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A balanced portfolio

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Our strategy continues to be to identify opportunities in the UK market which will offer double digit cash equity yields.

We manage a diversified and well balanced portfolio with increasing focus on Central London Residential and Distribution sectors.

We will continue to realise value by making sales when investments have fulfilled expectations.

Our total returns since IPO have outperformed the real estate sector and the two major stock market indices.

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This year's highlights

Financial

- → There is a 60% increase in our underlying profit and a 47% increase in EPRA earnings per share in the year.
- → The total dividend declared for the year is 7p per share, an increase of 11.1% on 2011.
- → Our cash deposits of £137 million at the year end have been supplemented by subsequent disposals and now stand in excess of £200 million.
- → Together with our joint venture partner we consider our total firepower to be approaching £900 million.

Acquisitions and Disposals

- → We currently have four potential investments under offer with a value around £300 million.
- → Finalising a new tripartite £200 million Central London Residential joint venture.
- → We made Group investments of £161.4 million and £24.1 million through joint ventures including One Carter Lane, an office building in the City of London and residential units at Clapham Road, Oval and Seward Street, Islington.
- → In April 2012 we completed the disposal of the Triangle portfolio for £265 million.

Net income

£42.2m

Investment properties

£1,021.2m

	2012	2011
Net income	£42.2m	£41.8m
Underlying profit*	£25.4m	£15.9m
Revaluation surplus*	£5.7m	£51.0m
Movement in derivatives*	£(8.9)m	£7.0m
Exceptional costs and tax*	£(16.9)m	£(30.6)m
Profit for the year	£5.3m	£43.3m
EPRA earnings for the year	£24.0m	£15.8m
Investment properties*	£1,021.2m	£987.7m
Cash deposits	£136.9m	£156.8m
Bank debt	£319.8m	£383.0m
Net assets	£633.6m	£668.7m
NAV per share	116.7p	122.5p
EPRA NAV per share	119.1p	122.5p
Earnings per share	1.0p	8.3p
EPRA earnings per share	4.4p	3.0p
Dividend per share	7.0p	6.3p

* Includes share of joint ventures and associates

Chairman's statement

I am delighted to present our annual report for the year ended 31 March 2012.

At the year end our cash balance stood at $\mathfrak{L}137$ million and has been further increased since then by the proceeds from the sale of our Triangle Distribution Portfolio. Our current cash, together with unspent commitments from Green Park, our Joint Venture Partner, and prudent gearing which we believe is attainable in the market, gives us total firepower of c. $\mathfrak{L}900$ million.

This puts London & Stamford in a very strong position in a market which we believe is offering increasingly exciting opportunities for investment in good quality assets with good covenants at reasonable prices. Our strategy continues to be to identify opportunities in the UK market which will offer double digit cash equity yields and I am delighted to report that we currently have under offer four potential investments with a value around \$200 million which we are hopeful can complete in the near future. We consider the key driver here to be the addition of sustainable income.

Where appropriate, we will continue to realise value by making sales when investments have fulfilled our expectations.

I am disappointed by the current share price, although with all the problems that are being experienced in the economy and from Europe I think we all understand why the markets have been difficult.

Nevertheless our total returns have outperformed our peer group and the two major indices (FTSE 100 and FTSE 250) since our IPO.



Source: Thomson Reuters Datastream

Results

The Group generated a profit for the year of £5.3 million (2011: £43.3 million) with an underlying profit of £25.4 million (2011: £15.9 million) as described on page 7. This is a 60% increase in the recurring profit of the Group which reflects a full year's earnings on the majority of the portfolio (with the exception of One Carter Lane which was acquired in June 2011 and Clapham Road, Oval, which was acquired in August 2011).

Net assets at 31 March 2012 were £633.6 million (2011: £668.7 million), equivalent to 116.7p per share (2011: 122.5p per share).

This arises after mark to market adjustments we would not expect to recur of 1.6p, internalisation costs of 3.2p and the temporary write down of our Focus unit of 1.7p, a total of 6.5p and our dividend paid during the year of 6.8p. Offset against this reduction of 13.3p is a net trading surplus of 7.5p per share.

The lack of earnings on our cash position remains a concern, but we continue to regard the future investment potential that the cash provides as a far greater opportunity.

The Board has proposed a final dividend of 3.5p per share to be paid on 13 July 2012, which, when taken with the interim dividend of 3.5p per share paid on 21 December 2011, produces a total dividend in respect of the year of 7.0p per share, an increase of 11.1% on the 2011 dividend.

Investment

The continued wider economic and financial uncertainty which surrounds us has supported our cautious and disciplined investment approach and although we made investments of £161.4 million in the first six months of the year, we made no further investments in the second half of the year. The investments in the first six months of the year included One Carter Lane, an office building in the City of London for £78.7 million, 74 residential units at Clapham Road, Oval, for £24.4 million and we contracted to acquire 107 units at Seward Street, Islington, London, for £49.1 million which will be completed later this year. In August 2011 we acquired a distribution unit at Harlow, let to Tesco, for £24.1 million. This acquisition was made directly into our distribution joint venture with Green Park.

We are also delighted to report that we have agreed a new tripartite $\Sigma 200$ million residential joint venture with Green Park and another partner. The joint venture will be owned 40% by London & Stamford and our partners will hold 30% each. The focus of the joint venture will be Central London residential opportunities and will be the vehicle for our future investment in London residential assets. To the extent that our existing residential assets have met our performance targets, their disposal may now be contemplated. Overall we consider a total equity commitment in residential, of not more than 20% of our asset base, to be the correct level.

It is in the Central London Residential and Distribution sectors where, with careful management of occupational risk, the potential for rental growth persists and we can best leverage our ability to swiftly utilise our cash resources and rapid decision making processes.

Goldman Sachs, the tenant at One Carter Lane, have exercised their break option on the lease and will depart in March 2013. We look forward to the opportunity to create a first class office refurbishment on a really outstanding site in the City of London the moment they depart, with a view to reletting it early in 2014.

Disposals

Whilst we have seen weakening yields in non-prime property over the last year, we have seen prime yields sustained by significant availability and low cost of capital for investment in prime property.

Consequently we have taken the opportunity to sell into the market certain assets where we have been able to achieve sales prices above book value.

On 18 April 2012 we completed the disposal of the Triangle portfolio of 17 distribution units for £265 million to an entity managed by a Blackstone real estate fund. The disposal generated a return on equity of c. 33% and net cash after the repayment of debt of £94 million.

We continue to explore a disposal of our joint venture interest in the Meadowhall Shopping Centre.

Outlook

We are currently engaged in due diligence on a number of exciting opportunities, which, if successful, could involve around £300 million of new investment. We believe that our patience and discipline will be well rewarded as we are increasingly seeing better value opportunities coming to the market as property owners and lenders decide to deleverage their portfolios.

We are happy with our investment and development assets in the City of London. We retain our commitment in joint venture with Green Park to our excellent distribution portfolio and we remain active in Central London residential. There are other sectors where the availability of excellent income returns is increasingly clear and appealing and we hope to announce progress shortly.

Again, I would like to thank everyone at London & Stamford and those with whom we are engaged for all their hard work during the last year and look forward with anticipation to an exciting next 12 months of new investment and enhanced shareholder returns.

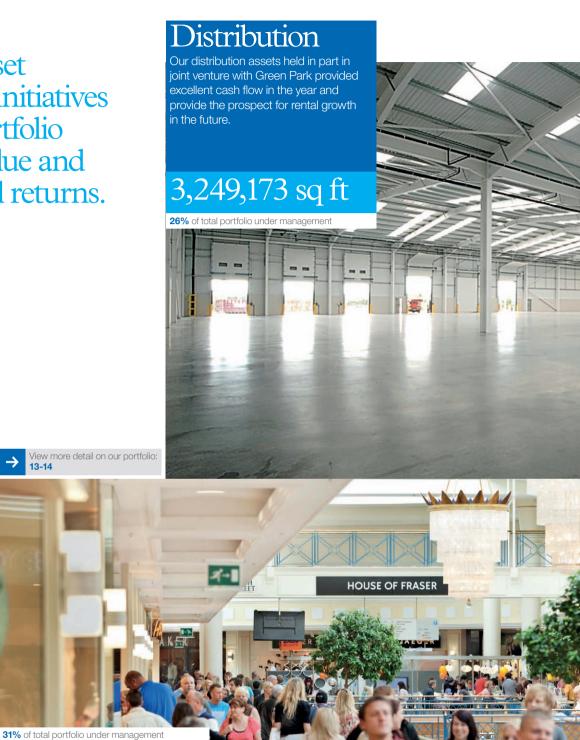
We remain convinced that we will find sufficient attractive investment opportunities to continue with our progressive dividend policy going forward.

Raymond Mould Executive Chairman 30 May 2012



A balanced portfolio

We continue to focus on asset management initiatives within the portfolio to enhance value and improve rental returns.

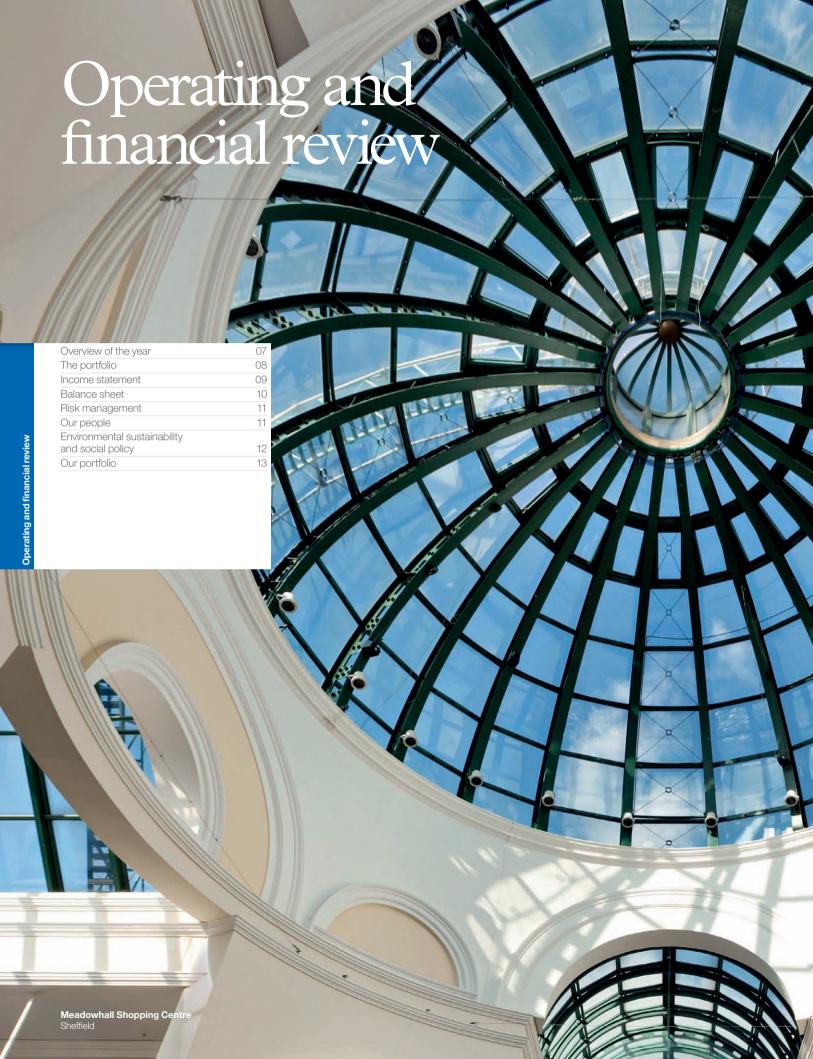


Meadowhall

Our 15.7% investment in the Meadowhall Shopping Centre alongside Green Park and British Land continues to perform well. 33 new leases were completed in the year and 14 existing tenants have signed new leases.

