GEAM L&S Management Investor (Scotland) in relation to the acquisition of the business and assets of the Property Advisor by LML becoming unconditional and being completed in accordance with its terms; and

(b) the agreement dated 11 August 2010, made between (1) the Company and (2) the Individual Management Members and General Electric Pension Trust in relation to the acquisition of the entire issued share capital of LML by the Company becoming unconditional (apart from Admission) and being completed in escrow in accordance with its terms;

8.1.4 the UK Listing Authority approving the prospectus to be published by the Company in connection with Admission and the Company publishing such prospectus, as required by law, prior to the Court Hearing;

8.1.5 Admission; and

8.1.6 the Scheme becoming effective not later than 31 December 2010 or such other date as LSP and the Company agree or is sanctioned by the Court.

8.2 If the Scheme becomes effective it will be binding on all Scheme Shareholders irrespective of whether or not they attended and/or voted at the Scheme Court Meeting (and if they attended and voted, whether or not they voted in favour).

9. MANAGEMENT INTERNALISATION

It is intended that LSP's external property advice and management function currently provided by LSI Management, is brought within the Enlarged Group pursuant to the agreements referred to at 8.1.3 (a) and (b).

10. MODIFICATION

LSP and the Company jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

Dated 16 August 2010

PART 16

TAXATION

The following paragraphs, which are intended as a general guide only, are based on current UK and Guernsey tax legislation and the practice of Her Majesty's Revenue & Customs ("HMRC") and the Guernsey Income Tax Office ("ITO") as at 10 August 2010. They summarise certain limited aspects of the UK and Guernsey tax treatment of the Scheme, do not constitute tax advice and they relate only to the position of Scheme Shareholders who are resident, and, if individuals, ordinarily resident, in the UK or, solely or principally resident in Guernsey for taxation purposes and who are beneficial owners of their Scheme Shares, who hold their Scheme Shares as an investment (other than under an individual savings account) and who have not (and are not deemed to have) acquired their Scheme Shares by virtue of an office or employment. In addition, certain categories of Scheme Shareholders, such as traders, broker-dealers, insurance companies and collective investment schemes, may be subject to special rules and this summary does not apply to such Scheme Shareholders. If you are in any doubt as to your taxation position, or if you are subject to tax in any jurisdiction other than the UK or Guernsey, you should consult an appropriate independent professional adviser immediately.

1. UNITED KINGDOM TAXATION

1.1 *UK taxation on chargeable gains*

Liability to UK taxation on chargeable gains will depend on the individual circumstances of Scheme Shareholders and on the form of consideration received.

1.2 *Cash*

To the extent that a Scheme Shareholder receives cash under the terms of the Management Internalisation in respect of some or all of his Scheme Shares, that Scheme Shareholder will be treated as disposing of such shares which may, depending on the Scheme Shareholder's individual circumstances (including the availability of exemptions, reliefs or allowable losses), give rise to a liability to UK taxation on chargeable gains. Any chargeable gain on such a disposal will be computed on the basis of an apportionment of the allowable cost to the holder of acquiring his relevant Scheme Shares between any Scheme Shares that are exchanged for New Ordinary Shares and those Scheme Shares in respect of which he has received cash, by reference to their market values at the time of the relevant disposal.

1.3 *Acquisition of New Ordinary Shares*

To the extent that a Scheme Shareholder receives New Ordinary Shares in exchange for Scheme Shares and does not hold (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of the Company, he will not be treated as having made a disposal of his Scheme Shares. Instead, the New Ordinary Shares will be treated as the same asset as those shares in respect of which he received the New Ordinary Shares, acquired at the same time and for the same consideration as those shares (noting the effect of the treatment described in paragraph 1.2 above on the date of acquisition of, and allowable expenditure in respect of, such shares).

Any Scheme Shareholder who holds (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of the Company is advised that the Company has received clearance from HMRC under Section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Management Internalisation. Accordingly any such shareholder should be treated in the manner described in the preceding paragraph.

1.4 ***Disposal of New Ordinary Shares***

A subsequent disposal of the New Ordinary Shares may, depending on the circumstances of the person making the disposal (including the availability of exemptions and allowable losses), give rise to a liability to UK taxation of chargeable gains.

Any chargeable gain or allowable loss on a disposal of the New Ordinary Shares should be calculated taking into account, in practice, a proportion of the allowable cost to the holder of acquiring his Scheme Shares. Where cash is received in addition to the New Ordinary Shares, the relevant proportion of such allowable cost should be determined in accordance with the treatment described in the paragraphs above. Where no cash is received in addition to the New Ordinary Shares, all such allowable cost would generally be ascribed to the New Ordinary Shares.

Additionally for corporate Scheme Shareholders, when calculating a chargeable gain but not an allowable loss, indexation allowance on that amount of the original allowable cost should be added. This indexation allowance will be calculated by reference to the date of disposal of the New Ordinary Shares.

Scheme Shareholders who are issued New Ordinary Shares are referred to the Prospectus for a fuller description of the tax position in respect of disposal of those shares.

1.5 ***Tax on income***

1.5.1 *Dividends on New Ordinary Shares*

Scheme Shareholders who are issued New Ordinary Shares are referred to the Prospectus for a fuller description of the tax position in respect of dividends on these shares.

1.5.2 *Miscellaneous*

In addition to the clearance under Section 138 of the Taxation of Chargeable Gains Act 1992 referred to in paragraph 1.3 above, clearance has also been received from HMRC, pursuant to section 707 of the Income and Corporation Taxes Act 1988 and section 701 of the Income Tax Act 2007, that the anti-avoidance provisions of section 703 of the Income and Corporation Taxes Act 1988 and section 684 of the Income Tax Act 2007 respectively, relating to certain transactions in securities, will not apply to the transactions contemplated by the Scheme.

1.6 ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

1.6.1 *Acceptance of the Management Internalisation*

No UK stamp duty or SDRT will be payable by Scheme Shareholders as a result of the implementation of the Scheme.

1.6.2 *New Ordinary Shares*

No UK stamp duty will generally be payable in connection with a transfer of New Ordinary Shares in registered form executed outside the UK unless it relates to any property situate in, or to any matter or thing done or to be done in, the UK.

No UK SDRT will generally be payable in respect of any agreement to transfer New Ordinary Shares so long as they are not registered in a register kept in the UK.

1.7 ***Individual Savings Accounts ("ISA")***

The New Ordinary Shares will not be eligible to be held in the stocks and shares component of an UK ISA.

2. GUERNSEY TAXATION

2.1 ***Capital gains tax***

There is no capital gains tax in Guernsey. Therefore, the Management Internalisation would not give rise to a taxable gain.

2.2 ***Distributions***

For Scheme Shareholders and holders of Existing Ordinary Shares who are individuals solely or principally resident in Guernsey, the Management Internalisation will be considered a trigger event, causing a deemed distribution of profits in LSP. As a result, these individuals would be subject to income tax in Guernsey, which needs to be withheld by LSP. However, this will only be the case where they have an interest of more than 1 per cent. In LSP. Shareholders not resident in Guernsey will not be affected by this rule.

2.3 ***Stamp duty***

No stamp duty is chargeable in Guernsey on the issue, transfer and redemption of shares.

PART 17

ADDITIONAL INFORMATION

1. LSP DIRECTORS' RESPONSIBILITIES

LSP and each of the LSP Directors, whose names are set out on page 8 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of LSP and the LSP Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. INFORMATION ON LSP

2.1 LSP was incorporated in Guernsey under the Companies (Guernsey) Law 1994 as amended on 1 October 2007 with registered number 47816 and is an authorised closed-ended investment company limited by shares.

2.2 LSP's registered office, which is also the business address of each of the LSP Directors, is at 2nd Floor, Regency Court, Glategny Esplanade, St. Peter Port, Guernsey GY1 3NQ.

2.3 The principal activities of the LSP Group are real estate investment.

2.4 LSP is domiciled in Guernsey. The principal legislation under which LSP operates is the Companies (Guernsey) Law, 2008. The LSP Existing Ordinary Shares were issued and allotted by the directors pursuant to the articles of association of LSP.

2.5 LSP's website address is www.londonandstamford.com.

2.6 LSP's telephone number is +44 (0)1481 720321.

3. SHARE CAPITAL OF LSP

3.1 The share capital of LSP comprises an unlimited number of ordinary shares of 10 pence each. At the date of this document, there are 500,000,000 LSP Existing Ordinary Shares in issue all of which are fully paid up or credited as fully paid up.

3.2 As at 10 August 2010, there are no LSP Existing Ordinary Shares held by or on behalf of LSP itself or by any of the subsidiaries of LSP.

3.3 LSP has not issued any convertible securities, exchangeable securities or securities with warrants.

3.4 There are no acquisition rights and/or obligations over unissued share capital or an undertaking to increase the capital of LSP.

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

4. SHARE CAPITAL AUTHORITIES OF LSP

4.1 The LSP Directors are authorised under the articles of association of LSP to allot unissued LSP Ordinary Shares on such terms and conditions and at such times as the LSP Directors may determine.

4.2 There are no provisions of Guernsey Law equivalent to sections 551–570 of the 2006 Act which confer pre-emption rights on LSP 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 of LSP.

5. INFORMATION ABOUT THE COMPANY

5.1 The Company was incorporated in England and Wales on 13 January 2010 under the 2006 Act as a public limited company with registered number 7124797.

5.2 On 24 June 2010, the Company was issued with a certificate under section 761 Companies Act 2006 entitling it to carry on business and borrow money.

5.3 The principal activities of the LSP Group are and the principal activities of the Enlarged Group will be real estate investment.

5.4 The Company is domiciled in the United Kingdom. The principal legislation under which the Company operates is the 2006 Act.

5.5 The Company's website address following Admission will be www.londonandstamford.com.

5.6 The Company's telephone number is +44 (0)20 7484 9000.

6. SHARE CAPITAL OF THE COMPANY

6.1 The Company was incorporated with two ordinary shares of £1 each agreed to be taken by each of its two subscribers Mikjon Limited and EPS Secretaries Limited.

6.2 On 26 January 2010, the two Subscriber Shares of £1 each were subdivided into twenty ordinary shares of 10 pence each.

6.3 On 10 June 2010, 250,000 PLC Ordinary Shares were issued to each of Patrick Vaughan and Martin McGann at a price of 10 pence per share against an undertaking to pay up such shares at par in cash on or prior to the earlier of 10 June 2012 and the date of completion of any agreements for the purchase by the Company of the PLC Ordinary Shares issued to them.

6.4 On 10 June 2010, the Company entered into the Initial Share Buyback Agreements with Patrick Vaughan and Martin McGann granting call and put options in relation to the PLC Existing Ordinary Shares.

Under the Initial Shares Buyback Agreements, the Company has granted the Initial Shareholders options to require the Company to purchase all (but not some only) of the PLC Existing Ordinary Shares for a sum equal to the nominal value of such shares and the Initial Shareholders have granted options to the Company to require the Initial Shareholders to sell all (but not some only) of the PLC Existing Ordinary Shares to the Company for such sum.

The options contained in the Initial Shares Buyback Agreements are exercisable at any time up to and including 10 June 2012.

The Initial Shares Buyback Agreements are conditional on the passing of a special resolution by the PLC Shareholders approving their terms which is proposed to be passed prior to Admission. If the Initial Shareholders exercise their options to require the Company to purchase the PLC Existing Ordinary Shares, the Company shall use its best endeavours to ensure that sufficient distributable profits or sufficient proceeds of a new issue of PLC Ordinary Shares made for the purpose are available out of which the PLC Existing Ordinary Shares can be purchased.

It is the intention of the Company to exercise its options to buy back the PLC Existing Ordinary Shares as soon as practicable following Admission.

6.5 It is proposed that prior to Admission, the PLC Shareholders will pass special resolutions approving the share buy backs provided for in the LSI Acquisition Agreement and in the Initial Shares Buyback Agreements.

6.6 It is proposed that, prior to Admission, the Subscriber Shares will be surrendered and cancelled in accordance with the powers conferred by the Articles.

6.7 As at 10 August 2010, the issued share capital of the Company is as shown below. The issued share capital of the Company as it is expected to be immediately following Admission (assuming the Acquisition is completed and ignoring the Initial Shares) is also shown:

	LSP Ordinary Shares	
	£	*Number*
At present	50,002	500,020†
Following Admission	54,579,517	545,795,171

†The 500,020 LSP Ordinary Shares comprises the 20 Subscriber Shares (proposed to be surrendered and cancelled prior to Admission) and the PLC Existing Ordinary Shares (which are subject to the Initial Shares Buyback Agreements).

6.8 The nominal value of the PLC Ordinary Shares is 10 pence each. All of the PLC Existing Ordinary Shares are treated as paid up in cash.

6.9 As at 10 August 2010, the Company holds no PLC Ordinary Shares as treasury shares.

6.10 There are no PLC Ordinary Shares held by or on behalf of the Company itself or by any of the subsidiaries of the Company.

6.11 The Company has not issued any convertible securities, exchangeable securities or securities with warrants but certain of the New Ordinary Shares will be subject to the clawback arrangement under the LSI Acquisition Agreement.

6.12 Except pursuant to the Proposals, there are no acquisition rights or obligations over unissued share capital or undertakings to increase the capital of the Company.

6.13 The PLC Ordinary Shares will be in registered form with ISIN GB00B4WFW713.

7. NEW MANAGEMENT INCENTIVE SCHEME

Details in relation to the proposed management schemes of the Company are set out in paragraph 5 of Part 2 of this document.

8. SHARE CAPITAL AUTHORITIES OF THE COMPANY

8.1 The share capital of the Company is unlimited.

8.2 At a general meeting of the Company held on 10 August 2010 the following resolutions were passed:

8.2.1 To authorise the directors, in accordance with section 551 of the 2006 Act to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company (together "Relevant Securities") up to an aggregate nominal amount of £60,000,000 in connection with the Scheme and the LSI Acquisition Agreement, provided that:

(a) the authority shall expire on the day following Admission; and

(b) the Company may before such expiry make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the directors may allot Relevant Securities in pursuance of any such offer or agreement as if the authority in question had not expired.

8.2.2 To authorise the directors, to exercise all powers of the Company, with effect from the day following Admission, to allot Relevant Securities:

(a) comprising equity securities (as defined by section 560 of the 2006 Act) up to an aggregate nominal amount of £36,386,344 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 8.2.2(b) below) in connection with an offer by way of a rights issue:

(i) to holders of PLC Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) in any other case, up to an aggregate nominal amount of £18,193,172 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 8.2.2(a) above in excess of £18,193,172),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

8.2.3 To authorise the directors, in accordance with section 570 of the 2006 Act, to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by paragraph 8.2.2 or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue or other pro rata offer (but, in the case of the authority granted conferred by paragraph 8.2.2(a), by way of a rights issue only) in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever; and

(b) the allotment (otherwise than pursuant to paragraph 8.2.3(b) above) of equity securities up to an aggregate nominal amount of £2,728,975,

and shall expire upon the expiry of the general authority conferred by paragraph 8.2.2 above, except that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

8.2.4 To authorise the Company, in accordance with section 701 of the 2006 Act, to make market purchases (within the meaning of section 693(4) of the 2006 Act) of PLC Ordinary Shares on such terms and in such manner as the directors may from time to time determine, provided that:

(a) the maximum number of PLC Ordinary Shares authorised to be purchased is 54,579,517;

(b) the minimum price which may be paid for a PLC Ordinary Share is 10 pence (exclusive of expenses payable by the Company);

(c) the maximum price which may be paid for a PLC Ordinary Share (exclusive of expenses payable by the Company) cannot be more than the higher of: (i) 105 per cent. of the

average market value of a PLC Ordinary Share for the five business days prior to the day on which the PLC Ordinary Share is contracted to be purchased; and (ii) the value of a PLC Ordinary Share calculated on the basis of the higher of: (a) the last independent trade of; or (b) the highest current independent bid for, any number of PLC Ordinary Shares on the trading venue where the market purchase by the Company will be carried out; and

the authority conferred shall expire at the conclusion of the annual general meeting of the Company in 2011 except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

9. ORGANISATIONAL STRUCTURE, SUBSIDIARY UNDERTAKINGS AND OTHER HOLDINGS

9.1 As at 10 August 2010, the Company has no subsidiary undertakings or holdings in other entities.

9.2 If the Scheme becomes effective and the Acquisition is approved, the Company will be the holding company of the Enlarged Group and will have the following subsidiary undertakings and holdings in Guernsey unit trusts each of which will be directly or indirectly wholly owned by the Company. In each case, the issued share capital is fully paid.

Name	*Date and Place of Incorporation*	*Authorised Share Capital*	*Issued Share Capital*	*Nature of Business*	*% Held by the Company*
London & Stamford Property Limited	01.10.2007 Guernsey	Unlimited	500,000,000 shares of £0.10 each	Property Investment Company	100 (direct)
LSI (Investments) Limited	02.04.1998 England & Wales	1,000 shares of £1.00 each	2 shares of £1 each	Property Investment Company	100 (direct)
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 (indirect)
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)
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 (indirect)
London & Stamford Offices Trust	17.12.2008 Guernsey	N/A	22,500,000 units of £1.00 each	Property Investment Company	100 (indirect)
London & Stamford Offices Limited Unitholder 2 Limited	16.12.2008 Guernsey	Unlimited	100 shares of £1.00 each	Property Investment Company	100 (indirect)
London & Stamford Retail Limited	14.04.2009 Guernsey	Unlimited	100 shares of £1.00 each	Property Investment Company	100 (indirect)

Name	*Date and Place of Incorporation*	*Authorised Share Capital*	*Issued Share Capital*	*Nature of Business*	*% Held by the Company*
L&S Leeds Limited	14.04.2009 Guernsey	Unlimited	100 shares of £1.00 each	Property Investment Company	100 (indirect)
London & Stamford Property Subsidiary Limited	14.04.2008 Guernsey	10,000 shares of £1.00 each	2 Shares of £1.00 each	Property Investment Company	100 (indirect)
LSP Green Park Property Trust	22.04.2008 Guernsey	N/A	146,071,756 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 England & Wales	N/A	135,033,267 units of £1 each	Property Investment Trust	31.4 (indirect)
LSPG Trust No 2	14.08.2010 England & Wales	N/A	No issued units	Property Investment Trust	50 (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 Guernsey	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 Guernsey	Unlimited	100 shares of £1.00 each	Property Investment Company	100 (indirect)
L&S Highbury Limited	22.09.2009 Guernsey	Unlimited	100 shares of £1.00 each	Property Investment Company	100 (indirect)
L&S Business Space II Limited	08.01.2010 Guernsey	Unlimited	100 shares of £1.00 each	Property Investment Company	100 (indirect)
L&S Battersea Limited	28.05.2010 Guernsey	Unlimited	1 share of £1.00 each	Property Investment Company	100 (indirect)
L&S Distribution Limited	21.04.2010 Guernsey	Unlimited	50,000,000 shares of 0.01p each	Property Investment Company	93.75 (indirect)
L&S Distribution (Brackmills) No 2 Limited	19.09.2006 Jersey	10,000 shares of £1 each	1 share of £1.00	Dormant	93.75 (indirect)
LSI Management Limited	21.01.2010 Guernsey	Unlimited	55,000,000 shares of £1.00 each	Management Company	100 (direct)
London & Stamford Property Plc	13.01.2010 England & Wales	500,000 shares of £0.10 each	500,000 shares of £0.10 each	Property Investment Company	0
London & Stamford (Anglesea) Limited *– Formerly Radial Distribution Limited – Date of Change 20.05.10*	24.07.2003 England & Wales	16,690,838 ordinary Shares	16,690,838 ordinary Shares	Property Investment Company	93.75 (indirect)
M1 Northampton Funding Company Limited	07.11.2003 Cayman Islands	50,000 shares of $1 each	100 shares of $1 each	Dormant	93.75 (indirect)
M1 Northampton Project Company Limited	07.11.2003 Cayman Islands	50,000 shares of $1 each	10,000 shares of $1 each	Dormant	93.75 (indirect)

9.3 Save for the significant subsidiaries and holdings disclosed in paragraph 9.2 above, the Company does not hold, and at Admission will 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.

10. ARTICLES OF ASSOCIATION

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

10.1.1 *Votes of members*

(a) Subject to any special terms as to voting attached to any share, on a show of hands every member who is present in person and entitled to vote has one vote and on a poll every member who is present in person or by proxy and entitled to vote has one vote for every share of which he is the holder.

(b) No member is entitled to be present or to be counted in the quorum or vote, either in person or by proxy, at any general meeting or at any separate meeting of the holders of any class of shares in the Company either personally or by proxy or to exercise any privilege as a member in relation to the meeting or poll, unless all calls or other sums due and payable by him in respect of the shares in the Company have been paid.

(c) Any person (whether a member or not) may be appointed to act as a proxy and a member may appoint one or more than one person to act as his proxy to exercise all or any of his rights to attend and to speak and vote as a meeting of the Company. On a poll, votes may be given either personally or by proxy and a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

10.1.2 *Dividends*

(a) Subject to the Statutes and the Articles, the Company may by ordinary resolution declare a dividend to be paid to members according to their respective rights and interests. No dividend shall exceed the amount recommended by the board.

(b) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid-up on the shares in respect the dividend is paid. All dividends shall be apportioned and paid *pro rata* according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

(c) The directors may in their absolute discretion declare and pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company and the Company's financial and trading position. If the share capital of the Company is divided into different classes, the directors may pay interim dividends in respect of those shares which rank after shares conferring preferred rights, unless at the time of payment a preferential dividend is in arrears.

(d) The board may, if authorised by an ordinary resolution of the Company, offer any holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the board) of any dividend specified by the Ordinary Shares.

(e) All dividends or other sums payable on or in respect of any share which remain unclaimed for a period of 12 years or more from the date it became due for payment shall be forfeited and shall revert to the Company.

10.1.3 *Sanctions for failure to disclose interest in shares*

(a) If a notice is served by the Company under Section 793 of the 2006 Act (a "Section 793 notice") on a member, or another person whom the Company knows or has reasonable cause to believe to be interested in shares held by that member, and the member or other person has failed in relation to the shares (the "default shares") to give the Company the information required within 14 days, the board may serve on the holder of such default shares a notice (a "disenfranchisement notice") whereupon the following sanctions apply, unless the board decides otherwise:

(b) the member is not entitled in respect of the default shares to be present or to vote at a general meeting or separate class meeting or on a poll or to exercise other rights in relation to the meeting or poll; and

(c) where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class:

(i) a dividend or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it, and the member cannot elect to receive shares instead of a dividend; and

(ii) no transfer of any of the default shares shall be registered unless:

(A) the transfer is an expected transfer; or

(B) the member is not himself in default in supplying the information required and proves to the satisfaction of the board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer; or

(C) registration of the transfer is required by the Uncertificated Securities Regulations 2001.

10.1.4 *Distribution of assets on a winding-up*

If the Company shall be wound up voluntarily, the liquidator may, with the authority of a special resolution and any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company whether or not the assets consist of property of one kind or of different kinds and may for such purpose set such value as he deems fair on any class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the same authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, and the liquidation of the Company may be closed and the Company dissolved but so that no member shall be compelled to accept any shares in respect of which there is a liability or potential liability.

10.1.5 *Changes in capital*

(a) The Company may by ordinary resolution:

(i) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

(ii) sub-divide all or any of its shares into shares of a smaller amount and may by the resolution determine that the shares resulting from such sub-division may have any preferred or other special rights or be subject to any such restrictions, as compared with the others.

(b) Subject to the provisions of the 2006 Act, the Company has power to purchase its own shares, including any redeemable shares.

10.1.6 *Variation of class rights and class meetings*

(a) Subject to provisions of the 2006 Act, the rights attached to any class of shares may be modified, varied or abrogated:

(i) in such manner (if any) as may be provided by those rights; or

(ii) in the absence of any such provision, either with the consent in writing of the holders of at least three quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of that class but not otherwise.

(b) The rights attached to any class of shares are not, unless expressly provided by the Articles or in the rights attaching to the shares of that class, deemed to be modified, varied or abrogated by the creation or issue of further shares ranking equally with every other share of that class.

(c) A separate meeting for the holders of a class of shares shall be convened and conducted as nearly as possible in the same way as a general meeting except that the necessary quorum (other than at an adjourned meeting) is two persons, present in person or by proxy, holding or representing by proxy at least one third in nominal value of the issued shares of the class in question and, at an adjourned meeting, one person holding shares of the class in question present in person or by proxy and any holder of shares of the class in question present in person or by proxy and entitled to vote at the meeting may demand a poll.

10.1.7 *General meetings*

(a) The Company shall in each year hold a general meeting as its annual general meeting (in addition to any other meetings which may be held in that year). Subject as aforesaid and to the provisions of the Statutes, the annual general meeting shall be held at such time and place as the directors may determine.

(b) The directors may convene a general meeting whenever they think fit and must on requisition in accordance with the Statutes convene a general meeting, as provided by the Statutes.

(c) Annual general meetings and all other general meetings of the Company shall be called by at least such minimum period of notice as is prescribed for traded companies under the 2006 Act.

(d) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Two persons entitled to vote, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.

(e) The board may make arrangements and impose restrictions it considers appropriate to ensure the security of a meeting, including, without limitation, the searching of a person attending the meeting and the restriction of the items of personal property that may be taken into the meeting place. The board is entitled to refuse entry to a meeting to a person who refuses to comply with these arrangements or restrictions.

10.1.8 *Transfer of shares*

(a) Subject to the Articles, any member may transfer all or any of his certificated shares by instrument of transfer in any usual form or in such other form as the directors may approve and the instrument must be executed by or on behalf of the transferor and by or on behalf of the transferee but need not be under seal. The transferor is deemed to remain

the holder of the share until the name of the transferee is entered in the register of members in respect of it.

(b) The board may decline to recognise any instrument or transfer unless it is:

(i) in respect of only one class of shares;

(ii) in favour of not more than four joint transferees;

(iii) duly stamped (if required);

(iv) not in favour of a minor, infant, bankrupt or person with mental disorder; and

(v) lodged at the registered office of the Company or such other place as the directors may decide, accompanied by the certificate for the shares to be transferred and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer provided that in the case of a transfer by a stock exchange nominee the lodgement of a share certificate will only be necessary if a certificate has been issued in respect of the share in question.

(c) The board may in their absolute discretion and without assigning any reason refuse to register any transfer of a certificated share which is not fully paid, provided that this discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.

(d) The board may, in circumstances permitted by the UKLA and the London Stock Exchange, disprove a transfer of any share, provided that exercise of such powers does not disturb the market in the shares.

(e) If the board refuse to register a transfer of any shares, they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferor and the transferee notice of the refusal, together with reasons for the refusal. The directors shall send to the transferee such further information about the reasons for the refusal as the transferee may reasonably require.

10.1.9 *Directors*

(a) Number and appointment of directors

Unless and until otherwise determined by the Company by ordinary resolution the number of directors is not subject to a maximum but must not be fewer than two.

The Company may, by ordinary resolution, appoint a person who is willing to act to be a director. The directors may appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director, but a director so appointed shall hold office only until the conclusion of the next annual general meeting after his appointment, unless he is reappointed during the meeting, and he shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.

(b) Executive Directors

The directors may from time to time appoint one or more of their body to be holder of any executive office for such period and on such terms for such period as they may determine.

The appointment of any director to any executive office may be terminated by the board without prejudice to any claim he may have for damages for breach of contract. A director appointed to any executive office shall not automatically cease to be a director if he ceases from any cause to hold that executive office.

(c) Retirement by rotation

Each director shall retire from office at the third annual general meeting after that at which he was last elected. A director who retires at an annual general meeting, shall be in addition to any director who wishes to retire and not to offer himself for reappointment and any director to retire. A director who retires at an annual general meeting, whether by rotation or otherwise, may, if willing to act, be reappointed. The Company, at the meeting at which a director retires by rotation, may fill the vacated office and, if it does not do so, the retiring director is, if willing, deemed reappointed, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the reappointment of such director is put to the meeting and lost.

(d) Fees, expenses, remuneration and benefits

(i) There shall be available to be paid out of the funds of the Company to the directors as fees in each year an aggregate sum not exceeding £500,000 or such higher sum as may from time to time be determined by ordinary resolution of the Company. The Company may by ordinary resolution increase the amount of the fees payable which shall, in default of agreement to the contrary, be divided between the directors equally.

(ii) The directors are entitled to be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with the business of the Company or in travelling to and from meetings of the board or committees of the board or general meetings or separate meetings of the holders of a class of shares of the Company or otherwise in connection with the discharge of their duties.

(iii) The board may grant reasonable additional remuneration and expenses to any director who goes or resides abroad or renders any special or extra services to the Company, which may be paid by way of a lump sum, participation in profits or otherwise as the board may determine.

(iv) The directors may establish and maintain a pension scheme for the benefit of any persons who are or were employees of or who have been directors of the Company or of any company which is or was a member of the Group. Subject to the Statues, the board may establish and maintain any employees' share scheme for the benefit of employees (including directors) of the Company.

(e) Directors' Interests

The directors may authorise, to the fullest extent permitted by law:

(i) any matter which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest; and

(ii) a director to accept or continue in any office, employment or position in addition to his office as a director of the Company and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises, provided that the authorisation is only effective if:

(A) any requirement as to the quorum at the meeting at which such matter is considered is met without counting the director in question or any other interested director; and

(B) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

(f) If a matter, or office, employment or position, has been authorised by the directors in accordance with this Article then:

(i) the director shall not be required to disclose any confidential information relating to such matter, or such office, employment or position, to the Company if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that matter, or that office, employment or position;

(ii) the director may absent himself from discussions, whether in meetings of the directors or otherwise, and exclude himself from information, which will or may relate to that matter, or that office, employment or position;

(iii) a director shall not, by reason of his office as a director, be accountable to the Company for any benefit which he derives from any such matter, or from any such office, employment or position.

(g) Voting restrictions

(i) A director (including an alternate director) shall not vote in respect of any contract or arrangement or any other proposal in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities or right of or otherwise in or through the Company. However, a director shall be entitled to vote in respect of any contract or arrangement or any other proposal in which he has any interest which is not material. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(ii) A director shall (in the absence of some other material interest) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters namely:

(A) the giving to him of any security, guarantee or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(B) the giving to a third party of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility, in whole or in part, by the giving of security or under a guarantee or indemnity;

(C) any proposal concerning an offer for subscription or purchase of shares or debentures or other securities of or by the Company or any of its subsidiaries or of any other company which the Company may promote or in which it may be interested in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting;

(D) any proposal concerning any other company in which he is interested directly or indirectly and whether in any one or more of the capacities of officer, creditor, employee or holder of shares, debentures, securities or rights of that other company, but where he is not the holder (otherwise than as a nominee for the Company or any of its subsidiaries) of or beneficially interested in one per cent. or more of the issued shares of any class of such company or of any third company through which his interest is derived or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);

(E) any proposal concerning the adoption, modification or operation of a superannuation fund, retirement benefits scheme, share option scheme or share incentive scheme under which he may benefit; or

(F) any proposal concerning the purchase and/or maintenance of any insurance policy under which he may benefit.

(h) Powers of the board
Subject to the Statutes and the Articles and to directions given by the Company in general meeting, the business of the Company shall be managed by the directors who may exercise all the powers of the Company.

10.1.10 *Borrowing powers*

(a) Subject to the Articles, the board may exercise all the powers of the Company to borrow money.

(b) The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate of the amounts remaining un discharged of all moneys borrowed by the Group does not at any time without the previous sanction of an ordinary resolution exceed a sum equal to two times:

(i) the amount of the share capital of the Company issued and paid up; and

(ii) the amounts shown as standing to the credit of consolidated capital and revenue reserves of the Group (including share premium account, capital redemption reserve) plus or minus the credit or debit balance of the consolidated profit and loss account as shown in the latest audited consolidated balance sheet of the Group and in the consolidated capital and reserves of the Group, but

(A) adjusted in respect of any variations in the issued and paid up share capital, share premium account or capital redemption reserve effected or any distributions made (otherwise than within the Group) since the date of such balance sheets except in so far as provided for therein; and

(B) excluding any amounts set aside for taxation and, to the extent included, any amounts attributable to outside shareholdings in subsidiaries; and

(C) excluding all amounts attributable to intangible items save goodwill arising on consolidation, notwithstanding the fact that these may previously have been written off against reserves.

10.1.11 *Indemnity*

(a) Indemnity to Directors
Subject to the provisions of the Statutes, the Company may:

(i) indemnify any person who is or was a director, or a director of any associated company, directly or indirectly (including by funding any expenditure incurred or to be incurred by him), against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company; and/or

(ii) indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with the company's activities as trustee of an occupational pension scheme; and/or

(iii) purchase and maintain insurance for any person who is or was a director, or a director of any associated company, against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged

negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company.

For the purpose of the article described above "associated company" has the meaning set out in section 256 of the 2006 Act.

(b) Indemnity against claims in respect of shares
Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future or possible liability upon the Company to make any payment or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any shares registered in any of the Company's registers as held either jointly or solely by any member or in respect of any dividends, bonuses or other moneys due or payable or accruing due or which may become due or payable to such member by the Company on or in respect of any shares registered as aforesaid or for or on account or in respect of any member and whether in consequence of:

(i) a transmission event;

(ii) the non-payment of any income tax or other tax by such member;

(iii) the non-payment of inheritance tax or any estate, probate, succession, death, stamp or other duty by the executors or administrators or other legal personal representatives of such member or by or out of his estate; or

(iv) any other act or thing;

the Company in every such case:

(v) shall be fully indemnified by such member or his executors or administrators or his other legal representatives from all liability; and

(vi) may recover as a debt due from such member or his executors or administrators or his other legal personal representatives wherever constituted or residing any moneys paid by the Company under or in consequence of any such law together with interest thereon at such rate (not exceeding, without the sanction of the Company given by ordinary resolution, 20 per cent. per annum) as the directors may determine from the date of payment by the Company to the date of repayment by the member or his executors or administrators or his other legal personal representatives.