1.7m sq ft





Overview of the year

The Group generated a profit for the year of £5.3 million (2011: £43.3 million) with an underlying profit of £25.4 million (2011: £15.9 million).

This table provides an analysis of the underlying profit:

	Year ended 31 March 2012 £000	Year ended 31 March 2011 £000
Net rental income	35,544	36,056
Property advisory fee income	6,360	5,591
Corporate overheads	(9,515)	(10,699)
Share of trading profit of joint ventures and associates ⁽¹⁾	5,380	986
	37,769	31,934
Net finance costs	(13,429)	(18,795)
Profit on sale of investment and trading properties	1,035	2,790
Underlying profit	25,375	15,929
Change in fair value of derivatives ⁽²⁾	(8,859)	6,975
Profit on revaluation of investment properties ⁽²⁾	5,688	51,033
Profit before exceptional items and taxation	22,204	73,937
Accounting for internalisation	(17,415)	(5,605)
Goodwill and costs of other acquisitions ⁽²⁾	2,876	(11,558)
Taxation	(1,131)	(12,307)
Minority interest	(1,195)	(1,155)
Profit for the year	5,339	43,312

⁽¹⁾ Reflects profit after tax adjusted for movements in revaluation, derivatives and goodwill (see note 10 to the financial statements).

⁽²⁾ Includes share of joint ventures and associates.

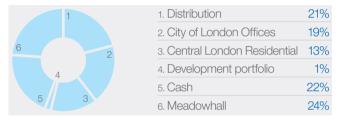
The portfolio

Our investment criteria remains opportunistic and not constrained within particular sectors. Consequently our portfolio is diversified across a number of property sectors.

At the year end, the portfolio comprised:

	Asset valuation (Group share) £000	Assets under management £000
Investment properties	662,672	662,672
Investments in associates and joint ventures	358,516	1,755,503
Trading assets	3,837	3,837
	1,025,025	2,422,012

Since the year end we have completed the disposal of the Triangle portfolio of distribution warehouses, which has reduced our asset valuation to £768.4 million which together with our post Triangle cash balance is split as follows:



City of London Offices

The portfolio comprises two buildings in prime locations in the City of London.

Goldman Sachs, the tenant of One Carter Lane, which we acquired during the year, has given formal notice of its intention to break the lease. We will achieve vacant possession on 18 March 2013. We intend to create a first class refurbishment of One Carter Lane to relet into the market early in 2014, when we believe demand for this outstanding location and building will be strong.

The other building, at One Fleet Place, was acquired in January 2009 and is let to Denton Wilde Sapte. The building generates a high quality rental stream and is subject to a rent review in September 2013. Current passing rent is £36 per square foot.

We will keep both buildings under review to ensure that their performance continues to meet our performance criteria.

The acquisition of One Carter Lane allowed us to put a new debt facility in place for $\mathfrak{L}100$ million secured against both One Carter Lane and One Fleet Place, the excellent cash flow on Fleet Place providing adequate interest cover through the development period at One Carter Lane.

Distribution

At the start of the year 36% of our portfolio was invested in prime distribution units/business parks. We had at that time already agreed to place a part of the portfolio previously acquired in November 2010 from Lojix and AEW into our new £205 million Distribution joint venture with Green Park, the transfer of which was completed in May 2011.

In April 2012 we completed the disposal of the Triangle portfolio (previously referred to as the Radial portfolio). As explained in the Chairman's statement, consideration for the Triangle disposal was £265 million and comprised of 17 distribution units.

The disposal included the 212,000 sq ft unit at Magna Park which was acquired during the year for $\mathfrak{L}9.5$ million and refurbished as part of an asset management initiative within our Magna Park ownership at a cost of $\mathfrak{L}0.9$ million. The consideration on disposal was $\mathfrak{L}12.4$ million.

Our distribution portfolio now represents 26% of the property portfolio and is held almost entirely in joint venture with Green Park. The exceptions are our buildings at Tamworth, Wellingborough and Nottingham. The collapse of the Focus DIY chain during the year has caused our distribution unit at Tamworth to be vacant for much of the year. We have taken the opportunity presented during the vacancy to undertake refurbishment works on the asset and as a result discussions with prospective occupiers are making good progress and we are optimistic of securing a new letting in the near future. Our 341,000 sq ft building at Wellingborough occupied by Yusen Logistics produces a high quality rental stream, with an unexpired lease term of 16 years and our building at Nottingham is let for an unexpired term of c.10 years to Hillary's Blinds Limited.

We have been active in the year in progressing a number of rent reviews and lease regears.

The distribution portfolio has provided excellent cash flow this year, having been held in the portfolio (in earnings terms) for the entire year. With the exception of Tamworth, it was fully leased for the entire year with negligible non recoverable costs and we are optimistic that further opportunities exist to extend leases over the next year. We are advised that there is less than three months' supply of modern distribution warehouses in the South East of England and we believe this shortage of supply will have a positive impact on rental growth.

Central London Residential

We have continued to focus on residential opportunities in Central London during the year, acquiring 74 residential units at Clapham Road, Oval, for £24.4 million in August 2011 and contracting to acquire a further 107 units currently under construction at Seward Street, Islington.

The portfolio now comprises 266 units at Highbury, Bridges Wharf, Battersea and Clapham Road, Oval, and 96% of these are let

In rental terms the portfolio has performed well during the year where we have seen rental growth on new lettings of between 9% and 11%

Income statement

Our confidence in the Central London residential market has led us to agree a new joint venture with Green Park and another partner. The joint venture will be owned 40% by London & Stamford, with the two partners owning 30% each.

The joint venture will be primed with $\mathfrak{L}200$ million of equity, funded by $\mathfrak{L}80$ million from by London & Stamford and $\mathfrak{L}120$ million from the joint venture partners. We are working, through our solicitors, to acquire over $\mathfrak{L}150$ million of residential assets for the joint venture and we are in advanced discussions with a number of banks to provide gearing.

We continue to explore the possibility that ultimately our Central London residential joint venture can become a residential REIT. Notwithstanding the changes in the draft Finance Bill 2012, which we consider to be helpful, discussions continue with HMRC on changes which we believe are still required to the legislation to allow us to invest efficiently, without adverse tax implications, as one REIT investing in another REIT.

We have undertaken a small number of sales of units in the year, selling 8 apartments in total, all at or ahead of book value.

Meadowhall

Our 15.7% investment in the Meadowhall Shopping Centre, alongside Green Park and British Land, remains our only retail asset. During the year we completed the £2.2 million acquisition into our joint venture of the surrounding lands. Together with our partners we have submitted an initial planning application for the development of the first 11.6 acres of the 74 acre site.

We are delighted with progress at Meadowhall, where sales are marginally increasing and although footfall in the year was steady, there was a 10% increase in April 2012 compared with a 2% fall nationally.

During the year the refurbishment of the Oasis food court has completed and has been the catalyst for the introduction of a number of new brands to the Centre, including Giraffe, Harvester, Chao Baby and Rice. Carluccio's is currently fitting out for opening later in the year.

Meadowhall has not been able to avoid entirely the impacts of the economic downturn and has suffered a number of administrations and liquidations, although on a positive note, there have been a number of very notable relets and assignments of units falling into administration.

In total, during the year 33 new leases were completed for 71,000 sq ft. Notable new store openings included Boux Avenue, Bose, Internationale, Vans and TK Maxx. Urban Outfitters opens its new flagship store in June. In addition, 14 existing tenants have signed lease renewals.

Profit for the year ended 31 March 2012 was £5.3 million (2011: £43.3 million).

An important focus for management is the underlying profit which this year has increased to £25.4 million (2011: £15.9 million). Despite such a large part of our asset base being held in cash during the year, this represents an increase of 60% in the year, the detail of which is set out on page 7. The underlying profit is identified as the sustainable net rent after net finance costs and overheads, inclusive of realised surpluses on sales. It excludes, in particular, the accounting impact of the internalisation of the management of London & Stamford in 2010 and property and derivative valuations which are not expected to recur, unless debt arrangements are repaid early.

The increase in the underlying profit is a result of the full year impact of investment undertaken during 2010 and 2011 and provides increasing evidence to support the dividend policy. The dividend policy continues to be progressive, nothwithstanding the Company's decision to hold significant cash balances in anticipation of improving investment opportunities. The increasing cover provided by the underlying profit is evidence of the sustainability of income from the current investments we do make. We consider the opportunity in the market of having significant cash fully compensates for the lack of short term returns.

The component parts of underlying profit have changed during the year. As a result of the transfer of our AEW and Lojix distribution assets into joint venture with Green Park early in the year, our net rents suffered an annualised $\mathfrak{L}9.2$ million fall but with a corresponding annualised increase of $\mathfrak{L}1.3$ million in advisory fee income and $\mathfrak{L}3.9$ million in the share of profit of joint ventures.

The transfer into the joint venture generated a £41.8 million increase in our cash resources.

Corporate overheads have fallen by Σ 1.2 million (11%) in the year, due primarily to the advisory costs of REIT conversion, listing on the Main List of the London Stock Exchange and purchase of LSI Management LLP, the former Management Company having been incurred in the previous financial year. Like for like, overheads have remained broadly in line.

Capital growth in the portfolio has been weak this year, with net uplifts being only c. 1% of the portfolio. The impact of weak uplifts in the year alongside the adverse accounting adjustments for internalisation of $\mathfrak{L}17.4$ million and mark to market hedging derivatives have brought profit for the year down from $\mathfrak{L}43.3$ million in 2011 to $\mathfrak{L}5.3$ million this year.

The tax charge of £1.1 million comprises a deferred tax charge of £1.8 million offset by a corporation tax credit of £0.7 million. Last year the tax charge was significant (£12.3 million), representing, in large part, REIT entry charges.

Net finance costs and interest rate management

Careful consideration is given to the management of our interest exposure across the various debt arrangements we have.

Currently our hedging arrangements are a combination of interest rate swaps, caps, floating rate debt and fixed interest borrowings.

Our current cost of borrowing is 4.12%.

Although there has been an £8.9 million charge in respect of the change in the fair value of derivatives all of the adverse movement was in respect of the first half of the year (£10.2 million), with an improvement of £1.3 million in the second half of the year.

In managing our interest rate risk, we take independent advice, details of which are regularly discussed at Board meetings.

Balance sheet

The NAV movement reflected in the balance sheet in the year can be summarised as follows:

	£ million
Net Asset Value as at 1 April 2011	668.7
Profit for the year	5.3
Purchase and cancellation of our shares	(3.2)
Purchase of shares held in trust	(0.5)
Dividends paid in the year	(37.1)
Other	0.4
Net Asset Value as at 31 March 2012	633.6

As discussed previously, whilst reported profit for the year has fallen considerably, the level of dividend cover provided by underlying profit has increased very significantly in the year, being 67% covered compared with 46% in 2011.

Cash balances remain an important component part of the balance sheet. The year end position is £136.9 million. Since the year end, the cash balance has been supplemented by the additional disposal proceeds from the sale of the Triangle distribution assets of £74 million (£20 million of sale proceeds were on deposit and included in the year end position).

Our financing structure may now be summarised as follows:

	London & Stamford Cash Balances £ million	Green Park Joint Venture Commitment £ million	Total £ million
As at 31 March 2012	136.9	141.5	278.4
Disposal proceeds from Triangle	74.0	_	74.0 352.4
Potential debt funding at an assumed gearing level of 60%			528.6
Available firepower			881.0

No adjustment has been made to increase our available firepower in respect of our new residential joint venture partner.

Liquidity and cash management

We obtain third party advice on the management of our cash resources in terms of liquidity, returns and counterparty risk, which is taken into consideration at each meeting of the Board.

Deposits are placed with a diverse mix of institutions subject to credit rating, rates of return and overall exposure.

Bank debt

The banking industry continues to be under significant pressure to degear and to meet new and stringent regulatory requirements. The ability of the property sector to source new loans is therefore reduced. Senior debt, to the extent that it is available, will be directed towards best product albeit at increasing prices.

Nevertheless, we have been able to source significant new funding during the year.

In July we completed the $\mathfrak{L}25$ million financing of the residential portfolio at Highbury with the Metropolitan Life Insurance Company (MetLife) with whom we had successfully financed the acquisition of the Lojix and AEW distribution assets in February 2011 for $\mathfrak{L}133$ million and subsequently extended by $\mathfrak{L}15$ million, to finance our Harlow distribution acquisition in the year.

In August 2011, following the acquisition of One Carter Lane, we completed a £100 million refinancing with Santander and DekaBank of One Carter Lane, alongside One Fleet Place which had previously secured a £55 million senior debt facility with Santander.

In February 2012, we entered into a further facility with MetLife of £22 million secured against our residential assets at Bridges Wharf, Battersea and Clapham Road, Oval.

In total in the year we entered into £107 million of new senior debt (inclusive of £15 million joint venture debt on Harlow) and currently we are in discussions with various lending banks to obtain in excess of £120 million of senior debt in support of investment opportunities currently under offer.

Finally, we are very pleased to be in the legal stages of extending and amending our revolving credit facility with Bank of Scotland.

Financial covenants

The net debt position at the year end was £185.8 million (2011: £229.9 million) which represents gearing of 28% (2011: 31%) calculated as a percentage of investment property assets.

The Group was compliant at all times during the year with its loan covenants.

Risk management

The principal risks to the delivery of our key objectives have not changed since last year. Our strategy continues to be to identify opportunities in the UK real estate market, which will offer double digit cash equity yields and to identify the potential for value enhancement in our portfolio through effective asset management.

We continue to hold significant cash balances as we search for well located, well let investment opportunities but we are cautious given the continued economic and financial uncertainty which impacts on us, particularly from the Eurozone countries. Therefore, the principal risks and uncertainties which require our careful management are:

Delivery of the Group's investment objectives

General economic conditions, the level and volatility of interest rates, potentially rising inflation and the lack of cost effective funding may mitigate against the achievement of investment performance. Through fixed interest rates or other hedging mechanisms, the Group ensures that its exposure to interest rate volatility is prudently managed.

No current debt facilities are due for refinancing until August 2014 at the earliest.

The Group will only enter into investment transactions where the spread between the cost of debt and the initial property yield produces sufficient equity return.

Enhanced property valuations

Property valuations are snapshots in time and there can be no certainty that property valuations will be realised.

However, our focus on secure income from well located assets with increasing weighted average lease lengths provides robust support to these valuations.

Added value property management initiatives

General economic uncertainty adversely impacts the property market and in particular raises the level of occupational risk. We continue to manage our exposure carefully against the risk of weakening credit worthiness in our tenant portfolio and undertake forensic due diligence on tenant covenants on acquisition.

Occupational weakness mitigates against tenant enhancements being a mechanism for driving rents upwards.

Key performance indicators

The main measure of the effectiveness of the Group's performance is the increasing dividend yield driven by well located assets, with strong tenant covenants. To this end, we have a very high occupancy rate and the management of occupational risk is key. Long unexpired lease terms which lengthen as a consequence of added value asset management initiatives are a good indication of performance. As a result of a disciplined approach to investment, we have ensured that we have not overpaid for assets.

To reflect the importance attached to effective risk management, there is a formal discussion on risk identification and management at each Board meeting. In addition, the Audit Committee, on behalf of the Board, undertook a rigorous evaluation of the effectiveness of our risk management and control during the year, ensuring that risk management is embedded in the activities of the Group and not a "one off" exercise.

Our people

The key people who are instrumental to delivering our strategy remain unchanged since last year, except for the addition of Peter Schwerdt to strengthen our residential expertise as we continue to focus on Central London residential opportunities.

The Executive Directors, together with Stewart Little and Jeremy Bishop continue to be subject to lock-in arrangements through to 30 September 2013, following the acquisition by the Company of LSI Management LLP, the former management company, on 1 October 2010.

These five individuals, supported by Mike Tyler and Jackie Jessop constitute the Investment Committee which meets monthly with a remit to identify new investment opportunities and to ensure the effective management of the existing portfolio.

We have remained disciplined during the year to ensure that only those opportunities which meet our rigorous investment criteria are pursued.

Environmental sustainability and social policy

We recognise our responsibility to society and the communities in which we operate to manage the environmental and social impact of our business activities. The ongoing drive towards a lower carbon economy through active management of our portfolio and a commitment to sustainability are incorporated into our risk management strategy.

Environmental policy

We commission an independent environmental report for all potential acquisitions. This report considers, amongst other matters, the historic and current usage of the site and identifies the likelihood of any contamination present.

The Group, in conjunction with its insurance brokers, monitors all incoming tenants through its insurance programme to identify potential risk and to avoid high risk business activities in its properties. Through active management and inspections of the portfolio, any change in tenant business practice which we consider to be a potential environmental risk is reported and acted upon.

All our leases commit occupiers to observe environmental regulations and we monitor this covenant through our managing agents.

All sites are visited at least annually and any obvious environmental issues are reported to the Board.

Social policy

Our aim is to ensure that the collective activities performed by the Group are carried out in a socially responsible manner. The two main areas of potential social impact have been identified as planning and asset improvement works undertaken in the course of our active asset management.

Planning

Where planning applications are proposed, the Group considers the impact on the surrounding areas and the local ecology and takes account of the legitimate concerns of interested and affected parties as part of the process.

Asset management

With regard to day-to-day management, we have set ourselves the following objectives for our day-to-day asset management of the portfolio:

- To promote and instigate environmental best practice throughout our managed portfolio.
- To promote environmental initiatives to our asset and property managers and require them to keep up to date with legislation.
- To encourage our asset managers to work with environmentally responsible suppliers and contractors.
- To research and implement sustainable energy uses where feasible and appropriate.
- To encourage the adoption of green travel plans and to promote the use of shared transport or cycling to work by providing appropriate amenities for our tenants.
- To encourage community engagement by promoting the use of building amenities to the wider community and promote the use of local workforce by our tenants and contractors.
- To minimise resource consumption by reducing wastage and recycling where appropriate.
- To reduce energy consumption through reduced demand, improved efficiencies and promote behavioural change amongst our asset managers and joint venture partners.
- To encourage our joint venture partners and asset managers to implement green policies and initiatives and be more environmentally conscious.
- To comply with all applicable environmental statutes and regulations and comply with the Environmental Agency's Pollution Prevention Guidelines.

Where asset management initiatives are subcontracted, the Group monitors the works both directly and in conjunction with project managers on larger projects. This serves to ensure they are carried out in accordance with relevant guidelines and laws by contractors and their subcontractors who have been assessed to ensure that they have sufficient resources to meet legal requirements.

Review and responsibility

The Social and Environmental policy is reviewed annually by the Board as part of the Group's corporate governance procedures.