10.1.12 *UK-REIT provisions*

A summary of the UK-REIT provisions included in the Articles is set out in paragraph 4 of Part 14 of this document.

11. INTEREST OF DIRECTORS IN LSP AND THE COMPANY

11.1 ***Directors' shareholdings in LSP***

As at 10 August 2010 (being the last practicable date prior to submission of this document to the Court) and following Admission and the Acquisition, the interests of the LSP Directors, their immediate families and persons connected with the LSP 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 LSP are, or are expected to be, as follows:

	Before Admission		*On Admission*	
	No. of LSP Existing Ordinary Shares	*Percentage of issued share capital*	*No. of issued LSP Ordinary Shares*	*Percentage of issued share capital*
Raymond Mould	7,500,000	1.50	–	–
Patrick Vaughan	6,941,130	1.39	–	–
Martin McGann	142,857	0.03	–	–
Richard Crowder	100,000	0.02	–	–
Lewis Grant	150,000	0.03	–	–
Rupert Evans	700,000	0.14	–	–
Patrick Firth	25,000	0.005	–	–

11.2 ***Directors' shareholdings in the Company***

As at 10 August 2010 (being the last practicable date prior to submission of this document to the Court) and following Admission and the Acquisition, the interests of the PLC 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, or are expected to be, as follows:

	Before Admission		*On Admission*	
	No. of PLC Ordinary Shares	*Percentage of issued share capital*	*No. of PLC Ordinary Shares*	*Percentage of issued share capital*†
Raymond Mould	–	–	18,942,380	3.47
Patrick Vaughan	250,000	50%*	18,383,510	3.37
Martin McGann	250,000	50%*	3,823,795†	0.70
Charles Cayzer▲	–	–	–	–
Mark Burton	–	–	–	–
Richard Crowder	–	–	100,000	0.02
Humphrey Price	–	–	2,143,127	0.39
James Dean	–	–	–	–

* Ignoring the Subscriber Shares proposed to be surrendered and cancelled prior to Admission.

† Ignoring the PLC Existing Ordinary Shares which are subject to the Initial Shares Buyback Agreements.

▲ Charles Cayzer is a director of Caledonia Investments and the Cayzer Trust Company Ltd, which holds 31,497,094 and 2,785,506 ordinary shares respectively in the capital of LSP (representing 6.3 per cent. and 0.6 per cent. respectively of the issued share capital of LSP). Subject to any disposal of LSP Existing Ordinary Shares by Caledonia Investments and Cayzer Trust Company Ltd prior to the Scheme Record Date, Caledonia Investments and Cayzer Trust Company Ltd will hold 31,497,094 and 2,785,506 New Ordinary Shares respectively on Admission.

11.3 As at 10 August 2010 (being the last practicable date prior to submission of this document to the Court) and except pursuant to the Initial Shares Buyback Agreements, neither the LSP Directors nor the PLC Directors held any options over the LSP Ordinary Shares or PLC Ordinary Shares.

11.4 Save as disclosed in this paragraph, none of the LSP Directors nor the PLC Directors (or persons connected with the LSP Directors or the PLC Directors within the meaning of sections 252-255 of the 2006 Act) has any beneficial or non-beneficial interest in any securities of LSP or the Company or any of their subsidiaries.

11.5 Set out below are, in so far as is known to LSP and the Company, the names of those persons other than the LSP Directors and the PLC Directors who, directly or indirectly, have an interest in three per cent. or more of the issued share capital of LSP as at 10 August 2010 (being the last practicable date prior to submission of this document to the Court) or who are expected to have such an interest in the Company immediately following Admission:

	LSP		*Company*			
	Before Admission		*On Admission (if Acquisition is not completed)*		*On Admission (if Acquisition is completed)*	
Name	*No. of LSP Existing Ordinary Shares*	*Percentage of LSP issued share capital**	*No. of PLC Ordinary Shares*	*Percentage of PLC issued share capital*	*No. of issued PLC Ordinary Shares*	*Percentage of Company issued share capital†*
General Electric Pension Trust	42,535,267	8.51	42,535,267	8.51	53,984,060	9.89
Taube Hodson Stonex Partners Limited	24,050,000	4.81	24,050,000	4.81	24,050,000	4.41
Electra Partners Europe	20,000,000	4.00	20,000,000	4.00	20,000,000	3.66
Caledonia Investments Plc	19,500,000	3.90	19,500,000	3.90	19,500,000	3.57
Fidelity International Limited	18,233,703	3.65	18,233,703	3.65	18,233,703	3.34
Worldstar Limited	15,000,000	3.00	15,000,000	3.00	15,000,000	2.75
Blackrock Inc	11,019,597	2.20	11,019,597	2.20	11,019,597	2.02
Manx Capital Partners Limited	10,000,000	2.00	10,000,000	2.00	10,000,000	1.83
Sir Robert McAlpine	10,000,000	2.00	10,000,000	2.00	10,000,000	1.83

* Ignoring the Subscriber Shares proposed to be surrendered and cancelled prior to Admission.

† Ignoring the PLC Existing Ordinary Shares which are subject to the Initial Shares Buyback Agreements.

11.6 There are no differences between the voting rights enjoyed by those PLC Shareholders set out in paragraph 11.5 above and those enjoyed by any other holder of PLC Ordinary Shares in the Company.

11.7 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.

12. TERMS OF APPOINTMENT, REMUNERATION AND BENEFITS OF LSP DIRECTORS

12.1 ***Executive Directors***

Each of Raymond Mould, Patrick Vaughan and Martin McGann entered into service agreements with the Company on 11 August 2010 in respect of their services as executive Directors. Each of the service agreement commences on the date of, and is conditional upon, Admission and completion of the Acquisition.

Raymond Mould will be employed by the Company as Executive Chairman and will receive an annual salary of £300,000. Raymond Mould will be eligible to participate in the Company's discretionary bonus scheme up to an amount equal to a maximum of 100 per cent. of salary. Raymond Mould's employment will continue until terminated by either party giving to the other twelve months notice. No pension benefit will be provided for Mr. Mould.

Patrick Vaughan will be employed by the Company as Chief Executive and will receive an annual salary of £300,000. Patrick Vaughan will be eligible to participate in the Company's discretionary bonus scheme up to an amount equal to a maximum of 100 per cent. of salary. Patrick Vaughan's employment will continue until terminated by either party giving to the other twelve months' notice. No pension benefit will be provided to Mr. Vaughan.

Martin McGann will be employed by the Company as Finance Director and will receive an annual salary of £250,000. Martin McGann will be eligible to participate in the Company's discretionary bonus scheme up to an amount equal to a maximum of 100 per cent. of salary. Martin McGann's employment will continue until terminated by either party giving to the other twelve months notice. The Company will make annual contributions to Mr. McGann's pension arrangements of 15 per cent. of his annual salary.

12.2 ***Non-Executive Directors***

Each of Charles Cayzer, Mark Burton, Richard Crowder, Humphrey Price and James Dean entered into letters of appointment with the Company on 2 August 2010 in respect of their services as non-executive Directors. Each of the appointment letters commences on the date of, and is conditional upon, Admission.

Each of the non-executive directors will receive a director's fee of £50,000 per annum and their time commitment will be as agreed with the PLC Board from time to time. The senior independent Director is Charles Cayzer. In addition, Mr. Dean and Mr. Price will each receive an additional fee of £10,000

per annum to act as the chairman of the Remuneration Committee and the Audit Committee respectively.

Each of the non-executive 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 three months' prior notice.

12.3 The PLC Directors are subject to retirement by rotation in accordance with the Articles.

12.4 Save as described above, there are no existing or proposed service agreements between any PLC Director and the Company or any of its subsidiaries with a notice period of one year or more.

12.5 The Company does not operate any pension schemes and has not accrued any amounts in respect of pension contributions to PLC Directors since its incorporation nor has LSP accrued any amounts in respect of pension contributions to its directors.

12.6 There are no existing or proposed service agreements or appointment letters between any PLC Director and any member of the Enlarged Group providing for benefits upon termination of employment.

12.7 Mr. Crowder received a director's fee of £40,000 in respect of his services as a director of LSP for the year ended 31 March 2010 (Mr. Crowder's director's fee has been increased to £45,000 per year from 31 March 2010). Mr. Mould, Mr. Vaughan and Mr. McGann did not receive and are not entitled to receive remuneration as LSP Directors.

12.8 Mr. Mould, Mr. Vaughan, Mr. McGann and Mr. Price are all members of LSI Management. Accordingly, each of them received profit distributions from LSI Management for the two years ended 31 March 2010 but did not receive remuneration as employees or officers in respect of the provision of their executive services to LSI Management, or in the case of Mr. Mould, Mr. Vaughan and Mr. McGann as LSP Directors.

13. ADDITIONAL INFORMATION ON PLC DIRECTORS

13.1 The Directors currently hold or in the past five years before the date of this document have held the following directorships and/or have been partners of the following partnerships outside the Enlarged Group:

Name of Director	*Existing directorships/partnerships*	*Past directorships/partnerships*
Raymond Mould	Clearstage Limited FF&P Russia Real Estate Limited FF&P Russia Real Estate Development Limited Half Moon Partners LLP Lansdowne SGPS SA London & Stamford Investments Limited London & Stamford Property Limited LSI (Investments) Limited LSI Belgium Limited LSI Bruton Limited LSI Developments Limited LSI Europe Limited LSI Management LLP LSP Green Park Management Limited Miltons Shoot Limited Meadowhall Finance PLC Meadowhall Nominee 1 Limited Meadowhall Nominee 2 Limited Meadowhall Contracts Limited Meadowhall HoldCo Limited Arlimmo S.A. Meadowhall (MLP) Limited Meadowhall SubCo Limited Meadowhall Shopping Centre Property Holdings Limited Meadowhall Shopping Centre Limited MSC (Cash Management) Limited MSC Property Intermediate Holdings Limited The Hampshire Film LLP Radial Distribution Ltd Pillar Beaucaire SA Pillar Beaucaire SAS Pillar Bilbao SA Pillar Getafe SL Pillar Nanterre SAS Pillar Navile SpA Pillar Netherlands 2 VB Pillar Netherlands 3 BV Pillar Netherlands BV Pillarlux Arlon SA Pillarlux Holdings 2 SA Pillarlux Holdings SA Pillarlux Sintra SA	Arena Leisure Plc Auchinlea One Limited Auchinlea Two Limited Bruton Cork Investments Limited Trewena Properties Limited The Doncaster Racecourse Management Company Limited

Name of Director	*Existing directorships/partnerships*	*Past directorships/partnerships*
Raymond Mould *(continued)*	PREF Management Co S.A. Sintrea Retail Park-Parques Commercials S.A.	
Patrick Vaughan	Half Moon Partners LLP London & Stamford Property Limited Valderrama SA London & Stamford Property PLC London & Stamford Investments Limited LSI (Investments) Limited LSI Belgium Limited LSI Bruton Limited LSI Developments Limited LSI Europe Limited LSI Management LLP LSP Green Park Management Limited 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 Plc (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 Pic Pillar Developments Limited Pillar Hercules No.2 Limited Pillar Kinnaird Limited Pillar Parks Limited Pillar Projects Limited Pillar Property Group Limited Pillar Retail No.l Limited Pillar Retail Parks Limited Pillar Speke Limited Rigphone Limited National Hospital for Neurology and Neurosurgery Development Foundation
Martin McGann	Clearstage Limited Ingenious Film Partners 2 LLP London & Stamford Property Limited London & Stamford Property PLC London & Stamford Investments Limited LSI (Investments) Limited LSI Belgium Limited LSI Bruton Limited LSI Developments Limited LSI Europe Limited LSI Management LLP Meadowhall (MLP) Limited Meadowhall Contracts Limited Meadowhall Finance PLC Meadowhall HoldCo Limited Radial Distribution Limited	35 Basinghall Street First Limited 35 Basinghall Street Limited 35 Basinghall Street Second Limited Arena Leisure Plc BL European Holdings Limited Blackbird Logistics 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

Name of Director	*Existing directorships/partnerships*	*Past directorships/partnerships*
Martin McGann *(continued)*	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	Buyunite Limited City Place House Limited Cortonwood (Management) Company 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 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 Fibbings 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.l Limited Kandahar (Droitwich) Limited Kandahar (Droitwich) Nominee No.l 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.l Limited Kandahar (Leicestershire) Nominee No.l Limited Kandahar (Leicestershire) Nominee No.2 Limited

Name of Director	*Existing directorships/partnerships*	*Past directorships/partnerships*
Martin McGann *(continued)*		Kandahar (Luxembourg) No.l 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.l Limited Kandahar (Witney) S.a.r.l Kandahar Academy II Limited Kandahar Academy Limited Kandahar (Nottingham) Nominee No.l 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.l Limited Pillar Denton Limited Pillar Developments Limited

Name of Director	*Existing directorships/partnerships*	*Past directorships/partnerships*
Martin McGann *(continued)*		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 Pillar Property Investments Limited Pillar Retail No.l 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.l) 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

Name of Director	*Existing directorships/partnerships*	*Past directorships/partnerships*
Richard Crowder	Absolute Alpha Fund PCC Ltd Alster Limited Aviva Investors Alternative Funds PCC (formerly Morley Alternative Investment Strategy Fund PCC Limited) B Sixty Four B Limited B Eighty C Limited B Eighty D Limited B Eighty E Limited B Eighty F Limited B Eighty A (Bermuda) Limited B Eighty B (Bermuda) Limited Better Capital Limited Bluecrest (formerly Close Allblue Fund Limited) Bracken Partners Investments Channel Islands Limited Breadth Holdings (Bermuda) Ltd Burnt Oak Holdings (Bermuda) Ltd C Eighty Three C (Bermuda) Limited C Eighty Three D (Bermuda) Limited Chateauneuf (Bermuda) Ltd Consulta Alternative Strategy Fund PCC Limited Consulta Alternative Strategy Holdings Limited Consulta Canadian Energy Fund Consulta CI Ltd Consulta Collateral Fund PCC Limited Consulta Collateral Holdings Limited Consulta High Yield Fund PCC Limited Consulta High Yield Holdings Limited C Seventy Two C Limited Depth (Bermuda) Ltd Englehall Limited FCM European Frontier Fund Limited FCM European Frontier Master Fund Limited FCM Funds Public Limited Company Felix (Bermuda) Ltd Fervida (Bermuda) Ltd FF&P Alternative Strategy PCC Limited FF&P Global Property Fund PCC Limited FF&P Enhanced Opportunities Fund PCC Limited FF&P Enhanced Opportunities Subsidiary Limited FF&P Russia Real Estate Limited	Affinity Partners Ltd Asia Direct Limited BC Property Holdings Limited Consulta Capital Fund PCC Limited Consulta Capital Holdings Limited Consulta Hedge Funds Limited Consulta Hedge (Holding) One Limited Consulta Hedge (Holding) Two Limited Consulta Hedge (Holding) Three Limited Consulta Hedge (Holding) Four Limited Consulta Hedge (Holding) Five Limited Consulta Hedge (Holding) Six Limited Consulta Hedge (Holding) Seven Limited Consulta Hedge (Disposal) One Limited Consulta Emerging Markets Debt Fund Consulta Technology Fund Da Vinci Capital Management Limited Electricity Producers Insurance Company (Bermuda) Limited FCM Asia-Pacific Fund Limited FCM Asia-Pacific Master Fund Limited FCM European Opportunities Fund Limited FCM European Opportunities Master Fund Limited FCM Global Opportunities Fund Limited FCM Global Opportunities Master Fund Limited FCM Japan Kachi Master Fund Limited FCM Japan Kachi Fund Limited FRM Manufactured Alpha Fund SPC FRM Manufactured Alpha Master Fund SPC HedgeFirst Limited Multi Risk Limited, Malta Parkmead Special Situations Energy Fund PIP Securities Limited Royal London Property Investment Company Ltd Royal London Property Portfolio Limited

Name of Director	*Existing directorships/partnerships*	*Past directorships/partnerships*
Richard Crowder *(continued)*	FF&P Russia Real Estate Development Limited FF&P Venture Funds PCC Limited FRM Access Fund PCC Limited Flavida (Bermuda) Ltd Friar (Bermuda) Ltd Four Leaf Clover (Jersey) Limited Global Credit Opportunities Master Investment Company Limited Gold Hawk (Bermuda) Ltd Greenford (Bermuda) Ltd Hexagon Investments (Bermuda) Ltd H Fifty Eight A (Bermuda) Limited H Fifty Eight B (Bermuda) Limited H Fifty Eight C (Bermuda) Limited H Fifty Eight D (Bermuda) Limited Hillingdon (Bermuda) Ltd Horos Limited Jupiter Insurance Limited London & Stamford Property Limited M Fifty Eight (Bermuda) Limited Mysia Investments Limited Olivant Limited One-Forty-Five Limited Pantheon Asia Fund II Limited Pantheon Asia Fund III Limited Pantheon Asia Fund IV Limited Pantheon Asia Fund Limited Pantheon Europe Fund IV Limited PASIA V GP Limited PEURO V GP Limited PEURO VI GP Limited Pantheon International Participations Plc PLMS Limited Prelude Limited Procida (Bermuda) Ltd Pur (Bermuda) Ltd Rothschild Bank (CI) Limited Rothschild Bank International Limited Royal London Asset Management C.I. Limited Royal London Custody Services C.I. Limited Rufford & Ralston PCC Limited Somana (Bermuda) Ltd Stee (Bermuda) Ltd Stowe Holdings (Bermuda) Ltd Syros Investments Limited Tio (Bermuda) Ltd Veritas Limited Vest (Bermuda) Ltd Vincitas Limited Width Holdings (Bermuda) Ltd	Schroders C.I. Limited Schroder Property Managers (Jersey) Limited Vodafone Insurance Company Limited Vodafone Malta