Our portfolio

Distribution 3,249,173 sq ft



Park Farm Industrial Estate
Wellingborough

June 2009
100%
16 years

341,320 sq ft

Key tenant: Yusen Logistics Ltd



DC1 Cheaney Drive, Grange Park
Northampton

November 2010
50%
5 years

167,653 sq ft
Key tenant: Yusen Logistics Ltd



Central Park

Acquisition:	November 2010
Ownership:	50%
Unexpired lease length:	7 years
1 1 5 1 1 1	

446,411 sq ft

Key tenant: Pearson Shared Services Ltd



Distribution Unit, Meadow Road
Tamworth

Acquisition:	January 2010
Ownership:	100%
Unexpired lease length:	n/a

594,444 sq ft

Vacant



DC1 Eastman Way

Acquisition:	November 2010
Ownership:	50%
Unexpired lease length:	10 years

171,232 sq ft

Key tenant: Next Group Plc



Heathrow Gateway

Feitnam	
Acquisition:	November 2010
Ownership:	50%
Unexpired lease length:	13 years

220,967 sq ft

Key tenant: Royal Mail



Glaisdale Parkway Nottingham

Acquisition:	April 2007
Ownership:	100%
Unexpired lease length:	10 years

133,717 sq ft

Key tenant: Hillary's Blinds. Site includes 2.4 acres of undeveloped land



DC2 Boundary Way Hemel Hempstead

Acquisition:	November 2010
Ownership:	50%
Unexpired lease length:	15 years

245,975 sq ft

Key tenant: Keystone Distribution



Heathrow Gateway

Feltham	
Acquisition:	November 2010
Ownership:	50%
Unexpired lease length:	10 years

127,078 sq ft

Key tenant: Ceva Freight (UK) Ltd



Dolphin Park, Unit B

Acquisition:	November 2010
Ownership:	50%
Unexpired lease length:	9 years

148,980 sq ft

Key tenant: French Connection UK Ltd



DC3 Boundary Way Hemel Hempstead

Acquisition:	November 2010
Ownership:	50%
Unexpired lease length:	5 years

122,856 sq ft

Key tenant: Gist Ltd



Polar Park Heathrow

Acquisition:	November 2010
Ownership:	50%
Unexpired lease length:	16 years

60,051 sq ft

Key tenant: The Metropolitan Police Authority

Distribution (continued) 3,249,173 sq ft



325/347 Oldfield Lane

Greenford

Acquisition:	November 2010
Ownership:	50%
Unexpired lease length:	11 years
122 251	°.

133,351 sq ft

Key tenant: Kuehne & Nagel Drinkflow Logistics Ltd



Tesco

Acquisition:	August 2011
Ownership:	50%
Unexpired lease length:	12 years

267,556 sq ft

Key tenant: Tesco Distribution Ltd



Forest House & Elm Park Court Crawley

Acquisition:	June 2006
Ownership:	100%
Unexpired lease length:	13 years

67,582 sq ft

Key tenants: Bard Inc, Maple Oak Plc

Central London Residential 261,257 sq fl



North Stand, Highbury

London

Acquisition: September 2009
Ownership: 100%

94,588 sq ft

134 residential apartments



Seward Street

London

Acquisition: Completion due 2013
Ownership: 100%

72,749 sq ft

Residential development of 107 apartments



Clapham Road, Oval

London

Acquisition: August 2011
Ownership: 100%

48,510 sq ft

74 residential apartments

Meadowhall 1.7 million sq fl



Meadowhall Shopping Centre

Acquisition:	February 2009
Ownership:	15.7%
Library and the selection of the selection	0

1.7 million sq ft

Key tenants include: Marks & Spencer, Debenhams, House of Fraser, BHS, Next. Site includes 74 acres of undeveloped land.

Bridges Wharf, Battersea London Acquisition: June 2010 Ownership: 100%

Ownership: 45,410 sq. ft

58 residential apartments, 50 held as rental stock with the balance for sale

City of London Offices 301,950 sa fi



One Fleet Place

London

January 2009
100%
14 years

169,296 sq ft

Key tenant: Denton Wilde Sapte LLP



One Carter Lane

Acquisition:	June 2011
Ownership:	100%
Unexpired lease length:	1 year
122 (51 == \$4	

Key tenant: Goldman Sachs

Developments

Comprises vacant buildings at Stoke on Trent and Newcastle under Lyme and industrial development land at Copse Road, Yeovil and Gillingham Business Park, Kent.



Board of Directors

















01 Raymond Mould

Executive Chairman

Age 71

Raymond Mould qualified as a solicitor in 1964 and in 1976 was a co-founder of Arlington Securities Plc ("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 Property Plc ("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. Mr Mould is also a non-executive director of FF&P Russia Real Estate Limited and FF&P Russia Real Estate Development Limited.

02 Patrick Vaughan

Chief Executive

Age 64

Patrick Vaughan 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. He was a founder of London & Stamford.

03 Martin McGann

Finance Director

Age 51

Martin McGann joined the Group 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, he 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.

04 Charles Cayzer

Non-Executive Director

Senior Independent Director

Member of the Remuneration and Audit Committees

Age 55

Charles Cayzer 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 Quintain.

05 Humphrey Price

Non-Executive Director

Chairman of the Audit Committee

Age 70

Humphrey Price was finance director of Arlington from 1982 to 1992. He was a director of Pillar 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 the London & Stamford Property Group until April 2009. Mr Price is a non-executive director of Hansteen Holdings Plc and is a qualified Chartered Accountant.

06 James Dean

Non-Executive Director

Chairman of the Remuneration Committee

Age 57

James Dean 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 and also chairman of Pearlcrown, London & Lincoln and Patrick Dean which are family property investment and farming businesses.

O7 Richard Crowder

Non-Executive Director

Member of the Remuneration and Audit Committees

Age 62

Richard Crowder holds a range of non-executive directorships and consultancy appointments. He works with a wide range of investment styles and portfolios as well as being a director of a variety of family companies where he acts as the offshore adviser/director.

During his career, Mr Crowder has been an investment manager with Ivory & Sime in Edinburgh, head of investment research with W.I. Carr in the Far East, chairman of Smith New Court International Agency and a director of Smith New Court PLC. His career with Schroders in London and the Far East culminated in the role of Managing Director for Schroders' Singapore associate and he then became the founding Managing Director of Schroders' Channel Islands subsidiary from 1991 until he became a full time non-executive director and consultant in 2000. He is a member of the Securities & Investment Institute and he resides in Guernsey.

08 Mark Burton

Non-Executive Director

Member of the Remuneration and Audit Committees

Age 64

Mark Burton currently serves as a board member of Al Futtaim Group, Roebuck Capital and Value Retail Plc. He also sits on the real estate advisory boards for Norges Bank Investment Management and GreenOak, the investment committee of Internos Real Investors and acts as an adviser to Citic Capital Real Estate.

Mr Burton is a Chartered Surveyor, has been a member of the UK Government Property Advisor Group and was formerly chairman of the Urban Land Institute UK and the Investment Property Forum.

Mr Burton's career has included senior executive roles at United Bank of Kuwait, AXA REIM and AIG Global Real Estate Investment Europe. In 2001 Mr Burton became chief investment officer of the Real Estate Department at Abu Dhabi Investment Authority, subsequently becoming chief investment officer of the Real Estate Department at Abu Dhabi Investment Council in 2007, from where he retired in June 2010.

Report of the Directors

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

Principal activities and business review

The principal activity of the Group continues to be property investment and development, both directly and through unit trusts and joint venture arrangements. It is intended that the Group will continue to invest in commercial and residential property, principally in the United Kingdom, as and when profitable opportunities arise.

A detailed review of the Group's business during the year, position at year end, future prospects, key performance indicators, environmental, sustainability and social policy and principal risks and uncertainties is contained in the Chairman's Statement and Operating and Financial Review on pages 2 to 3 and pages 7 to 12 respectively and should be read as part of this report.

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

Results and dividends

The Group reported profits for the year of $\mathfrak{L}5.3$ million (2011: $\mathfrak{L}43.3$ million) as shown on page 29. An interim dividend for 2012 of 3.5p per share was paid on 21 December 2011 and the Directors propose a final dividend of 3.5p per share, resulting in a total dividend of 7.0p per share for the year to 31 March 2012 (2011: 6.3p per share). The final dividend will be paid following approval at the Annual General Meeting on 13 July 2012 to ordinary shareholders on the register at the close of business on 15 June 2012.

Investment properties

A valuation of the Group's investment properties at 31 March 2012 was undertaken by CB Richard Ellis Limited and Savills Plc on the basis of market value as reflected in note 9 to these accounts. Details of the current property portfolio is given on pages 13 to 14.

Share capital

On 31 March 2012 there were 542,795,171 ordinary shares of 10p in issue, each carrying one vote and all fully paid. There are no restrictions on the size of a holding or on the transfer of shares. None of the shares carry any special rights of control over the Company.

There were no persons with significant direct or indirect holdings in the Company other than those listed as substantial shareholders below.

The London & Stamford Property Plc Employee Benefit Trust is an employee share scheme which holds 874,075 ordinary shares in the Company for the benefit of employees that have been granted conditional awards under the Staff Incentive Plan. The Trustee has the power to exercise all the rights and powers incidental to the ordinary shares as it they were entitled to those shares.

The rules governing appointments, replacement and powers of Directors are contained in the Company's Articles of Association. These include powers to authorise the issue and buy-back of shares by the Company.

Purchase of own shares

The Company was granted authority at the Annual General Meeting in 2011 to purchase its own shares up to an aggregate nominal value of 10% of the issued nominal capital. That authority expires at this year's Annual General Meeting and a resolution will be proposed for its renewal.

In January 2012 the Company purchased three million ordinary shares with a nominal value of £300,000 at a total cost of £3.2 million. On 28 March 2012 these shares were cancelled.

Directors

The biographical details of the current Directors, each of whom served throughout the year, are shown on pages 16 to 17.

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

The Company's Articles of Association require each Director to retire from office and be subject to re-election at the first Annual General Meeting after appointment and thereafter at no more than three yearly intervals. Accordingly, Martin McGann, James Dean and Richard Crowder retire by rotation and offer themselves for re-election at the forthcoming Annual General Meeting. The Company has not followed the provisions of the UK Corporate Governance Code which requires all Directors to retire and offer themselves for re-election, as the Board believes this provision to be potentially detrimental to the effective and ongoing management of the Company.

Directors' and Officers' liability insurance

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

Corporate governance statement

A statement on Corporate governance is set out on pages 21 to 23.

Substantial shareholders

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

	Number of shares	%
Caledonia Investments Plc	33,497,094	6.17
Blackrock Investment Management	31,340,902	5.77
Electra Partners Europe	30,000,000	5.53
Rothschild Asset Management	29,376,555	5.41
Rathbones	22,710,749	4.18
Worldstar Limited	20,711,560	3.82
Legal & General Investment Management	19,025,131	3.51
Patrick Vaughan	18,146,010	3.34

Suppliers

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

The number of creditor days outstanding for the Group at 31 March 2012 was 19 days (2011: 20 days).

Provisions on change of control

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

Essential contracts

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

Financial Instruments

Details of the financial instruments used by the Group and financial risk management policies can be found in the Operating and Financial Review on page 11 and in notes 1 and 15.

Post Balance Sheet Events

On 18 April 2012 the Group completed the sale of the Triangle Distribution Portfolio of 17 assets (see note 19)

Charitable and political contributions

During the year the Group made charitable donations of £69,000 (2011: £52,000). No political donations were made during the year (2011: £nil).

Going concern

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review, the Group has considered its cash balances, its debt maturity profile, including undrawn facilities, and the long-term nature of tenant leases.

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

Disclosure of information to auditors

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

Auditors

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

Annual General Meeting

The Annual General Meeting of the Company will be held at the Cavendish London Hotel, 81 Jermyn Street, London, SW1Y 6JF on 11 July 2012 at 10.00 am.

The Notice of Meeting on pages 53 to 55 sets out the proposed resolutions and voting details.

Approved by the Board on 30 May 2012 and signed on its behalf by

Martin McGann

Finance Director

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements:
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- prepare a Directors' report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description or the principal risks and uncertainties that they face

Approved by the Board on 30 May 2012 and signed on its behalf by

Martin McGann

Finance Directo

Corporate governance

Statement by the Directors on compliance with the provisions of the code

The Board is committed to maintaining high standards of corporate governance and considers that the Company has complied with the provisions set out in section 1 of the UK Corporate Governance Code throughout the year, except for the non-independence of one of the Non-Executive Directors and the re-election of Directors as noted below. The role of the Chairman is an executive position.

The Company's principal governance policies and practices are set out below.

The Board of Directors

Composition

The Board comprises the Chairman, two other Executive Directors and five Non-Executive Directors. The biographies of all members of the Board are set out on page 17.

There are clearly defined roles for the executive Chairman (Raymond Mould) and Chief Executive (Patrick Vaughan) which have been approved by the Board. The Chairman is responsible for leading the Board and monitoring its effectiveness and the Chief Executive is responsible for the day to day management of the Group and delivery of strategic objectives.

Attendance at Board meetings

The Board has a regular schedule of meetings together with further meetings as required by the ongoing business of the Group. Non-Executive Directors are encouraged to communicate directly with the Executive Directors and senior management between scheduled Board Meetings, as part of each Director's contribution to the delivery of the Company's strategy and delivery of shareholder returns. The following table shows Directors' attendance at Board meetings they were eligible to attend during the period:

	Board	Audit Committee	Remuneration Committee
Number of meetings	6	3	2
Attended:			
Raymond Mould	6	n/a	n/a
Patrick Vaughan	6	n/a	n/a
Martin McGann	6	n/a	n/a
Mark Burton	6	3	2
Charles Cayzer	6	3	2
Richard Crowder	5	2	1
James Dean	6	n/a	2
Humphrey Price	6	3	n/a

Where Directors are unable to attend meetings, their comments are provided to the Board prior to the meeting.

Board activities

The Board is responsible to the shareholders for the strategy, control and effective leadership of the Group. There is a formal schedule of matters reserved for its approval, including:

- approval of interim and annual financial statements and dividends;
- setting and monitoring of overall strategy;
- reviewing property valuations;
- acquisitions and disposals;
- approval of major capital expenditure projects;
- treasury and financing arrangements; and
- internal control, risk management and Board evaluation.

This schedule of matters is reviewed and agreed by the Board on an annual basis.

The Board is assisted by an Investment Committee comprising the Executive Directors and the senior management team. The Investment Committee meets monthly to discuss property investment and development activities and the ongoing management of the Group. The Minutes of these meetings are made available to the Board.

The Board receives comprehensive reports and briefing papers one week prior to Board and Committee meetings to enable them to fulfil their responsibilities.

Presentations on current and prospective property portfolios are made regularly to the Board by senior management and property visits are regularly arranged.

All Directors have access at all times to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and governance regulations are complied with.

The Directors may, in the furtherance of their duties, take independent professional advice at the expense of the Company.

The commitments of each Director outside of the Company are kept under review by the Board to ensure that sufficient time is available to enable them to discharge their responsibilities effectively.

The Chairman is also a non-executive director of FF&P Russia Real Estate Limited and FF&P Russia Real Estate Development Limited, for which he received fees of £65,000 (2011: £65,000) and £70,000 (2011: £75,000) respectively in the year. The Board is satisfied that these appointments do not adversely affect his commitment as the Company's Chairman.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors are required to submit themselves for election at the first opportunity following their appointment by the Board and thereafter for re-election at least every three years. Accordingly, Martin McGann, James Dean and Richard Crowder are proposed for re-election at the forthcoming Annual General Meeting.

The Board considers this departure from the requirements of the UK Corporate Governance Code that all Directors are submitted for re-election annually is necessary to ensure the effective and ongoing management of the business.

Corporate governance

Non-Executive Directors

The Board is satisfied that, with the exception of Humphrey Price, the Non-Executive Directors are independent of management and have no business or other relationship which could materially interfere with the exercise of their independent judgement.

Humphrey Price is not considered to be independent within the meaning of the Corporate Governance Code as a result of his long working association with the three Executive Directors at Pillar Property Plc and Arlington Securities.

The Board nevertheless considers that the knowledge and experience he brings, having been the Finance Director of these very successful listed property companies, and his ability to act independently, make him a most qualified and appropriate Non-Executive Director and Chairman of the Audit Committee.

The Board believes that the Non-Executive Directors have the appropriate balance of skills, including significant and relevant commercial experience and knowledge, as evidenced by their biographies, to enable them to make a valuable contribution to the Board and Company. The Non-Executive Directors, chaired by the Senior Independent Director, Charles Cayzer, have met separately from the Board and will continue to meet as necessary, but at least annually, without the Executive Directors present to address any matters which they may wish to raise and to appraise the performance of the Chairman.

On their appointment, Non-Executive Directors are provided with a comprehensive Board pack and are briefed on the Group's assets, finances, risks and strategy.

This year the Non-Executive Directors attended the valuation meetings with the Auditors and external advisors to discuss the Group's year end property valuations and the UK property market in general.

Board performance and evaluation

In March 2012, the Board undertook its first formal evaluation of its own performance and that of its Committees and individual Directors.

The process required each Director to complete a questionnaire based on the components of good governance established by the UK Corporate Governance Code, which focused on the objectives, strategy and remit for the Board, performance measurement, relationships with shareholders, effectiveness of risk management and corporate reporting and the effectiveness of the Board, individual Directors and Committees. The results were very positive and concluded that:

- Board Committees were operating effectively and reporting their findings to the Board;
- corporate strategy and objectives were clear and company resources and performance measurements were well aligned with strategy; and
- there is regular and open communication with shareholders.

There were no recommendations to change the way the Board operates.

This process will be conducted annually and will be externally facilitated every three years.

Board committees

The Board has two Committees, the Audit and the Remuneration Committees, each having written terms of reference which are reviewed annually by the Board and which are available on written request and on the Company's website: www.londonandstamford.com.

The Chairman of each Committee reports the outcome of meetings to the Board

There have been no new appointments to the Board since listing in October 2010. The process of any such appointment in the future will be led by a Nominations Committee of the Board to which Directors will be appointed as required and will constitute a majority of Non-Executive Directors.

Audit Committee

The Audit Committee comprises the Non-Executive Directors of the Company (except for James Dean) and is 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 Committee met three times last year, with meetings organised around the Company's financial reporting requirements. The Finance Director and other senior management and the external auditors attend meetings by invitation.

BDO LLP has confirmed to the Audit Committee that they remain independent and have maintained internal safeguards to ensure the objectivity of the engagement partner and audit staff is not impaired.

Sums payable to BDO LLP in relation to the 2012 audit were £155,000 (2011:£192,000) and in relation to non-audit services provided in the year were £32,000 (2011: £529,000).

The Committee has considered the level of non-audit fees and nature of non-audit services provided and is satisfied that auditor independence has been maintained.

PwC advise the Company and Group on tax compliance and planning.

Due to the size and structure of the Group, the Committee does not believe an internal audit function is necessary, but this requirement is kept under regular review. The Company does, however, undertake a regular review of key controls and processes in conjunction with the external audit team.

Remuneration Committee

The Remuneration Committee comprises the Non-Executive Directors of the Company (except for Humphrey Price) and is chaired by James Dean.

Its responsibilities include recommending to the Board the remuneration of the Executive Directors and other senior executives, and determining awards and targets under management incentives schemes.

The Remuneration Committee's role is described further in the Remuneration report on pages 24 to 26.

The Remuneration Committee met twice last year.

Relations with shareholders

Communication with shareholders is given high priority and the Company undertakes a regular dialogue with major shareholders and fund managers.

Peel Hunt LLP and Credit Suisse Securities (Europe) Limited continue to act as Joint Financial Advisers and Brokers to the Company and assist the Board in communicating on a regular basis with major shareholders and fund managers. Following the announcement of interim and year end results, the Executive Directors host a series of formal meetings and presentations with shareholders and investors. The Senior Independent Director attends meetings at his discretion and feedback is reported to the Non-Executive Directors. Meetings are arranged as requested with at least the top twenty shareholders of the Company.

The Board is kept updated on shareholder related issues by ad hoc meetings between the Executive Directors and shareholders at other times during the year at either the request of the shareholders or advice of the Company's brokers

Shareholders are informed of the Company's progress though results statements and other announcements released through the London Stock Exchange. Company announcements are made available on the website. Shareholders can raise questions directly with the Company or at any time through a facility on the website.

The Executive Directors and Senior Independent Director are available as a contact for shareholders and the whole Board attends and is available to answer shareholder questions at the Company's Annual General Meeting. Full interim and annual reports are sent to all shareholders and details of the resolutions to be propose at the Annual General Meeting on 11 July 2012 can be found in the Notice of Meeting on pages 53 to 55. Details of the number of proxy votes for, against and withheld for each resolution will be disclosed at the meeting and posted to the Company's website.

Internal controls

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

The system is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. The system can only provide reasonable but not absolute assurance against material misstatement or loss.

The main elements of the internal control framework are:

- a comprehensive and documented system of financial budgeting and reporting;
- a management structure with clearly defined roles and responsibilities that enables effective and efficient decision making;
- close involvement of the Executive Directors in day to day operations;
- monthly meetings of the Investment Committee, which assesses and monitors strategic and operational risk; and
- the maintenance of a risk register and a financial reporting procedures memorandum, both of which identify key financial and other internal controls.

During the year the Audit Committee undertook a comprehensive review and assessment of risk management and internal controls. This involved a review of the risk management framework in place to manage the key property, financial and operational risks facing the business.

A detailed Internal Control Evaluation questionnaire was completed by senior management and reviewed by the Committee highlighting the physical, managerial and financial controls in place to manage and minimise identified risks. Key findings and recommendations were reported to the Board.

Jadzia Duzniak

Company Secretary 30 May 2012

Remuneration report

The Remuneration Committee (the "Committee") has prepared this report in accordance with the requirements of the UK Corporate Governance Code, the Companies Act 2006 and the listing rules of the Financial Services Authority. A resolution will be proposed for its approval at the Annual General Meeting of the Company on 11 July 2012.