Name of Director	*Existing directorships/partnerships*	*Past directorships/partnerships*
Lewis Grant	FF&P Alternative Strategy 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 Funds PCC Limited Kiskadee Limited Glendevon Limited Noirmont Holdings Limited London & Stamford Property Limited	European Entertainment Cons. Keats Limited Mead Limited
Rupert Evans	Assicurazioni General! (Insurance Managers) Limited Consulta Collateral Fund PCC Limited Consulta Collateral Holdings Limited Consulta High Yield Fund PCC Limited Consulta High Yield Holdings 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	Aviva Funds International Limited Barb Corporation Consulta Trust Company (Channel Islands) Limited BMO (Channel Islands) Limited Caldwell Associates Limited C&G Channel Islands Ltd Consulta Hedge (Holding) One Limited Consulta Hedge (Holding) Two Limited Consulta Capital Fund PCC Ltd Consulta Capital Holdings Ltd 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 First Apollo Limited Global High Yield Bond Trust Limited Home Investments Limited New Star Multi Strategy Fund Limited New Star Multi Strategy Master Hedge Fund Limited New Star European Liquidfunds Limited

Rupert Evans *(continued)*

Legis Group Limited
Leonardo Investments Limited
London & Stamford Property Limited
Maersk Offshore (Guernsey) Limited
Master Capital Fund Limited
Monitor Fund Limited
Nippon Growth Fund Limited
North American Banks Fund Limited
Number One Limited
Olivant Limited
Oryx International Growth Fund Limited
Ovaco Limited
Personal Holdings Limited
Property Income & Growth Fund Limited
PIG Fund Horsham 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 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
WP Holdings Limited
Windward Overseas Limited
Strategic Blue Star Resources Ltd
The Red Fort Partnership Ltd
Cassone Ltd
Cayzer Continuation PCC Ltd
Challenger Investments Ltd
Consulta Alternative Strategy Fund PCC Ltd
Consulta Alternative Strategy Holdings Ltd
Consulta (Channel Islands) Ltd
Consulta Canadian Energy Fund Ltd
New Star European Liquidfunds GP(Cayman) Limited
New Star UK Gemini Liquidfunds Limited
New Star UK Gemini Liquidfunds GP (Cayman) Limited
First Gemini Limited
Norton Waverley Insurance PCC Limited
NS Limited
NS Two Limited
Invesco International (Guernsey) Limited
PIG Fund Guildford SPV Limited
PIG Fund Winchester SPV Limited
PIG Fund Farnborough SPV Limited
PIG Fund Poole SPV Limited
Strategic Fixed Income Opportunities Limited
Towers Perrin Eagle Star Share Plan Services (Guernsey) Limited
Lundie Limited
New Star UK Hedge Fund Limited
New Star Asset Management (Guernsey) Limited
New Star Leveraged European Hedge Fund Limited
Norton Waverly (Guernsey) Limited
Paragon Asset Management Limited
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
Second Apollo Limited
Second Gemini Limited
Strategic US Opportunities Fund Limited
The 450 Wirefree Systems Fund Limited
Whittome Holdings Limited Partner in Ozannes

Name of Director	*Existing directorships/partnerships*	*Past directorships/partnerships*
Patrick Firth	Associated Partners GP Limited EuroDekania Limited FF&P Alternative Strategy Income Subsidiary Limited FF&P Asset Management (Guernsey) Limited FF&P Russia Real Estate Adviser Holdings Limited FF&P Venture Funds Subsidiary Limited FP Holdings Ltd Global Industrial Investments Limited Global Partners Fund Limited Greenwich Loan Income Fund Limited Guernsey Portfolios PCC Limited Inflexion 2010 General Partner Limited JZ Capital Partners Limited L&S Leeds Limited Ingenious International Asset Management Limited London & Stamford Property Limited L&S Battersea Limited L&S Business Space Limited L&S Business Space II Limited L&S Distribution Limited L&S Highbury Limited London & Stamford Property Subsidiary Limited London & Stamford Offices Limited London & Stamford Retail Limited London & Stamford Offices Unitholder 2 Limited LSP Green Park Management Limited (formerly LSP Cavendish Management Limited) MRIF Guernsey GP Limited Olivant Limited Porton Capital Technology Funds Prosperity Quest II Unlisted Limited Rufford & Ralston PCC Limited (formerly King Street Fund PCC Limited (The)) Saltus (Channel Islands) Limited Sierra GP Limited Sunningdale Alpha Fund Limited Victoria Capital PCC Limited	Blackfish Capital Fund I SPC Blackfish Capital (Master) Fund I Butterfield Fulcrum Corporate Nominees Limited Butterfield Fulcrum Group (Guernsey) Limited (formerly Butterfield Fund Services (Guernsey) Limited) Cardona Lloyd (Guernsey) Limited (in voluntary liquidation) CBI Finance Limited CLL Hedge Portfolio Ltd (formerly Cardona Lloyd Hedge Portfolio Limited) (in liquidation) CLL Management Ltd (formerly Cardona Lloyd Limited) (in liquidation) Deephaven Event Fund Ltd Deephaven Global Convertibles Select Opportunities Fund Ltd Deephaven Global Multi Strategy Fund Ltd (formerly Deephaven Market Neutral Fund Ltd) Deephaven Credit Opportunities Fund Ltd Deephaven Global Multi Strategy Fund D Ltd Deephaven Global Value Partners Deephaven Long/Short Equity Fund Ltd FF&P Russia Real Estate Development Limited FF&P Alternative Strategy Income Subsidiary No 2 Limited FF&P Russia Real Estate Advisers Limited FF&P Russian Real Estate Advisers Holdings Limited Halsfield Limited JAH Real Estate Funds SPC JPMorgan Global Convertibles Investment Company Limited Investment Fund Services Limited Linesey Limited (in liquidation) Mango Tree India Fund Limited Merchbanc Management (Guernsey) Limited Peak Asia Properties Limited Rosebank Management Limited Royal London Property Investment Company Limited Royal London Property Portfolio Limited

Name of Director	*Existing directorships/partnerships*	*Past directorships/partnerships*
Patrick Firth *(continued)*		Thornhill Premium Fund Limited Grosvenor Short Selling Fund, Ltd Grosvenor U.S. Hedged Equity Specialists Fund Ltd Grosvenor Venture Firms Ltd Grosvenor Venture Funds Ltd JPMorgan Progressive Multi-Strategy Fund Limited Maple Leaf Canada Fund Limited Moneda Latin American Fund PCC Limited Professional Investor Fund PCC Limited (The) Star Asia Finance, Limited Waveland Partners, Ltd Stratos Ventures General Partner 1 Limited

13.2 Save as disclosed in paragraph 13.3 below, none of the PLC Directors has at any time within the last five years:

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

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

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

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

13.2.5 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;

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

13.2.7 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.

13.3 There are no family relationships between any of the PLC Directors and there are no potential conflicts of interest between their duties to the Company and their private interests and/or other duties.

13.4 There are no restrictions which have been agreed by the PLC Directors on the disposal of their holdings in the share capital of the Company except pursuant to the LSI Acquisition Agreement and the Initial Shares Buyback Agreements.

13.5 There are no outstanding loans or guarantees which have been granted or provided to or for the benefit of any PLC Director by any member of the Enlarged Group.

13.6 No director of the Company or any member of the Enlarged Group 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 Enlarged Group.

14. LITIGATION

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

15. CORPORATE GOVERNANCE AND BOARD PRACTICES

The Company is committed to high standards of corporate governance and save as disclosed in this paragraph 15, intends to seek to comply with the main and supporting principles and provisions of the Corporate Governance Code.

15.1 The Corporate Governance Code provides that the board of directors of a United Kingdom public company should include a balance of executive and non-executive directors, with independent non-executive directors (excluding the Chairman) comprising at least one-half of the board. The Corporate Governance Code states that the board should determine whether a director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

The PLC Board consists of 8 directors in total, comprising: Raymond Mould, Patrick Vaughan and Martin McGann who are proposed to be executive Directors and Charles Cayzer, Mark Burton, Richard Crowder, Humphrey Price and James Dean who are proposed to be non-executive Directors. Whilst the executive chairman of the Company is not independent on appointment, for the purposes of the Corporate Governance Code, the Company considers it appropriate, in the event that the Acquisition completes, for Raymond Mould to act in this capacity given his knowledge and experience of the UK real estate market. The Company regards the non-executive directors to be independent within the meaning of the Corporate Governance Code, except for Humphrey Price. The Company considers Mr. Cayzer to be independent notwithstanding his relationship with Caledonia Investments and the Cayzer Trust Company Ltd, both of which are shareholders of LSP, and the Company also considers Mr. Burton to be independent notwithstanding his previous material business relationship with LSP through his role as CIO Real Estate of ADIC, from which he has resigned in June 2010.

The Corporate Governance Code recommends that a board of directors should appoint one of its independent non-executive directors to be the senior independent director. The senior independent director should be available to shareholders if they have concerns that the normal channels of Chairman or Chief Executive have failed to resolve or if such channel of communication is inappropriate. The Company's senior independent director is Charles Cayzer.

15.2 ***Committees***

The PLC Board will be assisted in fulfilling its responsibilities by the audit committee and the remuneration committee. The terms of reference for these committees are set out below.

The audit committee will comprise all of the non-executive directors of the Company and will be chaired by Humphrey Price. Its responsibilities include monitoring the integrity of the Company's financial statements, reviewing the effectiveness of the Company's internal controls and risk management systems, reviewing whistleblowing arrangements, overseeing the relationship with the external auditor, monitoring the external auditor's independence and objectivity and reviewing the scope and results of audits. The Corporate Governance Code provides that the audit committee should be comprised of independent non-executive directors. Humphrey Price is not an independent non-executive director within the meaning of the Corporate Governance Code. However, the PLC Board

believes that Humphrey Price should be a member of, and should chair, the audit committee due to his financial experience.

The remuneration committee comprises all of the non-executive directors of the Company and will be chaired by James Dean. Its responsibilities include agreeing with the PLC Board the policy for the remuneration of the chairman of the PLC Board, the executive directors and other senior executives, determining awards and targets under management incentive schemes and determining the individual remuneration packages of the chairman and executive directors.

The Corporate Governance Code provides that the remuneration committee should be comprised of independent non-executive directors. Humphrey Price is not considered by the PLC Board to be an independent non-executive director within the meaning of the Corporate Governance Code. However, the PLC Board believes that Humphrey Price should be a member of the remuneration committee due to his experience of and insight into the property investment market.

To enable the PLC Directors to discharge their duties, the principles of good boardroom practice require that each of them be provided with accurate, timely and clear information. In addition, every PLC Director and every committee has the authority to seek information from any Enlarged Group director or employee and to obtain independent professional advice.

The PLC Board considers it appropriate that appointments to the PLC Board are decided by the full PLC Board. Accordingly, the Company does not intend to form a nomination committee.

16. EMPLOYEES

LSP does not currently have any employees and has not had any employees since incorporation. On completion of the LSI Acquisition Agreement the Enlarged Group is expected to have a total of 20 employees, 6 of who perform a property role, 7 a finance role and 7 an administrative role. All employees will be based in London.

17. MATERIAL CONTRACTS

17.1 The following is a summary of each contract that has been entered into by members of the Enlarged Group otherwise than in the ordinary course of business:

17.1.1 in the two years immediately preceding 10 August 2010 and are, or may be, material to the Enlarged Group; or

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

17.2 ***Sponsor Agreement***

The Company has entered into a sponsor's agreement with KBC Peel Hunt and Credit Suisse dated 5 August 2010 (the "Sponsors' Agreement") pursuant to which KBC Peel Hunt and Credit Suisse have agreed to act as joint sponsors for the Company in accordance with the requirements of the Listing Rules, the Prospectus Rules the Disclosure Rules and Transparency Rules.

Under the Sponsor's Agreement, KBC Peel Hunt and Credit Suisse's obligations are subject to certain customary conditions. The Sponsor's Agreement may be terminated by KBC Peel Hunt and/or Credit Suisse prior to Admission if conditions are not satisfied or in certain other circumstances.

The Company has given customary warranties to KBC Peel Hunt and Credit Suisse in relation to the business, the legal and regulatory compliance of the Group and the contents of this document. The Company has also given an indemnity to KBC Peel Hunt and Credit Suisse in respect of any losses which either KBC Peel Hunt or Credit Suisse may suffer as a result of it acting in connection with Admission. The liability of the Company under the warranties and indemnity provided by it is unlimited.

The Company has undertaken to KBC Peel Hunt and Credit Suisse that, at any time prior to the publication of the report and accounts of the Group for the three months ended 31 March 2011, (i) it will keep KBC Peel Hunt and Credit Suisse informed of material developments, (ii) it will not enter into any material arrangements prior to the date which is five business days after Admission and (iii) it will not issue further Ordinary Shares (except the granting or exercise of options or other rights described in this document) prior to Admission.

The Company has agreed to pay all the costs and expenses of Admission.

17.3 ***LSI (Investments) Share Purchase Agreement***

On 11 August 2010, the Company entered into a share purchase agreement with LSIL to acquire the entire issued share capital of LSI (Investments). LSI (Investments) is the owner of the LSP Group's properties at Stoke-on-Trent and Newcastle-Under-Lyme, details of which are set out in paragraph 5,1 and 5.2 of Part 12 of this document.

Completion of the Share Purchase Agreement is subject to a number of conditions, including the Scheme court order being filed with the Guernsey Companies Registry.

17.4 ***Agreement for purchase of investors in GEAM***

On 11 August 2010, LML entered into a conditional agreement with GEPT providing for the acquisition by LML of GEPT's interests in GEAM L&S Management Investor (Scotland) GP Limited and GEAM L&S Management Investor (Scotland) LLC in consideration of an issue of 13,750,000 ordinary shares of no par value in LML to GEPT. The agreement is conditional upon the LML Acquisition Agreement becoming unconditional in all respects, save for the condition relating to this agreement. The agreement contains limited warranties and indemnities regarding the status and assets and liabilities of the acquired entities, subject to monetary and time limitations. LML has also agreed to pay GEPT a sum equal to GEAM's capital and undrawn profit share in LSI Management for the period to 30 September 2010.

17.5 ***LML Acquisition Agreement***

On 11 August 2010, LML, LSI Management and the LSI Management Members entered into a conditional agreement to transfer the whole of the business and assets of LSI Management to LML in consideration of the sum of £55,000,000 to be satisfied by LML issuing 41,250,000 shares of no par value to the Individual Management Members and the sum of £13,750,000 left outstanding as a debt due by LML to GEAM.

Under the terms of the LML Acquisition Agreement, the consideration of £55,000,000 is being apportioned as to £34.9 million to the Property Advisory Agreement and £20.1 million to the Green Park Property Advisory Agreement.

The LML Acquisition Agreement is conditional on:

(a) the requisite majority of LSP Shareholders approving the Scheme and the Acquisition;

(b) the Scheme being sanctioned by the Court;

(c) the Company publishing the Prospectus ;

(d) the entry into and completion of the Share Purchase Agreement;

(e) the entry into and completion of the GEPT Agreement; and

(f) the entry into and completion of the proposed agreement between LML and GEAM L&S Management Investor (Scotland) LLC for the acquisition by LML of its interest in GEAM.

Completion of the LML Acquisition Agreement will take place following satisfaction of the above conditions. From completion, LML will own the entire business and assets of LSI Management and LML will be owned by the LSI Vendors.

17.6 ***LSI Acquisition Agreement***

On 11 August 2010, the Company and the LSI Vendors entered into the LSI Acquisition Agreement pursuant to which the Company has agreed to acquire the entire issued share capital of LML (after completion of the LML Acquisition Agreement, under which the business of the property adviser will be transferred to LML) in consideration of an issue of shares in the Company. The issued share capital of LML will, following completion of the LML Acquisition Agreement and the agreement referred to at paragraph 17.5 of this Part 17, comprise a total of 55,000,000 ordinary shares of no par value held by the LSI Vendors.