The Committee comprises the Non-Executive Directors of the Company (except for Humphrey Price) and is chaired by James Dean.

The Committee's responsibilities are set out in its terms of reference which are reviewed annually by the Board and which are available to shareholders on request and on the Company's website: www.londonandstamford.com. The Committee recommends to the Board the remuneration policy and packages of the Executive Directors and other senior executives and determines awards and targets under management incentive schemes.

The Committee meets at least twice a year to review its own performance, constitution and terms of reference and to ensure it is operating at maximum effectiveness, as well as to review and approve remuneration awards. The Chairman of the Committee reports to the Board on proceedings following each meeting. During the year the Committee has met twice.

Remuneration policy

The Committee's overriding objective in determining the Company's remuneration policy is to ensure it continues to attract, motivate and retain individuals of the highest calibre who individually and collectively contribute to the long term success of the Group and which is competitive in relation to other comparable property companies. It seeks to provide incentives to encourage and reward individual performance and success as well as aligning interests with shareholders by implementing rewards and incentives that are dependent on the overall performance and growth of the Group. The Committee considers annual performance bonuses and long term share-based incentive plans to be the most effective means of achieving these aims.

No Executive Director is involved in the determination of his own remuneration and fees for Non-Executive Directors are determined and reviewed by the Board as a whole. In setting the Executive Directors' remuneration the Committee takes into account pay and employment conditions applicable across the Group and most particularly remuneration arrangements in other comparable property companies.

The remuneration packages for Executive Directors and other senior executives of the Group consist of the following elements:

Basic salary and benefits

Basic salaries for Executive Directors and senior executives are in accordance with those disclosed in the Prospectus dated 21 September 2010 and are reviewed annually by the Committee at the same time and on the same basis as the review by the Executive Directors of all other staff salaries. Salary increments are approximately linked to inflation. Their assessment has regard to individual and corporate performance, individual roles and responsibilities and comparable salary levels in other similar companies.

Benefits for all Executive Directors and employees include and are restricted to medical insurance and life assurance cover.

All staff except for the Chairman receive a 15% monthly contribution to their individual personal pension plans.

Mr McGann has a salary sacrifice arrangement with the Company whereby additional pension contributions are paid in lieu of salary.

Annual discretionary bonus

The Committee considers on an annual basis the award of Executive Directors' bonuses. These are non-pensionable awards which are discretionary and dependent upon the performance of the Group, as well as the individual contribution made by each Director. Performance is measured according to income growth, property returns, net asset value and shareholder return as well as qualitative measurement of successful property transactions, initiatives and financing. Bonuses are restricted to a maximum of 100% of current gross salary.

The Committee has approved cash bonuses of 100% of gross salary for each of the three Executive Directors for the year, which have been accrued in these accounts. Consideration has been given to the considerable business achievements in a challenging business environment in determining such awards and to the relativity of remuneration of the Executive Directors within the Real Estate sector.

Long term incentives

The Company wishes to align the long term interests of executives with those of shareholders and to reward and encourage continued and sustained growth.

The Executive Directors are not subject to any long term incentive arrangements and are not eligible to participate in the Staff Incentive Plan.

The Executive Directors have significant interests in the shares of the Company, the performance of which creates direct alignment for the Executive Directors with other shareholders.

The Executive Directors and senior executives who were former members of the Property Advisor, LSI Management LLP ("LSI"), received shares in the Company on its acquisition of LSI on 1 October 2010. The Executive Directors received 26,565,698 shares that are subject to lock-in arrangements that prevent them being sold before 30 September 2013. In addition, 8,326,395 of these shares are subject to clawback arrangements if performance targets are not met in the three year period to 30 September 2013.

The performance targets are to achieve an average increase in the net asset value after adjusting for dividends paid and the issue of new shares of at least 11.5% per annum. The performance target for the first year to 30 September 2011 was not met and so all of the 8,326,395 shares remain subject to the clawback arrangements.

If the cumulative target for the second year is met then two thirds of the clawback shares will be released. The clawback is only enforced at the end of the third year. If the cumulative target at the end of the third year is not met, then all of the clawback shares will be subject to clawback except those that have been previously released.

Staff incentive plan

The Staff Incentive Plan was established in January 2011 to align the interests of management who were not party to the arrangements noted above, thereby attracting and retaining high calibre individuals throughout the organisation.

Subject to the exclusions noted, all current and future employees of the Group are eligible to participate in the Plan at the Company's discretion.

The Plan provides for the grant of a conditional award to receive ordinary shares in the Company at no cost. The awards vest on or after the third anniversary of the date granted and are subject to the same lock-in and performance conditions and targets as the consideration shares issued to the former partners of the Property Advisor.

The intention is that share awards will be made annually and will be a function of basic salary.

On 1 October 2011 conditional awards were granted to employees to receive 451,639 shares in the Company. The shares were acquired by the Company's Employee Benefit Trust in the year. The Company's Employee Benefit Trust now holds 874,075 shares in the Company.

Non-Executive Directors' remuneration

The fees payable to the Non-Executive Directors are determined and reviewed by the Board annually and reflect the time commitment and responsibility taken by them. Each Non-Executive Director is paid a basic fee of $\mathfrak{L}50,000$ per annum and, in addition, James Dean and Humphrey Price receive a fee of $\mathfrak{L}10,000$ per annum to act as chairmen of the Remuneration Committee and Audit Committee respectively. Richard Crowder receives an additional fee of $\mathfrak{L}25,000$ per annum for his role as Director of various subsidiary companies. Non-Executive Directors' fees remain unchanged from last year.

Non-Executive Directors are not eligible for performance related bonuses, participation in the Staff Incentive Plan, pensions or other benefits from the Company.

Service arrangements

The Executive Directors entered into Service Agreements with the Company on 1 October 2010 with notice periods terminable by either party of twelve months. Apart from salary and benefits in the notice period, there are no other contractual terms which would give rise to compensation payable for early termination.

The Non-Executive Directors have letters of appointment effective from 1 October 2010 for an initial term of three years, which are subject to a notice period of three months by either party.

Audited information

Directors' emoluments

	Salary and fees	Bonus ⁽¹⁾	Benefits in kind £	Total excluding pension contributions 2012	Total excluding pension contributions 2011	Pension 2012	Pension 2011 £
Executive							
Raymond Mould	303,400	312,000	14,562	629,962	306,424	_	_
Patrick Vaughan	310,000	312,000	7,305	629,305	303,106	34,800	20,000
Martin McGann	249,180	260,000	5,264	514,444	252,369	48,125	18,750
	862,580	884,000	27,131	1,773,711	858,599	82,925	38,750
Non Executive							
Charles Cayzer	50,000	_	_	50,000	25,000	_	_
James Dean	60,000	_	_	60,000	30,000	_	_
Humphrey Price	60,000	_	_	60,000	30,000	_	_
Mark Burton	50,000	_	_	50,000	25,000	_	_
Richard Crowder	75,000	_	_	75,000	51,250	_	_
	295,000	_	_	295,000	161,250	-	_

⁽¹⁾ Restricted to a maximum of 100% of current gross salary before deductions under salary sacrifice arrangements.

Remuneration report

Interests of Directors in Company's shares

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

	Ordinary shares of 10p each 31 March 2012	Ordinary shares of 10p each 31 March 2011
Raymond Mould	16,000,000	18,400,000
Patrick Vaughan	18,146,010	18,383,510
Martin McGann	3,823,795	3,823,795
Mark Burton	_	_
Charles Cayzer	_	_
Richard Crowder	100,000	100,000
James Dean	_	_
Humphrey Price	2,143,127	2,143,127

There were no movements in Director's shareholdings between 31 March 2012 and the date of this report. No Director had any interest in or contract with the Company or any subsidiary undertaking during the year.

Performance graph



Source: Thomson Reuters Datastream

Shareholder remuneration

The graph above shows the Company's total shareholder return from 7 November 2007 to 31 March 2012 compared to a composite measure of the FTSE All-Share Real Estate Investment Trusts Index and the FTSE All-Share Real Estate Investment and Services Index and also to the FTSE 250 and FTSE 100 Indexes. These indices have been chosen by the Committee as they are considered the most appropriate benchmarks against which to assess the relative performance of the Company.

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

The period from 7 November 2007 to 30 September 2010 relates to the performance of the Group headed by London & Stamford Property Limited. The period from 1 October 2010 relates to the performance of the Group headed by London & Stamford Property Plc.

James Dean

Chairman of the Remuneration Committee 30 May 2012



Independent auditor's report to the members of London & Stamford Property Plc

We have audited the Group financial statements of London & Stamford Property Plc for the year ended 31 March 2012 which comprise the Group Income Statement, the Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the Group financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement in relation to going concern;
- the part of the corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Other matters

We have reported separately on the Parent Company financial statements of London & Stamford Property Plc for the year ended 31 March 2012 and on the information in the Directors' remuneration report that is described as having been audited.

Russell Field

Senior Statutory Auditor For and on behalf of BDO LLP, statutory auditor London United Kingdom

30 May 2012

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

Group Income Statement For the year ended 31 March

	Note	2012 £000	2011 £000
Gross rental income	2	38,526	38,766
Property outgoings		(2,982)	(2,710)
Net rental income		35,544	36,056
Property advisory fee income		6,360	5,591
Net proceeds from sales of trading properties	2	333	181
Net income		42,237	41,828
General corporate costs		(9,515)	(10,699)
Share-based payments	3	(13,450)	(6,609)
Negative goodwill on acquisition of subsidiaries		_	42,917
Write down of positive goodwill on acquisition of subsidiaries		_	(7,544)
Write down and amortisation of intangible asset		(3,965)	(36,871)
Acquisition costs		_	(9,026)
Total administrative costs		(26,930)	(27,832)
Profit on revaluation of investment properties	9	5,910	30,080
Profit on sale of investment properties		56	2,609
Profit on sale of subsidiaries		646	_
Share of profits of associates and joint ventures	10	4,346	21,961
Operating profit	3	26,265	68,646
Finance income	5	684	1,165
Finance costs	5	(14,113)	(19,960)
Change in fair value of derivative financial instruments	5	(5,171)	6,923
Profit before tax		7,665	56,774
Taxation	6	(1,131)	(12,307)
Profit after tax		6,534	44,467
Profit for the year and total comprehensive income attributable to:			
Equity shareholders		5,339	43,312
Non-controlling interest		1,195	1,155
		6,534	44,467
Earnings per share			
Basic and diluted	8	1.0p	8.3p

All amounts relate to continuing activities.