The consideration payable by the Company under the LSI Acquisition Agreement is the sum of £55.0 million, to be satisfied by the issue of a total of 45,795,171 New Ordinary Shares ("Consideration Shares") to the LSI Vendors at a price of 120.1 pence per New Ordinary Share (equivalent to the NAV per LSP Ordinary Share at 31 March 2010). The Consideration Shares are being apportioned between the LSI Vendors as follows:

Name	*Number of ordinary shares held in LML*	*Number of Consideration Shares to be issued*
Raymond Mould	13,742,299	11,442,380
Patrick Vaughan	13,742,299	11,442,380
Martin McGann	4,420,806	3,680,938
Jeremy Bishop	3,647,298	3,036,885
Stewart Little	3,647,298	3,036,885
Jadzia Duzniak	770,000	641,132
Jacqueline Jessop	405,000	337,219
Humphrey Price	875,000	728,559
GEPT	13,750,000	11,448,793
Total	55,000,000	45,795,171

The Individual Management Members have agreed with the Company not to dispose of any of their Consideration Shares within the period of 3 years after Admission (the "Lock-In Arrangement"). GEPT are free to dispose of their Consideration Shares during this period free of the Lock-In Arrangement.

The Lock-In Arrangement is subject to exceptions for disposals of shares made (i) for the purpose of meeting (and then only to the extent necessary to meet) any tax liability which the Individual Management Member incurs as a result of the completion of the LSI Acquisition Agreement or the LML Acquisition Agreement; (ii) in acceptance of a takeover offer that has become unconditional as to acceptances; (iii) pursuant to a takeover of the Company by way of a scheme of arrangement that has been sanctioned by the court; (iv) under any scheme or reconstruction of the Company under section 110 of the Insolvency Act 1986; (v) in the context of a renunciation of a right to subscribe for securities where such right is derived from securities in the Company or failure to take up such right; (vi) made pursuant to an offer by or an agreement with the Purchaser to purchase its own shares which is made on identical terms to all holders of shares, or (vii) pursuant to a court order.

If an Individual Management Member becomes a Bad Leaver within the period of 3 years after Admission, he will be required to sell all his or her Consideration Shares back to the Company for an aggregate nominal sum of £1.

An Individual Management Member will be a "Bad Leaver" if he or she ceases to be a director or employee of or consultant to any member of the Enlarged Group within the above period for any reason other than if the Individual Management Member:

(i) dies;

(ii) suffers, or whose spouse or civil partner suffers, a physical or mental deterioration or illness which, in the reasonable opinion of the PLC Board, is sufficiently serious to prevent him or her from following his or her normal employment or duties or which seriously prejudices his or her earning capacity (either because of his own physical or mental deterioration or illness or, in the case of his spouse or civil partner suffering a physical or mental deterioration or illness, because of his or her need and desire to care for such person);

(iii) is dismissed or removed, by decision of the PLC Board (in the case of a director) or being disqualified to act as a director;

(iv) is made redundant, by decision of the PLC Board (in the case of a director);

(v) is a director of the Company and is not re-elected as a director of the Company at an annual general meeting of the Company at which he or she came up for re-election; or

(vi) is deemed by the PLC Board to be a good leaver, notwithstanding any circumstances which would otherwise deem him or her a Bad Leaver.

In no circumstances can a person who is guilty of gross misconduct, the committing of a criminal offence or who is disqualified from acting as a director be treated as a Good Leaver.

A certain proportion of the consideration for the acquisition of LML ("Clawback Consideration") is subject to a clawback arrangement from the LSI Vendors if the Group fail to meet certain performance targets in the 3 years to 30 September 2013 (the "Clawback Arrangement"). The total amount of Clawback Consideration is £10,000,000 represented by 8,326,395 Consideration Shares ("Clawback Shares").

The performance targets are to achieve a year or year increase in Adjusted Net Asset Value of the Enlarged Group over each year of calculation of at least 11.5 per cent. The three years of calculation ("Performance Years") are the years ending 30 September 2011, 30 September 2012 and 30 September 2013. The performance targets are calculated after adding back in dividends but taking off the amount of any new issue of shares.

By way of example, if the Adjusted Net Asset Value at 1 October 2010 is £100 million, the performance targets will be to achieve an increase in Adjusted Net Asset Value as follows:

– at 30 September 2011: £111.5 million

– at 30 September 2012: £124.3 million

– at 30 September 2013: £138.6 million

"Adjusted Net Asset Value" for these purposes means net asset value of the Enlarged Group attributable to equity shareholders, subject to (a) an adjustment to exclude (i) any amounts in respect of the carrying value of intangibles, (ii) share based payment prepayment and (iii) deferred tax assets arising in the relevant accounts as a result of accounting for the acquisition of the Company and (b) adjustment to disregard all financial assets and financial liabilities arising from interest rate and other hedging arrangements (or any other derivative financial instruments) entered into by the Enlarged Group and any related deferred tax balances in respect of this specific adjustment, if any.

The starting Adjusted Net Asset Value will be the Adjusted Net Asset Value on 30 September 2010 but further adjusted to take into account the cost of the Proposals, including the cost of the Enlarged Group entering the UK-REIT regime.

If the performance target for a Performance Year is met, then one-third of the Clawback Shares (i.e. 2,775,465 Consideration Shares) will be released to the LSI Vendors free of the Clawback Arrangement and for their own absolute beneficial ownership. If the performance target for a Performance Year is not met, then the Clawback Shares (except any previously released) will continue to be subject to the Clawback Arrangement.

If the performance target for the first Performance Year is not met but the cumulative target for the second Performance Year is met, then two-thirds of the Clawback Shares (i.e. 5,590,930 Consideration Shares) will be released to the LSI Vendors.

The Clawback Arrangement is only enforced after the end of the third Performance Year once the Adjusted Net Asset Value at 30 September 2013 is determined.

If the Adjusted Net Asset Value at 30 September 2013 meets the cumulative target (£138.6 million in the above example) then none of the Clawback Shares will be subject to clawback.

If the Adjusted Net Asset Value at 30 September 2013 does not meet the cumulative target (£138.6 million in the above example) all of the Clawback Shares will be subject to clawback, except those that have been previously released to the LSI Vendors as mentioned above.

The effect of Clawback Shares becoming subject to clawback is that those Clawback Shares will be bought back by the Company for the aggregate nominal sum of £1 for each LSI Vendor.

In the event that the Company is the subject of a takeover during the life of the Clawback Arrangement, the Clawback Shares will vest in their entirety.

To the extent an LSI Vendor does not have sufficient Consideration Shares to satisfy a clawback, he must satisfy the relevant clawback with the cash equivalent.

An LSI Vendor will be entitled to retain any dividends or other distributions previously paid to that LSI Vendor in respect of any Consideration Shares that are bought back by the Company under any of the above arrangements.

The Company's acquisition of LML under the LSI Acquisition Agreement is a substantial property transaction within the meaning of section 190 of the 2006 Act. Accordingly, the LSI Acquisition Agreement has been approved by the shareholders of the Company for this purpose.

The LSI Acquisition Agreement is conditional on:

(i) the LML Acquisition Agreement having become unconditional and having been completed in accordance with its terms;

(ii) the Restated Property Advisory Agreement and the Restated Green Park Property Advisory Agreement having been entered into; and

(iii) approval of the share buy back element of the LSI Acquisition Agreement being approved by the independent shareholders of the Company by special resolution in general meeting prior to Admission; and

(iv) Admission.

Once the above conditions (apart from Admission) have been satisfied, completion of the LSI Acquisition Agreement will then take place in escrow (conditionally upon Admission). Upon Admission, the LSI Acquisition Agreement will be automatically and unconditionally completed and the Company will then own the entire issued share capital of LML.

The LSI Acquisition Agreement contains arm's length warranties and indemnities from the Individual Management Members in respect of LML's business and assets which, following completion of the LML Acquisition Agreement, will comprise the current business and assets of the Property Adviser. These warranties and indemnities are subject to customary limits on liability in favour of the Individual Management Members.

The LSI Acquisition Agreement is terminable by the Company in certain limited circumstances, prior to Admission, including any material breach of the LSI Acquisition Agreement having occurred, or of the warranties given by the Individual Management Members, proving materially untrue prior to completion of the LSI Acquisition Agreement.

17.7 ***Restated Property Advisory Agreement***

On 11 August 2010, LML, LSI Management and LSP entered into a modified property advisory agreement which amends and restates the Property Advisory Agreement by substituting LML as property adviser in place of LSI Management conditional on and with effect from completion of the LML Acquisition Agreement.

17.8 ***Restated Green Park Property Advisory Agreement***

On 11 August 2010, LML, LSI Management and Green Park entered into a modified property advisory agreement which amends and restates the Green Park Property Advisory Agreement.

Under the Restated Green Park Property Advisory Agreement, until the LML Acquisition Agreement is completed, LSI Management will continue to provide advisory services to Green Park. On completion of the LML Acquisition Agreement, LML will be substituted as property adviser in place of LSI Management. If the LML Acquisition Agreement is not completed, LSI Management will continue to provide property advisory services to Green Park under the same terms as it currently does under the existing Property Advisory Agreement.

17.9 ***Restated MSC Property Advisory Agreement***

On 11 August 2010, LML, LSI Management, British Land and MSC entered into a modified property advisory agreement which amends and restates the MSC Property Advisory Agreement.

17.10 ***Initial Shares Buy Back Agreements***

On 10 June 2010, the Company entered into share buy back agreements with Patrick Vaughan and Martin McGann granting call and put options in relation to the PLC Existing Ordinary Shares.

Under the Initial Shares Buyback Agreements, the Company has granted the Initial Shareholders put option to require the Company to purchase all (but not some only) of the PLC Existing Ordinary Shares for a sum equal to the nominal value of such shares and the Initial Shareholders have granted a call option in favour of the Company to require the Initial Shareholders to sell all (but not some only) of the PLC Existing Ordinary Shares to the Company for such sum.

The options contained in the Initial Shares Buyback Agreements are exercisable at any time up to and including 10 June 2012.

The Initial Shares Buyback Agreements are conditional on approval by the PLC Shareholders by a special resolution, which approval is proposed to be obtained prior to Admission. If the Initial Shareholders exercise their options to require the Company to purchase the PLC Existing Ordinary Shares, the Company shall use its best endeavours to ensure that sufficient distributable profits or sufficient proceeds of a new issue of PLC Ordinary Shares made for the purpose are available out of which to buy back the PLC Existing Ordinary Shares.

If the Proposals are completed, it is anticipated that the Company will exercise its option to buy back the PLC Existing Ordinary Shares as soon as practicable following Admission.

17.11 ***Property Advisory Agreement***

LSI Management and LSP entered into the Property Advisory Agreement on 30 October 2007, pursuant to which LSI Management provides property advisory services to the LSP Group. Among the services provided to the LSP Group, LSI Management 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 LSP Group of property;

(b) sales and lettings of property; and

(c) the development and refurbishment of property.

LSI Management is required to provide regular reports to LSP, including its recommendations as to any of the above activities. LSI Management 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. LSI Management has also agreed to devote as much time and attention to the performance of its responsibilities as is necessary to fulfill 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 LSP (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 LSI Management, material breach by LSI Management, loss by either party of the required regulatory authorisations or failure by LSP to pay fees to LSI Management. After the initial five year period, the Property Advisory Agreement is terminable by LSP on two years' notice.

Fees costs and expenses

LSI Management 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 LSP, 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. LSI Management 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 LSP Shareholders with an IRR equal to a 10 per cent. per annum (expressed as an annualised percentage as measured from 2 November 2007 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 LSP, with certain adjustments.

The performance fee is determined contemporaneously with the preparation of the annual audited accounts of LSP. Once ascertained the performance fee earned during the relevant performance fee calculation period will be paid to LSI Management 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

LSI Management is required to make full disclosure to LSP of any conflict of interest that may arise in its performance of property advisory services and other duties and obligations to LSP. The Property Advisory Agreement requires that LSI Management 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, LSP may permit members of LSI Management 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 LSI Management 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 LSP's consent, LSI Management and each of its members is entitled to provide services to any third party that are similar to the services provided by LSI Management to LSP, provided that LSI Management continues to commit sufficient resources to providing the latter to LSP upon the terms of the Property Advisory Agreement. If LSP reasonably believes that LSI Management is not complying with this obligation, LSP is entitled by written notice to LSI Management to require LSI Management to comply. If, following such notice period, LSP continues reasonably to believe that LSI Management is not in compliance, LSP may by further notice require LSI Management 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 LSI Management is required to disclose to LSP.

LSI Management may from time to time provide services to a third party outside the LSP 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 LSP Group subsequently acquires an interest. LSP shall be entitled to deduct from the fees payable by LSP to LSI Management the same proportion of the fees paid by such third party to LSI Management as the proportion of the equity investment made by the LSP 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, willful default or bad faith of the indemnified party.

17.12 ***Landesbank Facility Agreement***

L&S Business Space Limited ("L&S Business") and L&S Business Space II Limited ("L&S Business II" and, together with L&S Business, the "Borrowers") are party to an English law governed facility agreement (as amended) dated 22 December 2009 ("Landesbank Facility Agreement") with Landesbank Hessen-Thuringen Girozentrale ("Landesbank"), as arranger, agent and original counterparty, pursuant to which Landesbank made available to the Borrowers a term loan facility of up to forty eight million, one hundred and four thousand five hundred pounds (£48,104,500) ("Landesbank Facility") to finance the acquisition by the Borrowers of: (i) Elm Park Court, Tilgate Business Park Crawley, (ii) Forest House, Tilgate Business Park, Crawley, (iii) Glaisdale Park, Nottingham, (iv) Park Farm Industrial Estate, Wellingborough and (v) Focus National Distribution Centre, Tamworth (the "Properties").

Interest is payable on the 30th day of each of January, April, July and October ("Interest Payment Date"). The Borrowers shall repay the loan in full on 14 January 2015.

The rate of interest per annum on the Landesbank Facility is calculated as the aggregate of (i) a margin of 2.25 per cent. per annum, (ii) LIBOR or, where an associated hedging arrangement has been entered into, a fixed rate of interest and (iii) any mandatory costs. The Borrowers shall pay accrued interest on the loan on each Interest Payment Date.

The Borrowers may not reborrow any part of the Landesbank Facility which is repaid or repaid.

If it becomes unlawful in any jurisdiction for Landesbank to perform any of its obligations under the Landesbank Facility Agreement or to fund or maintain its participation in the loan the loan is immediately cancelled.

On a disposal of all or part of the Properties, the Borrowers must prepay an amount of the loan equal to 120 per cent. of the amount allocated for such property as detailed in the Landesbank Facility Agreement.

If the Borrowers fail to pay any amount payable under the Landesbank Facility Agreement and any finance document entered into pursuant to the Landesbank 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 Landesbank as agent (acting reasonably).

The Landesbank Facility Agreement contains representations information undertakings, general undertakings and undertakings, given by the Borrowers favour of Landesbank.

The Borrowers undertake, amongst other things, that the loan and any other amounts outstanding under the finance documents shall not, at any time, exceed 63 per cent. of the market value of the Properties as shown in the then most recent valuation and that certain interest cover ratios are met.

The events of default in the Landesbank Facility Agreement include, but are not limited to, non-payment, breach of the financial covenants, insolvency, cross default, change of ownership and breach of other obligations.

The Borrowers may not assign any of their rights or transfer any of their rights or obligations under the Landesbank Facility Agreement and any other document entered into pursuant to the Landesbank Facility Agreement.

The Borrowers entered into a deed of subordination in connection with the Landesbank Facility Agreement with LSP and Landesbank whereby, all sums, liabilities and obligations payable, owing, due or incurred by the Borrowers to Landesbank in connection with the Landesbank Facility Agreement were ranked as senior debt and all sums, liabilities and obligations payable, owing, due or incurred by the Borrowers to LSP were ranked as subordinated debt.

The Borrowers entered into a debenture in connection with the Landesbank Facility Agreement with Landesbank, pursuant to which it granted Landesbank a fixed and floating charge as security for the payment and discharge of its obligations and liabilities under the Landesbank Facility Agreement.

17.13 ***Abbey Facility Agreement***

On 21 August 2009, Butterfield Trust (Guernsey) Limited and Moulinet Trustees Limited, acting as joint trustees of London & Stamford Offices Trust ("LSOT") as borrower entered into an English law governed facility agreement (the "Abbey Facility Agreement") with Abbey National Treasury Services Plc ("Abbey") as arranger, agent, security trustee and original lender. Under the terms of the Abbey Facility Agreement, Abbey made available to LSOT a term loan of up to fifty five million, three hundred and fifteen thousand pounds (£55,315,000) ("Abbey Facility") to refinance all amounts owed

by LSOT, London & Stamford Offices Limited and London & Stamford Offices Unitholder 2 Limited ("Unitholders") (together "Original Guarantors") under a credit agreement dated 30 October 2007 between, amongst others, LSOT, the Original Guarantors and Bank of Scotland plc, to fund a capital distribution of up to £7,000,000 to the Unitholders and the payment of fees, costs and expenses to the extent approved by Abbey.

The amount of the Abbey Facility must not exceed the lower of (i) 65 per cent. of the market value of the leasehold Property known as One Fleet Place, London EC2M 7WS (**"Property"**), and (ii) £55,315,000.