Group Balance Sheet

As at 31 March

	Note	2012 £000	2011 £000
Non current assets			
Investment properties	9	662,672	748,275
Investment in equity accounted associates and joint ventures	10	161,575	115,345
Intangible asset	11	12,424	16,389
Other tangible assets		383	348
Deferred tax assets	6	6,097	7,883
		843,151	888,240
Current assets			
Trading properties		3,837	5,760
Trade and other receivables	12	22,739	45,291
Cash and cash equivalents	13	136,934	156,785
		163,510	207,836
Total assets		1,006,661	1,096,076
Current liabilities			
Trade and other payables	14	35,217	18,574
Taxation payable		_	14,197
		35,217	32,771
Non current liabilities			
Borrowings	15	319,833	382,956
Derivative financial instruments	15	12,274	6,642
		332,107	389,598
Total liabilities		367,324	422,369
Net assets		639,337	673,707
Equity			
Called up share capital	16	54,280	54,580
Capital redemption reserve		300	_
Other reserve		47,069	47,551
Retained earnings		531,905	566,589
Equity shareholders' funds		633,554	668,720
Non-controlling interest		5,783	4,987
Total equity		639,337	673,707
Net asset value per share	8	116.7p	122.5p

The financial statements were approved and authorised for issue by the Board of Directors on 30 May 2012 and were signed on its behalf by:

M F McGann

Finance Director

Group Statement of Changes in Equity For the year ended 31 March

	Note	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Subtotal £000	Non- controlling interest £000	Total £000
At 1 April 2011		54,580	_	47,551	566,589	668,720	4,987	673,707
Profit for the year and total comprehensive income		_	_	_	5,339	5,339	1,195	6,534
Purchase and cancellation of own shares		(300)	300	_	(3,157)	(3,157)	_	(3,157)
Purchase of shares held in trust		_	_	(482)	_	(482)	_	(482)
Share-based payments		_	_	_	248	248	_	248
Distribution paid to non-controlling interest		_	_	_	_	_	(399)	(399)
Dividends paid	7	_	_	_	(37,114)	(37,114)	_	(37,114)
At 31 March 2012		54,280	300	47,069	531,905	633,554	5,783	639,337

	Note	Share capital £000	Special reserve £000	Other reserve £000	Retained earnings £000	Subtotal £000	Non- controlling interest £000	Total £000
At 1 April 2010		50,000	446,620	_	103,950	600,570	_	600,570
Profit for the year and total comprehensive income		_	_	_	43,312	43,312	1,155	44,467
Non-controlling interest on acquisition of subsidiary		_	_	_	_	_	4,169	4,169
Distribution paid to non-controlling interest		_	_	_	_	_	(337)	(337)
Reverse acquisition and share for share exchange		_	(446,620)	_	446,620	_	_	_
Share issue on acquisition of Property Advisor		4,580	_	48,084	_	52,664	_	52,664
Purchase of shares held in trust		_	_	(533)	_	(533)	_	(533)
Share-based payments		_	_	_	81	81	_	81
Dividends paid	7	_	-	_	(27,374)	(27,374)	_	(27,374)
At 31 March 2011		54,580	_	47,551	566,589	668,720	4,987	673,707

Group Cash Flow Statement For the year ended 31 March

	2012 £000	2011 £000
Cash flows from operating activities		
Profit before tax	7,665	56,774
Adjustments for non-cash items:		
Profit on revaluation of investment properties	(5,910)	(30,080)
Profit on sale of investment properties	(56)	(2,609)
Profit on sale of subsidiaries	(646)	_
Share of post tax profit of associates	(4,346)	(21,961)
Share based payment	13,450	6,609
Negative goodwill on acquisition of subsidiaries	-	(35,373)
Write down of intangible asset	3,965	36,871
Net finance costs	18,600	11,872
Cash flows from operations before changes in working capital	32,722	22,103
Change in trade and other receivables	6,828	(1,984)
Movement in lease incentives	63	(2,862)
Change in trade and other payables	21,273	1,316
Acquisition of trading properties	-	(5,760)
Disposal of trading properties	1,923	_
Cash flows from operations	62,809	12,813
Interest received	680	1,160
Interest paid	(12,687)	(11,441)
Tax paid	(10,489)	(1,123)
Financial arrangement fees and break costs	(2,359)	(10,768)
Cash flows from operating activities	37,954	(9,359)
Investing activities		
Purchase of subsidiary undertakings net of cash acquired	_	(77,844)
Purchase of investment properties	(115,732)	(59,656)
Purchase of other tangible assets	(136)	_
Capital expenditure on investment properties	(3,034)	(7,708)
Sale of investment property	2,254	103,168
Sale of subsidiary undertakings net of cash disposed	34,411	
Cash flow to associates and joint ventures	(9,341)	(8,066)
Cash flow from associates and joint ventures	5,575	3,967
Cash flow from investing activities	(86,003)	(46,139)
Financing activities		
Dividends paid	(37,513)	(27,711)
Purchase of shares held in trust	(482)	(533)
Purchase of own shares	(3,157)	_
New borrowings	142,980	151,565
Repayment of loan facilities	(73,630)	(187,631)
Cash flows from financing activities	28,198	(64,310)
Net decrease in cash and cash equivalents	(19,851)	(119,808)
Opening cash and cash equivalents	156,785	276,593
Closing cash and cash equivalents	136,934	156,785

Notes forming part of the Group financial statements

For the year ended 31 March 2012

1 Accounting policies

a) General information

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

The Group is a UK-REIT and London & Stamford Property Plc is the principal Company of the UK-REIT Group. The Company's shares trade on the Main Market of the London Stock Exchange.

b) Statement of compliance

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

c) Basis of preparation

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

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

i) Estimates and judgements

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

Significant items subject to such assumptions and estimates include the fair value of investment properties, the recognition of deferred tax assets and liabilities for potential corporation tax, amortisation of intangible assets and the fair value of derivative financial instruments. The most critical accounting polices 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, intangible assets, investment in associates and joint ventures, 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.

Notes forming part of the Group financial statements For the year ended 31 March 2012

1 Accounting policies (continued)

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 ("IFRIC") have led to any material changes in the Group's accounting policies or disclosures during the year.

Standards and interpretations in issue not yet adopted

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

Name	Description	Effective date
IFRS 7	Amendments to IFRS 7	01/07/2011
IAS 12	Amendments to IAS 12	01/01/2012
IAS 1	Amendments to IAS 1	01/07/2012
IFRS 10	Consolidated financial statements	01/01/2013
IFRS 11	Joint arrangements	01/01/2013
IFRS 12	Disclosure of interests in other entities	01/01/2013
IFRS 13	Fair value measurement	01/01/2013
IAS 27	Amendments to IAS 27	01/01/2013
IAS 28	Amendments to IAS 28	01/01/2013
IFRS 9	Financial instruments	01/01/2015

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.

d) Basis of consolidation

i) Subsidiaries

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

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

ii) Joint ventures and associates

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

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

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

iii) Intangible assets

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

1 Accounting policies (continued)

iv) Goodwill

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

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

e) Property portfolio

i) Investment properties

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

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

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

Investment property is recognised as an asset when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Group;
- there are no material conditions precedent which could prevent completion; and
- the cost of the investment property can be measured reliably.

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

ii) Trading properties

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

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 profit or loss on a straight-line basis over the lease term.

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

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

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

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

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

1 Accounting policies (continued)

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 valuation date, adjusted for subsequent capital expenditure.

f) Financial assets and financial liabilities

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

i) Loans and receivables

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

ii) Other financial assets

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

iii) Equity instruments

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

iv) Other financial liabilities

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

v) Derivative financial instruments

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

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

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

1 Accounting policies (continued)

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.

i) Tax

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

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

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

The following differences are not provided for:

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

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

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

k) Share-based payments

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

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

I) Segmental reporting

An operating segment is a distinguishable component of the Group that engages 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.

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

m) Capital management policy

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

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

2 Net income

	2012 £000	2011 £000
Gross rental income	38,526	38,766
Property outgoings	(2,982)	(2,710)
	35,544	36,056
Proceeds from sales of trading properties	2,300	1,700
Cost of sales of trading properties	(1,967)	(1,519)
	333	181

For the year ended 31 March 2012 15% and 12% (2011: 15% and nil) of the Group's gross rental income was receivable from two tenants. Property outgoings of £1.1 million (2011: £0.5 million) related to investment properties that did not generate rental income in the year.

3 Profit from operations

	2012 £000	2011 £000
This has been arrived at after charging:		
Property advisor management fees	_	4,711
Share based payments	13,450	6,609
Auditors' remuneration:		
Audit of the Group and Company Financial Statements, pursuant to legislation	155	192
Fees payable to the Company's auditors for other services to the Group:		
- Statutory audit of subsidiary accounts, pursuant to legislation	32	22
- Taxation compliance work	_	46
- Corporate advisory services	_	441
- Other advisory services	_	20

A share based payment prepayment was created for £39.5 million of the purchase consideration payable under the LSI Acquisition Agreement as reported in the 2011 financial statements. This element of the consideration is subject to bad leaver provisions and subject to future services being provided for three years post acquisition. The prepayment is being charged to the profit and loss evenly over the three years to 30 September 2013. In the year to 31 March 2012 £13.5 million (2011: £6.6 million) has been charged to the profit and loss, reducing the share based payment prepayment to £19.8 million (2011: £33.0 million).

4 Employee costs

	2012 £000	2011 £000
Employee costs, including those of Directors, comprise the following:		
Wages and salaries	4,499	2,624
Social security costs	622	151
Other pension costs	333	137
Share-based payment	248	81
	5,702	2,993

The emoluments and pension benefits of the Directors are set out in detail within the Directors' remuneration report on pages 24 to 26. Employees costs in the previous year were for the six months to 31 March 2011.

The share incentive scheme allows eligible employees to receive an award of shares, held in trust, dependent on performance conditions based on the net asset value of the Group over a three-year period. The Group expenses the estimated number of shares likely to vest over the three-year period based on the market price at the date of grant.

On 1 October 2010 and 1 October 2011, awards were granted over 417,791 and 451,639 shares respectively, with share prices at grant date of 115p and 117.1p and vesting dates three years from the date of grant. During the period an expense of £248,000 was recognised in profit or loss in respect of the scheme.