LSOT shall repay the loan in full on 21 August 2014. LSOT may not reborrow any part of the Abbey Facility which is repaid or prepaid.

If it becomes unlawful in any jurisdiction for Abbey to perform any of its obligations under the Abbey Facility Agreement or to fund or maintain its participation in the loan the loan is immediately cancelled.

LSOT must immediately repay the loan together with all accrued interest upon the occurrence of: (i) a flotation, (ii) a change of control, (iii) the sale of all or substantially all of the business or assets of the group, or (iv) LSI Management ceasing to be the asset manager in respect of LSOT without the prior written consent of Abbey. The rate of interest per annum on the Abbey Facility is calculated as the aggregate of the applicable: (i) margin of 2.25 per cent. per annum, (ii) LIBOR and (iii) any mandatory costs. L&S Business shall pay accrued interest on the loan on 30 January, April, July and October in each year commencing on 30 October 2009.

The obligations of LSOT under the Abbey Facility Agreement and other finance documents are guaranteed by the Original Guarantors.

The Abbey Facility Agreement contains representations, information undertakings, financial covenants and general undertakings, given by LSOT favour of Abbey.

LSOT undertakes, amongst other things, that with effect from 21 August 2010, the loan shall not, at any time, exceed 70 per cent. of the market value of the property.

The events of default in the Abbey Facility Agreement include, but are not limited to, non-payment, breach of the financial covenants, cross default, insolvency, cessation of business and breach of other obligations.

None of the Original Guarantors may assign any of its rights or transfer any of its rights or obligations under the Abbey Facility Agreement and any other document entered into pursuant to the Abbey Facility Agreement.

Pursuant to the terms of an assignment of rents between LSOT as chargor and Abbey as security agent ("Assignment of Rents"), LSOT, as security for all obligations and liabilities of the Original Guarantors under the Abbey Facility Agreement and related finance documents, assigned to Abbey its whole right, title and interest in and to all money from time to time owing or incurred to LSOT under certain leases, including sums due to LSOT by way of insurance contributions, service charge, payments to sinking funds or any VAT thereon.

The Original Guarantors each entered into a debenture with Abbey in connection with the Abbey Facility Agreement pursuant to which they granted a first legal mortgage, a first fixed charge and a floating charge in favour of Abbey as security for their obligations and liabilities under the Abbey Facility Agreement.

The Original Guarantors and Abbey as arranger, lender, hedging bank, senior agent and security agent and LSP entered into an intercreditor agreement in connection with the Abbey Facility Agreement pursuant to which all monies, costs, charges, expenses, liabilities and obligations owed to by the Original Guarantors to Abbey under the Abbey Facility Agreement and related finance documents was ranked first as priority debt and the debt owed by the Original Guarantors to LSPL was ranked as subordinated debt.

LTOS also entered into security and charge documents with Abbey in relation to the Abbey Facility Agreement.

17.14 ***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 reborrow any part of the Aintree Facility which is repaid.

The following are prepayment events under the Aintree Facility Agreement:

17.14.1 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

17.14.2 if LSP 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.

17.15 ***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 LSP 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 and was repaid on disposal of the Property on 26 February 2010.

17.16 ***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:

17.16.1 LSI Management ceases to be property adviser to LSP, and LSP does not appoint a replacement property adviser acceptable to Bank of Scotland PLC within 30 days;

17.16.2 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;

17.16.3 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

17.16.4 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 favour 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) who is 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 uncancelled amount of the lender's available commitment.

17.17 ***Underwriting Agreement***

Pursuant to an underwriting agreement dated 10 July 2009 between LSP, LSI Management and KBC Peel Hunt ("Underwriting Agreement"), KBC Peel Hunt 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 was paid 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 in LSP.

LSP paid 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, LSP'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 contained certain warranties and indemnities by LSP and warranties by LSI Management, in both cases to KBC Peel Hunt, and was 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 LSP may agree but not later than 9.00 a.m. on 14 August 2009).

KBC Peel Hunt was able to terminate the Underwriting Agreement up to the time of admission if, among other things, an event occurred which materially and adversely affected the financial position and/or prospects of the Group, or if there was a change in national or international financial, monetary, economic, political or market conditions, which in KBC Peel Hunt's opinion was or could be materially prejudicial to LSP or the underwriting of the placing and open offer.

The Underwriting Agreement could not be terminated once it has become unconditional in all respects including, without limitation, if a supplementary prospectus was required to be produced after admission.

17.18 ***Shareholders' Agreement with Green Park Investments***

On 22 April 2008, LSP 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:

17.18.1 in relation to the proposed sale of an investment the disposal shall proceed;

17.18.2 in relation to the proposed acquisition of an investment the acquisition shall not take place;

17.18.3 valuation and letting matters are resolved by an independent surveyor;

17.18.4 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 LSP 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. LSP, 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:

17.18.5 the Trust's property adviser to any member of the Group, the termination of that appointment as a result of:

17.18.6 LSI Management's material breach of the terms of its appointment; or

(a) 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;

(b) ceasing to be:

(i) a director of LSP;

(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.

17.19 ***Green Park Property Advisory Agreement***

LSI Management entered into a property advisory agreement with LSP Green Park Property Trust, the LSP's joint venture with Green Park Investments on 22 April 2008 as amended by a first deed of variation dated 9 February 2009 and a second deed of variation dated 17 November 2009, pursuant to which LSI Management provides property advisory services to the Trust and its subsidiaries. The Green Park Property Advisory Agreement shall remain in force during the life of the Trust which terminates on 22 May 2015, unless terminated or extended. The Green Park Property Advisory Agreement contains key person provisions relating to Patrick Vaughan and Raymond Mould and exclusivity provisions which apply unless the Trust is 95 per cent. invested.

LSI Management is entitled to a basic fee and a performance fee together with reasonable expenses incurred by it in the performance of its duties. The basic fee is payable quarterly in advance, at an annual rate of 1.75 per cent. of NAV.

The performance fee is payable annually. LSI Management 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 unitholders with an IRR equal to a 10 per cent. per annum (expressed as an annualised percentage as measured from the date of the establishment of the Trust 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.

17.20 ***MSC Property Advisory Agreement***

LSI Management entered into a property advisory agreement together with British Land on 11 February 2009 pursuant to which LSI Management and British Land provide property advisory services to MSC and its subsidiaries. The MSC Property Advisory Agreement shall continue until the parties agree in writing to terminate it.

18. WORKING CAPITAL

LSP is of the opinion that, taking into account available bank and other facilities, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this document.

19. SIGNIFICANT CHANGE

19.1 Save as disclosed in paragraph 19.3 below, there has been no significant change in the financial or trading position of the LSP Group since 31 March 2010 (being the date of the historical financial information set out in Section B of Part 8).

19.2 There has been no significant change in the financial or trading position of the Company since 31 March 2010 (being the date of the historical financial information set out in Section 8 of Part 7).

19.3 Since 31 March 2010, the LSP Group has acquired Radial which resulted in a pro forma decrease in LSP Group's net assets of £4.5 million (as shown in the pro forma statement of net assets in Section B of Part 11 of this document).

19.4 There has been no significant change in the financial or trading position of Radial since 31 March 2010 (being the date of the historical financial information as set out in Section B of Part 9 of this document).

19.5 There has been no significant change in the financial or trading position of LSI since 31 March 2010 (being the date of the most recent audited accounts of LSI as set out in Section B of Part 10 of this document).

19.6 There has been no material change to the valuations set out in the Valuation Reports since 30 July 2010, being the valuation date of the Valuation Reports.

20. 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 PLC Ordinary Shares as an investment. It is based on existing law and practice as at 10 August 2010 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 PLC 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 PLC Ordinary Shares or alter the post-tax returns to PLC Shareholders. You are strongly recommended to consult your own professional adviser in relation to any investment in the Company.

In particular, shareholders or investors should consult their own tax advisors concerning the United States federal, state and local income tax consequences in their particular situations of the purchase, ownership and disposition of the PLC Ordinary Shares, as well as any consequences under the laws of any other taxing jurisdiction. Shareholders or investors who are United States taxpayers should be aware that the Company may be treated as a passive foreign investment company for United States federal income tax purposes, as defined in Section 1297 of the Internal Revenue Code of 1986, as amended. If the Company qualifies as a passive foreign investment company in any taxable year, a US holder of the PLC Ordinary Shares generally will be required to treat any excess distribution received on such securities, or any gain realised upon the disposition of those securities, as ordinary income, and to pay an interest charge on a portion of such distribution or gain.

20.1 ***United Kingdom taxation relating to the Scheme***

20.1.1 *UK taxation on chargeable gains*

(a) Acquisition of New Ordinary Shares

To the extent that a Scheme Shareholder receives New Ordinary Shares in exchange for Scheme Shares and does not hold (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of the Company, he will not be treated as having made a disposal of his Scheme Shares. Instead, the New Ordinary Shares will be treated as the same asset as those shares in respect of which he received the New Ordinary Shares, acquired at the same time and for the same consideration as those shares.

Any Scheme Shareholder who holds (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of the Company is advised that the Company has received clearance from HMRC under Section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Scheme. Accordingly any such shareholder should be treated in the manner described in the preceding paragraph.

(b) Disposal of New Ordinary Shares

A subsequent disposal of New Ordinary Shares may, depending on the circumstances of the person making the disposal (including the availability of any exemptions and allowable losses), give rise to a liability to UK taxation of chargeable gains.

Individual PLC Shareholders are subject to tax at 28 per cent. on any chargeable gain (except to the extent any gain does not exceed that PLC Shareholder's income tax basic rate threshold in which case it will be taxed at 18 per cent.). UK corporate PLC Shareholders are subject to tax at their marginal rate on any chargeable gain.

The base cost of Scheme Shareholders in their New Ordinary Shares will be deemed to be that of the Scheme Shares as they are deemed to be the same asset. See paragraph 20.1.1 (a) above.

20.2 ***Taxation of the Company and its subsidiaries under UK-REIT Status***

United Kingdom taxation

Please also see Part 16 of this document.

20.2.1 *Entry charge*

Each UK resident member of the Enlarged Group that carries on a qualifying property rental business in the UK or overseas and any non-UK resident member of the Enlarged Group that carries on a qualifying property rental business in the UK will be liable to pay an entry charge equal to 2 per cent. of the aggregate market value of the properties involved in that business.

There is no equivalent entry charge if a member of the Enlarged Group buys a property following entry into the UK-REIT regime. However, if the Enlarged Group were to acquire a company that is not a UK-REIT, a similar entry charge will apply in respect of the property owned by the acquired company.

20.2.2 *Tax savings*

As a group UK-REIT, the Enlarged Group will not pay UK direct tax on profits and gains from the Property Rental Business. Corporation tax will still apply in the normal way in respect of the Residual Business and in respect of profits arising from the holding of Meadowhall. Corporation tax could also be payable were a member of the Enlarged Group or an interest in an entity such as a unit trust (as opposed to property involved in the UK qualifying property rental business) to be sold.

20.2.3 A tax charge can arise to the Company if the Enlarged Group breaches certain REIT rules, for example if dividends are paid to Substantial Shareholders or if the Group has excessive borrowings.

Guernsey taxation

The following summary of the anticipated tax treatment in Guernsey applies to persons holding shares in LSP. The summary does not constitute legal or tax advice and is based on taxation law and practice at the date of this document. Holders of shares in LSP should be aware that the level and bases of taxation may change from those described and should consult their own professional advisers on the implications of making an investment in, holding or disposing of, shares in LSP under the laws of the countries in which they are liable to taxation.

Guernsey

20.2.4 *LSP*

LSP has been granted tax exempt status by the Administrator of Income Tax in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. LSP will need to reapply annually for exempt status, an application that currently incurs a fee of £600 per annum.

As exempt status has been granted, LSP will not be considered resident in Guernsey for Guernsey income tax purposes and will be 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 LSP 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 response to the review carried out by the European Union Code of Conduct Group, the States of Guernsey originally 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, such schemes would continue to be able to apply for exempt status for Guernsey income tax purposes after 31 December 2007. It is therefore expected that LSP will continue to apply for exempt status to the extent it is eligible to do so.

After the Effective Date LSP will apply to the Guernsey Financial Services Commission to have its status as an authorised closed-ended investment scheme revoked. On ceasing to be an authorised closed-ended investment scheme, LSP may cease to be eligible for exempt status. In the absence of exempt status, LSP would be treated as resident in Guernsey for Guernsey income tax purposes and would be subject to a zero rate of income tax. In these circumstances LSP will pay no Guernsey income tax on its income and gains provided that no investments will be made in Guernsey property and LSP will not engage in any of the regulated activities which fall outside the scope of the zero rate.

In keeping with its ongoing commitment to meeting international standards, the States of Guernsey is currently undertaking a review of its tax regime with the expectation of implementing any required revisions to the regime in the period between 2012 and 2015. At this point in time, the key features of any revised regime have yet to be determined.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including the possible introduction of a goods and services tax, depending on the state of Guernsey's public finances at the time.

20.2.5 *Capital Taxes and Stamp Duty*

At present Guernsey 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 LSP.

20.2.6 *EU Savings Tax Directive*

Guernsey has introduced measures that are equivalent to the EU Savings Tax Directive. LSP will not, under the existing regime, be regarded as an undertaking for collective investment established in Guernsey that is equivalent to a UCITS authorised in accordance with EC Directive 85/611/EEC of the Council for the purposes of the application in Guernsey of the bilateral agreements on the taxation of savings income entered into by Guernsey with EU Member States. Consequently, in accordance with current States of Guernsey guidance on the application of the bilateral agreements, where LSP's paying agent (as defined for these purposes) is located in Guernsey, the paying agent would not be required to retain tax from, or exchange information regarding, distributions made by LSP and/or the proceeds of the sale, refund, or redemption of shares in LSP.

20.2.7 *LSP Shareholders*

LSP Shareholders resident outside Guernsey will not be subject to any income tax in Guernsey in respect of any shares in LSP 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 shares owned by them but will suffer no deduction of tax by LSP from any such dividends payable by LSP where LSP is granted exempt status. LSP 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.

Non-Guernsey resident shareholders will not be subject to Guernsey tax on the redemption or disposal of their holding of shares in LSP.

20.3 ***Taxation of shareholders under UK-REIT Status***

20.3.1 *Introduction*

The following paragraphs are intended as a general guide only and are based on the Company's understanding of current UK tax law and HMRC practice, each of which is subject to change. They are not advice.

The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of shares in the Company, in each case, after the Enlarged Group becomes a group UK-REIT. Except where otherwise indicated, they apply only to PLC Shareholders who are both resident and ordinarily resident for tax purposes solely in the United Kingdom. They apply only to PLC Shareholders who are the absolute beneficial owners of both their PIDs and their PLC Ordinary Shares and who hold their PLC Ordinary Shares as investments. They do not apply to Substantial Shareholders. They do not apply to certain categories of PLC Shareholders, such as dealers in securities or distributions, persons who have or are deemed to have acquired their shares by reason of their or another's employment, persons who hold their shares as part of hedging or conversion transactions, or persons who hold their shares in connection with a UK branch, agency or permanent establishment. Except where otherwise indicated at paragraph 20.3.3(d) (Withholding tax) below, they do not apply to persons holding PLC Ordinary Shares by virtue of an interest in any partnerships, insurance companies, life insurance companies, mutual companies, collective investment schemes, charities, trustees, local authorities, or pension scheme administrators.

PLC Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, should consult their own appropriate independent professional adviser without delay, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so.

20.3.2 *UK taxation of Non-PID Dividends*

Non-PID Dividends paid by the Company will be taxed in the same way as dividends paid by the Company prior to entry into the UK-REIT regime, whether in the hands of individual or corporate PLC Shareholders and regardless of whether the PLC Shareholder is resident for tax purposes in the UK.

20.3.3 *UK taxation of PIDs*

(a) UK taxation of individual PLC Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of PLC Shareholders who are individuals as the profit of a single UK property business (as defined in section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of the Corporation Tax Act 2010 applies, treated as a separate UK property business from any other UK property business (a "different UK property business") carried on by the relevant PLC Shareholder. This means that surplus expenses from a PLC Shareholder's different UK property business cannot be off-set against a PID as part of a single calculation of the profits of the PLC Shareholder's UK property business.

Please see also paragraph 20.3.3(d) (Withholding tax) below.

(b) UK taxation of corporate PLC Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of PLC Shareholders who are within the charge to corporation tax as profit of a UK property business (as defined in section 205 of the Corporation Tax Act 2009). This means that, subject to the availability of any exemptions or reliefs, such PLC Shareholders should be liable to corporation tax on income on the entire amount of their PID. A PID is, together with any property income distribution from any other company to which Part 12 of the Corporation Tax Act 2010 applies, treated as a separate UK property business from any other UK property business (a "different UK property business") carried on by the relevant PLC Shareholder. This means that any surplus expenses from a PLC Shareholder's different UK property business cannot be off-set against a PID as part of a single calculation of the PLC Shareholder's UK property profits.

Please see also paragraph 20.3.3(d) (Withholding tax) below.

(c) UK taxation of PLC Shareholders who are not resident for tax purposes in the UK
Where a PLC Shareholder who is resident outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding.

Please see also paragraph 20.3.3(d) (Withholding tax) below.

(d) Withholding tax

(i) **General**

Subject to certain exceptions summarised at paragraph 20.3.3(d)(iv) below, the Company is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs. The Company will provide PLC Shareholders with a certificate setting out the amount of tax withheld.

(ii) **PLC Shareholders solely resident and ordinarily resident in the UK**

Where income tax has been withheld at source, PLC Shareholders who are individuals may, depending on their circumstances, either be liable to further tax on their PID at their applicable marginal rate, or be entitled to claim repayment of some or all of the tax withheld on their PID. PLC Shareholders who are corporates may, depending upon their circumstances, be liable to pay corporation tax on their PID but they should note that, where income tax is withheld at source, the tax withheld can be set against the PLC Shareholder's liability to corporation tax in the accounting period in which the PID is received.

(iii) **PLC Shareholders who are not resident for tax purposes in the UK**

It is not possible for a PLC Shareholder to make a claim under a double taxation treaty for a PID to be paid by the Company gross or at a reduced rate. The right of a PLC Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any such double taxation treaty between the UK and the country in which the PLC Shareholder is resident.

(iv) **Exceptions to requirement to withhold income tax**

PLC Shareholders should note that in certain circumstances the Company may not withhold income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a charity, or a body mentioned in section 507(1) Income and Corporation Taxes Act 1988 which is allowed the same exemption from tax as a charity. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, or the sub-scheme administrator of certain pension sub-schemes, the account manager of an Individual Savings Account (ISA), the plan manager of a Personal Equity Plan (PEP), or the account provider of a child trust fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

The Company will also not be required to withhold income tax at source from a PID where the Company reasonably believes that the body beneficially entitled to the PID is a partnership each member of which is a body described in the paragraph above.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the PLC Shareholder concerned is entitled to that treatment. For that purpose the Company will require such shareholders to submit a valid claim form.

20.3.4 *UK taxation of chargeable gains, stamp duty and stamp duty reserve tax ("SDRT") in respect of shares in the Company*

Subject to the first paragraph in paragraph 20.2.1 above, the following comments apply to both individual and corporate PLC Shareholders, regardless of whether or not such shareholders are resident for tax purposes in the UK.

(a) UK taxation of chargeable gains
Chargeable gains arising on the disposal of PLC Ordinary Shares following entry into the UK-REIT regime should be taxed in the same way as chargeable gains arising on the disposal of Ordinary Shares prior to entry into the UK-REIT regime. The entry of the Enlarged Group into the UK-REIT regime will not constitute a disposal of PLC Ordinary Shares by PLC Shareholders for UK chargeable gains purposes.

(b) UK stamp duty and SDRT
A conveyance or transfer on sale or other disposal of Ordinary Shares following entry into the UK-REIT regime will be subject to UK stamp duty or SDRT in the same way as it would have been prior to entry into the UK-REIT regime.

20.4 ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

20.4.1 *Acceptance of the Scheme*

No UK stamp duty or SDRT will be payable by Scheme Shareholders as a result of the implementation of the Scheme.

21. OVERSEAS SHAREHOLDERS

If you are a citizen, resident or national of a jurisdiction outside the United Kingdom, your attention is drawn to paragraph 9 of Part 3 of this document.

22. CONSENTS

22.1 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.

22.2 Credit Suisse, of One Cabot Square, London E14 4QJ, 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.

22.3 BDO LLP of 55 Baker Street, London W1U 7EU has given and has not withdrawn its written consent to the inclusion in this document of its reports as set out in Section A of Part 7, Section A of Part 8, Section A of Part 9 and Section A of Part 10 and Section A of Part 11 in the form and context in which they appear are included.

22.4 CB Richard Ellis of St. Martin's Court, 10 Paternoster Row, London EC4M 7HP, has given and not withdrawn its written consent to the publication of this document with the inclusion in this document of (i) references to its name in the form and context in which they appear and (ii) its valuation report relating to the Property Portfolio in the form and context in which it is included. CB Richard Ellis has no material interest in the Company.

22.5 Savills of 20 Grosvenor Hill, London W1K 3HQ has given and has not withdrawn its written consent to the publication of this document with the inclusion in this document of (i) references to its name in the form and context in which they appear and (ii) its valuation report relating to the Property Portfolio in the form and context in which it is included. Savills has no material interest in the Company.

22.6 IPD statistics in this document have been sourced from Investment Property Databank, an independent research company with company number 1879480 and registered address at 1 St. John's Lane, London EC1M 4BL, England. To the extent that information in this document has been sourced

from a third party, the Company confirms that the information has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by IPD, no facts have been omitted which would render the reproduced information inaccurate or misleading.

23. RELATED PARTY TRANSACTIONS

Details of related party transactions entered into by LSP, Radial and LSI during the period covered by the historical financial information contained in this document and up to the date of this document are disclosed at paragraph 19 of Section B of Part 8, paragraph 15 of Section B of Part 9 and paragraph 12 of Section B of Part 10 of this document.

23.1 The LSI Acquisition Agreement between the LSI Management Members and the Company is a related party transaction. Messrs Mould, Price, Vaughan and McGann are LSI Management Members and, save for Mr. Price, are directors of the Company. Messrs Mould and McGann are shareholders in the Company, and Messrs Vaughan and Price will become shareholders in the Company on the Scheme becoming effective.

23.2 The Initial Shares Buyback Agreements between the Company and the Initial Shareholders are related party transactions. Messrs Vaughan and McGann are directors and shareholders of the Company.

23.3 Save as disclosed in paragraph 23.1 to 23.2 above, none of the Company, LSP, LSI or Radial have entered into any related party transactions during the period covered by the historical financial information contained in this document and up to the date of this document.

24. INVESTOR PROFILE

The PLC Directors expect typical investors in the Company to be 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 as well as specialised international real estate investors.

25. GENERAL

25.1 The joint auditors of LSP are BDO LLP of 55 Baker Street, London W1U 7EU and BDO Novus Limited of PO Box 180, Place du Pre, Rue du Pre, St. Peter Port, Guernsey GY1 3LL who have audited LSP's accounts for the period ended 31 March 2008 and the two financial years ended 31 March 2009 and ended 31 March 2010. The audit reports were unqualified.

25.2 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:

25.2.1 fees totalling £10,000 or more; or

25.2.2 securities in the Company where these have a value of £10,000 or more calculated by reference to the closing mid-market price of LSP Existing Ordinary Shares on 10 August 2010; or

25.2.3 any other benefit with a value of £10,000 or more on 10 August 2010.

25.3 The accounting reference date of the Company is 31 March.

25.4 The Enlarged Group's annual report and accounts will be prepared up to 31 March each year and copies will be 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 November.

25.5 The Enlarged Group's NAV per Ordinary Share will be 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. BDO LLP will be responsible for the determination and calculation of the Enlarged Group's NAV per Ordinary Share.

25.6 CB Richard Ellis will provide semi-annual independent valuations of the assets of the Enlarged Group.

25.7 The total costs and expenses of or incidental to the Proposals, including 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 £3.1 million (including VAT) and are payable by the Company or, if the Scheme does not proceed, by LSP.

25.8 No PLC Director or member of a PLC 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 PLC Ordinary Shares.

25.9 None of the LSI Management, Administrator, Capita Registrars and the Reporting Accountants have any interest in the LSP Existing Ordinary Shares.

25.10 None of the LSP Administrator, Capita Registrars and the Reporting Accountants have any interest in the New Ordinary Shares.

25.11 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, KBC Peel Hunt or Credit Suisse. Subject to the AIM Rules for Companies, the Listing Rules, FSMA, the Prospectus Rules and the Disclosure and Transparency Rules, neither the delivery of this document nor any subscription or acquisition described in it shall, in any circumstances, create any implication that there has been no change in the affairs of the Enlarged 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.

25.12 The contents of LSP's website or the Company's website or any website directly or indirectly linked to LSP's website do not form part of this document.

25.13 Unless otherwise indicated, financial information in respect of the Company or the Enlarged Group in this document has been prepared in accordance with IFRS.

25.14 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.

25.15 Capitalised terms have the meaning ascribed to them in Part 18 of this document.

25.16 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.

25.17 Unless otherwise indicated, references in this document to the present or to current information (or any similar expression) shall mean 10 August 2010 or information current as at 10 August 2010 (as the case may be) (being the last practicable date prior to submission of this document to the Court in connection with the hearing to convene the Scheme Court Meeting).

26. 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 that is 12 months after Admission:

26.1 the articles of association of LSP;

26.2 the articles of association of the Company;

26.3 the audited consolidated accounts of LSP and its subsidiaries for the period ended 31 March 2008, and for the year ended 31 March 2009 and for the year ended 31 March 2010;

26.4 the reports of BDO LLP, CB Richard Ellis and Savills contained in Parts 7, 8, 9, 10, 11 and 13 of this document;

26.5 the service agreements and letters of appointment of the PLC Directors;

26.6 Irrevocable Undertakings from the PLC Directors; and

26.7 this document and the Forms of Proxy.

Date: 16 August 2010

PART 18

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"2006 Act"	the Companies Act 2006;
"Acquisition"	the acquisition by the Company of the business of LSI Management to be effected by the Acquisition Agreements;
"Acquisition Agreements"	the LSI Acquisition Agreement and the LML Acquisition Agreement;
"Acquisition Resolution"	the resolution to be proposed at the Extraordinary General Meeting;
"Admission"	admission of the PLC Existing Ordinary Shares and the New Ordinary Shares (or, if the Acquisition Resolution is not passed and the Acquisition consequently does not proceed, only the PLC Existing Ordinary Shares and those New Ordinary Shares proposed to be issued in connection with the Scheme) to the premium listing segment of the Official List and to trading on the Main Market;
"AIM"	AIM, a market operated by London Stock Exchange;
"AIM Rules for Companies"	the AIM Rules for Companies published by The London Stock Exchange (as amended from time to time);
"Arlington"	Supertwice Services Limited, formerly named Arlington Securities Plc (registered in England and Wales under company no. 1277236);
"Articles" or "Articles of Association"	the articles of association of the Company, as further described in paragraph 5 of Part 14 and paragraph 10 of Part 17 of this document;
"Australia"	the Commonwealth of Australia, its states, territories and possessions and all areas subject to its jurisdiction or subdivision thereof;
"Bad Leaver"	in relation to an Individual Management Member, where such person ceases to be a director or employee of or consultant to the Enlarged Group within the three year period following Admission and is classed as a 'Bad Leaver' for the purposes of the LSI Acquisition Agreement;
"Bank of Scotland"	the Governor and Company of the Bank of Scotland;
"Bank of Scotland PLC"	the Bank of Scotland PLC;
"BoS Facility Agreement"	the facility agreement described in paragraph 17.16 of Part 17 of this document;
"British Aerospace"	BAE Systems plc, formerly named British Aerospace plc (registered in England and Wales under company no. 01470151) whose registered office is at 6 Carlton Gardens, London SW1Y 5AD;
"British Land"	The British Land Company Public Limited Company (registered in England and Wales under company no. 00621920) whose registered office is York House, 45 Seymour Street, London W1H 7LG;

"Business Day"	a day (other than a Saturday or Sunday or a bank holiday) on which banks are generally open for normal banking business in the City of London;
"Canada"	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof;
"Capita Registrars"	a trading name of Capita Registrars Limited;
"CB Richard Ellis"	CB Richard Ellis Limited;
"Company"	London & Stamford Property plc;
"Company General Meeting"	the general meeting of shareholders of the Company proposed to be held prior to Admission at which the LSI Acquisition Agreement and the Initial Shares Buyback Agreements are proposed to be approved;
"Corporate Governance Code"	the code of best practice including the principles of good governance published by The Financial Reporting Council in June 2008, as amended from time to time (and as will be replaced by The UK Corporate Governance Code dated June 2010);
"Consideration Shares"	the 45,795,171 PLC Ordinary Shares to be issued by the Company under the terms of the LSI Acquisition Agreement;
"Court"	the Royal Court of Guernsey;
"Credit Suisse"	Credit Suisse Securities (Europe) 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 Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
"CREST Shareholders"	LSP Shareholders whose LSP Existing Ordinary Shares on the register of members of LSP on the Scheme Record Date are in uncertificated form;
"Disclosure and Transparency Rules"	the disclosure and transparency rules of the FSA;
"EEA"	the European Economic Area;
"Effective Date"	the date on which the Scheme becomes effective, proposed to be 1 October 2010;
"Enlarged Group"	the Company and its subsidiaries (including LSP and LML) following completion of the Proposals;
"ERISA"	the United States Employee Retirement Income Security Act of 1974, as amended;
"EU"	the European Union;
"Excluded Jurisdictions"	Canada, Australia, Japan, the Republic of South Africa and New Zealand;

"Extraordinary General Meeting"	the extraordinary general meeting of LSP convened by the LSP Directors to be held on 15 September 2010 immediately following the Scheme Court Meeting;
"FSA"	the Financial Services Authority;
"FSMA"	the Financial Services and Markets 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"	General Electric Pension Trust;
"GEPT Agreement"	the agreement to be entered into between GEPT and LML under which LML will acquire the interests of GEPT in GEAM L&S Management Investor (Scotland) GP Limited and GEAM L&S Management Investor (Scotland) LLC, the entities indirectly holding GEPT's interest in LSI Management through GEAM;
"Green Park Investments" or "Green Park"	Green Park Investments, a company incorporated in Cayman Islands with registration no. 214124;
"Green Park Property Advisory Agreement"	the agreement dated 22 April 2008 (as varied by deeds of variation on 9 February 2009 and 17 November 2009) between LSI Management and Green Park pursuant to which LSI Management provides certain property advisory services to Green Park;
"Group"	meaning the Company, LSP, its subsidiary undertakings and the companies or businesses they acquire (directly or indirectly) from time to time;
"Guernsey Law"	the laws of the Bailiwick of Guernsey;
"Hearing Record Time"	6.00 p.m. on the Business Day immediately preceding the Scheme Court Hearing Date;
"HMRC"	Her Majesty's Revenue & Customs and, where relevant, any predecessor body which carried out part of its functions, and references to any approval by HMRC shall, where appropriate, include approval by an officer of Her Majesty's Revenue & Customs;
"Independent Directors"	Richard Crowder, Lewis Grant, Rupert Evans and Patrick Firth;
"Individual Management Members"	the LSI Management Members other than GEAM;
"Initial Shareholders"	Patrick Vaughan and Martin McGann;
"Initial Shares Buyback"	the buyback of the PLC Existing Ordinary Shares pursuant to the Initial Shares Buyback Agreements;
"Initial Shares Buyback Agreements"	the put and call option agreements entered into on 10 June 2010 between the Company and each of the Initial Shareholders described at paragraph 17.10 of Part 17 of this document;
"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;

"Investment Committee"	the investment committee established by the PLC Board;
"IPD"	International Property Databank Limited;
"IPO"	the initial public offering by LSP in November 2007;
"ISIN"	International Securities Identification Number;
"ISA"	individual savings accounts;
"KBC Peel Hunt"	KBC Peel Hunt Ltd;
"Lending Banks"	Bank of Scotland PLC, Deutsche Postbank, Abbey National Treasury Services plc and Landesbank Hessen-Thuringen Girozentrade;
"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 applicable agreement;
"LML"	LSI Management Limited, a company incorporated in Guernsey with registered number 51383;
"LML Acquisition Agreement"	the agreement dated 11 August 2010 between LML, LSI Management and the LSI Management Members in relation to the acquisition of the business and assets of LSI Management by LML described at paragraph 17.5 of Part 17 of this document;
"London Stock Exchange" or "LSE"	London Stock Exchange plc;
"LSI Acquisition Agreement"	the agreement dated 11 August 2010 between the Company and the LSI Vendors in relation to the acquisition of the entire issued share capital of LML by the Company described at paragraph 17.6 of Part 17 of this document;
"LSI (Investments)"	LSI (Investments) Limited;
"LSI Management"	LSI Management LLP, a limited liability partnership incorporated in England and Wales on 28 June 2007 with registered number OC329452 whose registered office is at 21 St James's Square, London SW1Y 4JZ;
"LSI Management Members"	the members of LSI Management, being Raymond Mould, Patrick Vaughan, Martin McGann, Humphrey Price, Jackie Jessop, Jadzia Duzniak, Jeremy Bishop, Stewart Little and GEAM;
"LSI Vendors"	the Individual Management Members and GEPT;
"LSIL"	London & Stamford Investments Limited;
"LSP"	London & Stamford Property Limited;
"LSP Administrator"	Butterfield Fulcrum Group (Guernsey) Limited, 2nd Floor, Regency Court, Glategny Esplanade, St. Peter Port, Guernsey GY1 3NQ;
"LSP Board" or "LSP Directors"	the directors of LSP as at 10 August 2010, whose names are set out on page 8 of this document;

"LSP Existing Ordinary Shares"	the existing issued ordinary shares of 10 pence each in the capital of LSP as at 10 August 2010;
"LSP Group"	LSP and its subsidiaries as at 10 August 2010;
"LSP Green Park Property Trust" or "Trust"	the unit trust scheme constituted by the Trust Instrument;
"LSP Ordinary Shares"	ordinary shares of 10 pence each in the capital of LSP;
"LSP Shareholder"	a holder of LSP Ordinary Shares;
"LSP Subsidiary"	London & Stamford Property Subsidiary Limited;
"Main Market"	the London Stock Exchange's main market for listed securities;
"Management Team"	Raymond Mould, Patrick Vaughan, Martin McGann, Stewart Little, Jeremy Bishop, Jadzia Duzniak and Jackie Jessop;
"Member State"	a sovereign state which is a member of the European Union;
"MSC"	MSC Property Intermediate Holdings Limited incorporated in England and Wales with (company number 4276612) whose registered office is at York House, 45 Seymour Street, London W1H 7LX;
"MSC Property Advisory Agreement"	the property advisory agreement dated 11 February 2009 between British Land, LSI Management and MSC pursuant to which British Land and LSI Management provide property advisory services to MSC and its subsidiaries;
"NAV" or "Net Asset Value"	the value of the assets of the LSP Group or the Enlarged Group, as applicable, less its liabilities, determined in accordance with the accounting principles adopted by the LSP Group or the Enlarged Group, as applicable, from time to time or, as the context requires, the net asset value per ordinary share calculated in accordance with LSP's or the Company's, as applicable, accounting policies;
"New Ordinary Shares"	the PLC Ordinary Shares to be issued in connection with the Scheme and (if completed) the Acquisition;
"non-CREST Shareholders"	LSP Shareholders whose LSP Existing Ordinary Shares on the register of members of LSP on the Scheme Record Date are in certificated form;
"Non-PID Dividend"	a distribution by the Company which is not a PID;
"Official List"	the Official List of the UKLA;
"Overseas Shareholders"	holders of LSP Existing 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;
"PEP"	personal equity plan;
"PLC Board" or "PLC Directors"	the directors of the Company as at 10 August 2010;

"PLC Existing Ordinary Shares"	the 500,000 ordinary shares of 10 pence each in the capital of the Company in issue at the date of this document other than the Subscriber Shares;
"PLC Ordinary Shares"	ordinary shares of 10 pence each in the capital of the Company;
"PLC Shareholder(s)"	a holder of PLC Ordinary Shares;
"PID" or "property income distribution"	distribution by the Company of the profits of the Enlarged Group's Property Rental Business by way of dividend which is required under section 530 of the Corporation Tax Act 2010;
"Pillar"	Pillar Property Group Limited, formerly named Pillar Property plc (registered in England and Wales under company no. 2570618);
"PLUS"	PLUS Markets plc;
"PLUS Market"	a service operated by PLUS for trading securities;
"Property Advisory Agreement"	the property advisory agreement dated 30 October 2007 (as varied by a deed of variation dated 9 July 2009) between LSP and LSI Management pursuant to which LSI Management provides certain property advisory services to certain members of the LSP Group;
"Property Portfolio"	the property portfolio of the LSP Group and, following Admission, the Enlarged Group, as applicable, from time to time;
"Property Rental Business"	the qualifying property rental business in the UK and elsewhere of UK resident companies within a UK-REIT and non-UK resident companies within a UK-REIT with a UK qualifying property rental business;
"Proposals"	the UK-REIT election, the Scheme, the Acquisition, Admission and the Initial Shares Buyback;
"Prospectus"	the prospectus proposed to be published by the Company in connection with Admission in accordance with the Prospectus Rules;
"Prospectus Directive"	Directive 2003/73/EC, including any relevant implementing measure in each Member State of the European Economic Area;
"Prospectus Rules"	the prospectus rules made by the FSA for the purpose of Part VI of FSMA;
"Radial" or "LSA"	London & Stamford (Anglesea) Limited (formerly known as Radial Distribution Limited);
"Regulatory Information Service"	a service provided by the LSE for the distribution to the public of company announcements;
"Reporting Accountants"	BDO LLP, 55 Baker Street, London W1U 7EU;
"Residual Business"	that part of the business of companies within a UK-REIT that is not part of the Property Rental Business;
"Restated Green Park Property Advisory Agreement"	the agreement dated 11 August 2010 between LML, LSI Management and Green Park amending and restating the Green Park Property Advisory Agreement described at paragraph 17.8 of Part 17 of this document;

"Restated MSC Property Advisory Agreement"	the agreement dated 11 August 2010 between LML, LSI Management, British Land and MSC amending and restating the MSC Property Advisory Agreement described at paragraph 17.9 of Part 17 of this document;
"Restated Property Advisory Agreement"	the agreement dated 11 August 2010 between LML, LSI Management and LSP amending and restating the Property Advisory Agreement described at paragraph 17.7 of Part 17 of this document;
"Savills"	Savills Advisory Services Limited;
"Scheme" or "Scheme of Arrangement"	the proposed change in the corporate structure of the LSP Group by way of a scheme of arrangement under Part VIII of the Companies (Guernsey) Law, 2008 between LSP and the Scheme Shareholders set out in the Scheme Document;
"Scheme Court Hearing"	the hearing by the Court of the application to sanction the Scheme;
"Scheme Court Hearing Date"	the date of the Scheme Court Hearing;
"Scheme Court Meeting"	the meeting of LSP Shareholders convened by an order of the Royal Court of Guernsey and to be held on 15 September 2010;
"Scheme Document"	this document;
"Scheme Record Date"	6.00 p.m. on the Business Day immediately preceding the date on which the Scheme becomes effective;
"Scheme Shareholder"	a holder of Scheme Shares;
"Scheme Shares"	(i) the LSP Existing Ordinary Shares in issue at the date of this document; (ii) LSP Ordinary Shares (if any) issued after the date of this document but before the Voting Record Time; and (iii) LSP Ordinary Shares (if any) issued at or after the Voting Record Time and before the Hearing Record Time on terms that the original or any subsequent holders shall be, or shall have agreed in writing by such time to be, bound by the Scheme;
"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 LSP, as varied by a deed of variation dated 31 December 2007;
"Share Purchase Agreement"	the share purchase agreement dated 11 August 2010 between the Company and LSIL in relation to the acquisition by the Company from LSIL of the entire issued share capital of LSI (Investments);
"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;
"Subscriber Shares"	the aggregate of 20 ordinary shares of 10 pence each in the capital of the Company issued to Mikjon Limited and EPS Secretaries

	Limited at the date of this document which are nil paid and which are proposed to be surrendered and cancelled prior to Admission;
"Substantial Shareholder"	a company which is beneficially entitled (directly or indirectly) to 10 per cent. or more of the shares or dividends of the principal company of a UK-REIT or controls (directly or indirectly) 10 per cent. or more of the voting rights of the principal company of a UK-REIT, for the purposes of section 551 of the Corporation Tax Act 2010 (and in the context of the Enlarged Group, the principal company would be the Company);
"Substantial Shareholding"	the shares in respect of which a Substantial Shareholder is entitled to dividends (directly or indirectly) and/or to which a Substantial Shareholder is beneficially entitled (directly or indirectly) and/or the votes attached to which are controlled (directly or indirectly) by the Substantial Shareholder;
"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" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies;
"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-REIT"	a UK Real Estate Investment Trust under Part 12 of the Corporation Tax Act 2010;
"UK-REIT election"	the proposed election by the Company to become a UK-REIT;
"in uncertificated form"	registered 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;
"US" or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"US Holders"	holders of LSP Existing Ordinary Shares with registered addresses in the US or who are citizens of, incorporated in, or otherwise resident in the US;
"Valuation Reports"	the valuation reports prepared by CB Richard Ellis and Savills included as Part 13 of this document;
"VAT"	value added tax;
"Voting Record Time"	6.00 p.m. on the day prior to the day immediately before the Scheme Court Meeting or, if the Scheme Court Meeting is adjourned, 48 hours before the time set for such adjourned meeting.

PART 19

NOTICE OF SCHEME COURT MEETING

IN THE ROYAL COURT OF GUERNSEY

IN THE MATTER OF LONDON & STAMFORD PROPERTY LIMITED

and

IN THE MATTER OF THE COMPANIES (GUERNSEY) LAW, 2008

NOTICE IS HEREBY GIVEN that by an Order dated 13 August 2010 made in the above matters, the Court has directed a meeting to be convened of the holders of the Scheme Shares (as defined in the scheme of arrangement hereinafter mentioned) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made between London & Stamford Property Limited (**"LSP"**) and the holders of the Scheme Shares, and that such meeting shall be held at 2nd Floor, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3NQ on 15 September 2010 at 10.00 a.m. at which place and time all holders of the said shares are requested to attend.

A copy of the said scheme of arrangement and a copy of the statement required to be furnished pursuant to section 108 of the Companies (Guernsey) Law, 2008 are incorporated in the document of which this notice forms part.

Holders of Scheme Shares entitled to attend, speak and vote at the meeting may vote in person at the said meeting or they may appoint another person, whether a member of LSP or not, as their proxy to attend, speak and vote in their stead. A blue form of proxy for use at the meeting is enclosed with this notice.

Completion of the blue form of proxy shall not prevent a holder of Scheme Shares from attending, speaking and voting at the meeting.

Holders of Scheme Shares are entitled to appoint a proxy in respect of some or all of their shares. Holders of Scheme Shares are also entitled to appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. A space has been included in the blue form of proxy to allow holders of Scheme Shares to specify the number of shares in respect of which that proxy is appointed. Holders of Scheme Shares who return the blue form of proxy duly executed but leave this space blank shall be deemed to have appointed the proxy in respect of all their shares.

Holders of Scheme Shares who wish to appoint more than one proxy in respect of their shareholding should contact LSP for further blue forms of proxy or photocopy the form of proxy as required. Such holders should also read the **"Multiple Proxy Voting Instructions"** set out on the blue form of proxy, and note the principles that shall be applied in relation to multiple proxies.

It is requested that blue forms of proxy be lodged with the LSP's registrars (Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU) not less than 48 hours before the time appointed for the said meeting, but if forms are not so lodged they may be handed to the Chairman at the meeting.

Holders of Scheme Shares entitled to attend, speak and vote at the meeting who hold their shares through CREST may appoint a proxy using the CREST electronic proxy appointment service.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of LSP in respect of the joint holding.

Entitlement to attend, speak and vote at the meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members of LSP at 6.00 p.m. on the day which is two days before the date of the meeting or adjourned meeting (as the case may be). In each case, changes to the register of members of LSP after such time shall be disregarded.

The said scheme of arrangement shall be subject to the subsequent sanction of the Court.

Dated: 16 August 2010
Mourant Ozannes
1 Le Marchant Street
St. Peters Port
Guernsey GY1 4HP

Notes:

1. A LSP Shareholder entitled to attend, speak and vote at the Scheme Court Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. A proxy need not be a LSP Shareholder but must attend the meeting in person.
2. Lodging a form of proxy will not prevent the LSP Shareholder from attending, speaking and voting in person.
3. To be valid, the blue Form of Proxy (together with any power of attorney or authority under which it is signed, or a notarially certified copy of such power or authority) must be received at the offices of Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10.00 a.m. on 13 September 2010 or not less than 48 hours before the time appointed for any adjourned or postponed meeting, or as an alternative, if the blue Form of Proxy is not so lodged, it may be handed to the Chairman before the start of the meeting.
4. To be entitled to attend, speak and vote at the Scheme Court Meeting (and for the purpose of the determination of the number of votes that can be cast), members must be entered on LSP's register of members at 6.00 p.m. on 13 September 2010. If the Scheme Court Meeting is adjourned or postponed to a time not more than 48 hours after such time, such time will also apply for the purpose of determining the entitlement of LSP Shareholders to attend, speak and vote (and for the purpose of determining the number of votes they may cast) at the adjourned or postponed meeting. If, however, the Scheme Court Meeting is adjourned or postponed for a longer period of time then, to be so entitled, LSP Shareholders must be entered on LSP's register of members at 6.00 p.m. on the day which is two days before the date fixed for the adjourned or postponed meeting or, if LSP gives notice of this adjourned or postponed meeting and an entitlement time is specified in that notice, at the time specified in that notice.
5. A LSP Shareholder which is a company (a corporation) and which wishes to be represented at the meeting by a person with authority to speak, vote on a show of hands and vote on a poll (**"corporate representative"**) must appoint such a person by resolution of its directors. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of LSP.
6. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority will be determined by the order in which the names stand in LSP's register of members in respect of the joint holding.
7. Any question relevant to the business of the meeting may be asked at the Scheme Court Meeting by anyone permitted to speak at the meeting. LSP Shareholders may alternatively submit questions in advance by way of letter addressed to the Company Secretary at the registered office of LSP.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited, the operator of the CREST system ("EUI") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company' agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to EUI in the manner prescribed by the CREST UK system. After this time any change of instructions to proxies appointed through the CREST UK system should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that EUI does not make available special procedures in the CREST UK system for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. If a majority in number representing 75 per cent. in value of entitled LSP Shareholders present and voting at the Scheme Court Meeting approve the Scheme of arrangement, the Court may, on an application made under the Companies (Guernsey) Law, 2008 sanction the scheme of arrangement.

PART 20

NOTICE OF EXTRAORDINARY GENERAL MEETING

LONDON & STAMFORD PROPERTY LIMITED

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of London & Stamford Property Limited (**"LSP"**) will be held at 2nd Floor, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3NQ on 15 September 2010 at 10.15 a.m. (or as soon thereafter as the Scheme Court Meeting (as defined in the document of which this notice forms part) shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

THAT the transactions contemplated by the following agreements:

(a) the agreement between (1) LSI Management Limited (**"LML"**), (2) LSI Management LLP (the **"Property Advisor"**) and (3) the LSI Management Members (comprising Raymond Mould, Patrick Vaughan, Martin McGann, Humphrey Price, Jackie Jessop, Jadzia Duzniak, Jeremy Bishop and Stewart Little (the "Individual Management Members") and GEAM L&S Management Investor (Scotland) in relation to the acquisition of the business and assets of the Property Advisor by LML; and

(b) the agreement between (1) London & Stamford Property plc (the **"Company"**) and (2) the Individual Management Members and General Electric Pension Trust in relation to the acquisition of the entire issued share capital of LML by the Company,

and any associated and anciliary transactions, including those described in the circular of LSP dated 16 August 2010, be and are hereby approved and that the directors of LSP ("LSP Directors") (or any duly authorised committee thereof) be and they are hereby authorised to take all such steps as may be necessary or desirable in relation thereto and to implement the same with such non-material modifications, variations, revisions, waivers or amendments as the LSP Directors or any such committee may deem necessary, expedient or appropriate.

16 August 2010

By order of the Board
Butterfield Fulcrum Group (Guernsey) Limited
Company Secretary

Registered office:

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

Notes:

1. A LSP Shareholder entitled to attend, speak and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. A proxy need not be a member of LSP but must attend the meeting in person.

2. Lodging a form of proxy will not prevent a LSP Shareholder from attending, speaking and voting in person.

3. To be valid, the white Form of Proxy (together with any power of attorney or authority under which it is signed, or a notarially certified copy of such power or authority) must be received at the offices of Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10.15 a.m. on 13 September 2010 or not less than 48 hours before the time appointed for any adjourned or postponed meeting.

4. To be entitled to attend, speak and vote at the Extraordinary General Meeting (and for the purpose of the determination by LSP of the number of votes that can be cast), LSP Shareholders must be entered on LSP's register of members at 6.00 p.m. on 13 September 2010. If the Extraordinary General Meeting is adjourned or postponed to a time not more than 48 hours after such time, such time will also apply for the purpose of determining the entitlement of LSP Shareholders to attend, speak and vote (and for the purpose of determining the number of votes they may cast) at the adjourned or postponed meeting. If, however, the Extraordinary General Meeting is adjourned or postponed for a longer period of time then, to be so entitled, LSP Shareholders must be entered on LSP's register of members at 6.00 p.m. on the day which is two days before the date fixed for the adjourned or postponed meeting or, if LSP gives notice of this adjourned or postponed meeting and an entitlement time is specified in that notice, at the time specified in that notice.

5. A LSP Shareholder which is a company (a corporation) and which wishes to be represented at the meeting by a person with authority to speak, vote on a show of hands and vote on a poll (**"corporate representative"**) must appoint such a person by resolution of its directors. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of LSP.

6. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority will be determined by the order in which the names stand in LSP's register of members in respect of the joint holding.

7. Any question relevant to the business of the Extraordinary General Meeting may be asked at the Extraordinary General Meeting by anyone permitted to speak at the meeting. LSP Shareholders may alternatively submit questions in advance by way of letter addressed to the Company Secretary at the registered office of LSP.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited, the operator of the CREST system ("EUI") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company' agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to EUI in the manner prescribed by the CREST UK system. After this time any change of instructions to proxies appointed through the CREST UK system should be communicated to the appointee through other means.

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

9. The ordinary resolution is passed if a simple majority of entitled LSP Shareholders present and voting at the Extraordinary General Meeting approve the ordinary resolution.