The average number of employees including Executive Directors during the year was:

	2012 Number	2011 Number
Head office and property management	22	20

5 Finance income and costs	2012	2011
Finance income	2000	2000
Interest on short-term deposits	684	1,165
- Interest of short term acposits	684	1,165
Finance costs	001	1,100
Interest payable on bank loans	12,800	12,384
Loan break costs and amortisation of loan issue costs	1,313	7,576
Fair value loss/(profit) on derivative financial instruments	5,171	(6,923
	19,284	13,037
6 Taxation	2010	2011
	2012 £000	2011 £000
The tax charge/(credit) comprises:		
Current tax		
UK tax (credit)/charge on profit	(655)	1,611
REIT charges	-	13,055
Deferred tax		
	1,786 1,131 e explained below 2012	12,307
Change in deferred tax The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are	1,131 explained below 2012 2000	12,307 : 2011 £000
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax	1,131 e explained below 2012 2000 7,665	12,307 : 2011 £000 56,774
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%)	1,131 explained below 2012 2000	12,307 : 2011 £000 56,774
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of:	1,131 e explained below 2012 2000 7,665 1,993	12,307 : 2011 £000 56,774 15,897
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes	1,131 e explained below 2012 2000 7,665 1,993	12,307 : : 2011 £000 56,774 15,897
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax	1,131 e explained below 2012 2000 7,665 1,993 4,842 (5,565)	12,307 : : 2011 £000 56,774 15,897 16,686 (24,735
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges	1,131 e explained below 2012 2000 7,665 1,993 4,842 (5,565)	12,307 : 2011 2000 56,774 15,897 16,686 (24,735 13,055
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges Share of post tax profit of associate	1,131 e explained below 2012 2000 7,665 1,993 4,842 (5,565)	12,307 : : 2011 £000 56,774 15,897 16,686 (24,735 13,055 (5,867
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges Share of post tax profit of associate Capital allowances	1,131 e explained below 2012 2000 7,665 1,993 4,842 (5,565) - (1,130)	12,307 : 2011 £000 56,774 15,897 16,686 (24,735 13,055 (5,867
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges Share of post tax profit of associate Capital allowances Temporary differences	1,131 explained below 2012 2000 7,665 1,993 4,842 (5,565) - (1,130) - 1,786	12,307 : 2011 £000 56,774 15,897 16,686 (24,735 13,055 (5,867 (147 (2,359
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges Share of post tax profit of associate Capital allowances Temporary differences Prior year tax adjustments	1,131 e explained below 2012 2000 7,665 1,993 4,842 (5,565) - (1,130)	12,307 : 2011 £000 56,774 15,897 16,686 (24,735 (3,055 (5,867 (147 (2,359
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges Share of post tax profit of associate Capital allowances Temporary differences Prior year tax adjustments Difference in tax rates	1,131 e explained below 2012 2000 7,665 1,993 4,842 (5,565) - (1,130) - 1,786 (795)	12,307 : 2011 £000 56,774 15,897 16,686 (24,735 13,055 (5,867 (147 (2,359 133 (356
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges Share of post tax profit of associate Capital allowances Temporary differences Prior year tax adjustments Difference in tax rates UK tax charge on profit	1,131 explained below 2012 2000 7,665 1,993 4,842 (5,565) - (1,130) - 1,786	12,307 : 2011 £000 56,774 15,897 16,686 (24,735 13,055 (5,867 (147 (2,359 133 (356
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges Share of post tax profit of associate Capital allowances Temporary differences Prior year tax adjustments Difference in tax rates	1,131 explained below 2012 2000 7,665 1,993 4,842 (5,565) - (1,130) - 1,786 (795) - 1,131	12,307 : 2011 £000 56,774 15,897 16,686 (24,735 13,055 (5,867 (147 (2,359 133 (356
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges Share of post tax profit of associate Capital allowances Temporary differences Prior year tax adjustments Difference in tax rates UK tax charge on profit Deferred tax asset	1,131 e explained below 2012 2000 7,665 1,993 4,842 (5,565) - (1,130) - 1,786 (795)	12,307 : 2011 £000 56,774 15,897 16,686 (24,735 13,055 (5,867 (147 (2,359 133 (356 12,307
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges Share of post tax profit of associate Capital allowances Temporary differences Prior year tax adjustments Difference in tax rates UK tax charge on profit Deferred tax asset	1,131 e explained below 2012 2000 7,665 1,993 4,842 (5,565) - (1,130) - 1,786 (795) - 1,131	12,307 : 2011
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are Profit before tax Profit at the standard rate of corporation tax in the UK of 26% (2011: 28%) Effects of: Expenses not deductible for tax purposes Tax effect of income not subject to tax REIT charges Share of post tax profit of associate Capital allowances Temporary differences Prior year tax adjustments Difference in tax rates UK tax charge on profit Deferred tax asset	1,131 e explained below 2012 2000 7,665 1,993 4,842 (5,565) - (1,130) - 1,786 (795) - 1,131	(2,359 12,307 : 2011 2000 56,774 15,897 16,686 (24,735 13,055 (5,867 (147 (2,359 133 (356 12,307 Total 2000 7,883 (1,786

As the Group is a UK-REIT there is no provision for deferred tax arising on the revaluation of properties or other temporary differences. The Group does not have unprovided deferred tax assets (2011: nil).

7 Dividends

For the year to 31 March	2012 £000	2011 £000
Ordinary dividends paid		
2010 Second interim dividend: 2.2p per share		11,000
2011 Interim dividend: 3.0p per share		16,374
2011 Final dividend: 3.3p per share	18,011	
2012 Interim dividend: 3.5p per share	19,103	
	37,114	27,374
Proposed for approval by shareholders at Annual General Meeting		
2012 Final dividend: 3.5p per share	18,998	18,011

The proposed final dividend was approved by the Board on 29 May 2012 and is subject to approval at the Annual General Meeting on 11 July 2012. It has not been included as a liability or deducted from retained earnings as at 31 March 2012. The proposed final dividend of 3.5p per share, of which 1.5p per share is a Property Income Distribution, is payable on 13 July 2012 to ordinary shareholders on the register at the close of business on 15 June 2012 and will be recognised as an appropriation of retained earnings in 2013.

8 Earnings and net assets per share

Earnings per share of 1.0p (2011: 8.3p) is calculated on a weighted average of 544,775,895 (2011: 522,688,690) ordinary shares of 10p each and is based on profits attributable to ordinary shareholders of £5.3 million (2011: £43.3 million). There are no potentially dilutive or anti-dilutive share options in the year.

Net assets per share is based on equity shareholders' funds at 31 March 2012 of £633.6 million (2011: £668.7 million) and 542,795,171 ordinary shares in issue at that date (2011: 545,795,171).

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

For the year to 31 March	2012 £000	2011 £000
Basic and adjusted earnings		
Basic earnings attributable to ordinary shareholders	5,339	43,312
Revaluation of investment property (including share of associates and joint ventures)	(5,688)	(51,033)
Fair value of derivatives (including share of associates and joint ventures)	8,859	(6,975)
Goodwill on acquisitions (including share of associates and joint ventures)	(2,876)	(35,343)
Write down of intangible assets	3,965	36,871
Share-based payments	13,450	6,529
Acquisition costs	_	9,026
REIT charges	_	13,055
Deferred tax	1,786	(2,359)
Cost on closing out of derivatives	111	5,920
Profit on disposal of investment and trading property and subsidiaries	(1,035)	(2,790)
Minority interest in respect of the above	50	(435)
EPRA adjusted earnings	23,961	15,778

2012

119.1p

Number of shares

2011

Number of shares

122.5p

8 Earnings and	I not seepte	nor chare	(continued)
o Larrings and	i ilet assets	per snare	(COHEH HUCU)

As at 31 March

Number of shares		
Opening ordinary share capital	545,795,171	500,000,000
Issue of 45,795,171 ordinary shares (1 October 2010)	_	22,897,586
Purchase and cancellation of own shares	(501,370)	_
Shares held in employee trust	(517,906)	(208,896)
Weighted average number of ordinary shares	544,775,895	522,688,690
Basic earnings per share	1.0p	8.3p
EPRA adjusted earnings per share	4.4p	3.0p
	2012	2011
As at 31 March	£000	2000
Net assets per share		
Equity shareholders' funds	633,554	668,720
Fair value of derivatives	12,274	6,642
Cost of cap and swaption	-	(1,902)
Revaluation of trading properties	408	405
Fair value of associate and joint ventures' derivatives	4,272	815
Deferred tax	(4,289)	(6,075)
EPRA adjusted net assets	646,219	668,605
Basic net assets per share	116.7p	122.5p

9 Investment properties

EPRA adjusted net assets per share

		2012					
As at 31 March	Freehold £000	Long leasehold £000	Total £000	Freehold £000	Long leasehold £000	Total £000	
Opening balance	583,553	164,722	748,275	291,827	65,868	357,695	
Reclassifications	67,225	(67,225)	_	_	_	_	
Acquisitions	34,039	81,625	115,664	356,906	93,583	450,489	
Other capital expenditure	1,932	1,102	3,034	7,704	4	7,708	
Disposals	(207,896)	(2,252)	(210,148)	(97,708)	(2,851)	(100,559)	
Revaluation movement	(4,393)	10,303	5,910	22,392	7,688	30,080	
Movement in tenant incentives and rent free uplifts	(25)	(38)	(63)	2,432	430	2,862	
At 31 March valuation	474,435	188,237	662,672	583,553	164,722	748,275	

At 31 March 2012, the Group's investment properties were externally valued by CB Richard Ellis Limited and Savills plc, both Chartered Surveyors, at £652.9 million (£652.3 million net of income guarantees). Investment property in the course of construction has been valued by the Directors at £10.4 million.

The external valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards 2012 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.

Included within the investment property valuation is £9.6 million (2011: £9.7 million) in respect of lease incentives and rent free periods.

The historical cost of all of the Group's investment properties at 31 March 2012 was £599.5 million (2011: £686.4 million).

10 Investment in associate and joint venture

As at 31 March	2012 £000	2011 £000
Opening balance	115,345	89,285
Additions at cost	47,459	8,066
Share of profit in the year	4,346	21,961
Profit distributions received	(5,575)	(3,967)
At 31 March	161,575	115,345

In February 2009 the Group entered into an arrangement with Green Park Investments, a wholly-owned subsidiary of a major Gulf institution. The Group has a 31.4% interest in LSP Green Park Property Trust, a Guernsey registered trust, which is accounted for by the Group as an associate. LSP Green Park Property Trust acquired a 50% interest in the Meadowhall Shopping Centre from The British Land Company Plc on 11 February 2009.

In May 2011 the Group disposed of a 50% interest in its distribution portfolio of 10 prime assets acquired in November 2010 to Green Park Investments realising a profit on disposal of the related subsidiaries of £0.6 million. It retained a 50% interest in the joint venture company, LSP Green Park Distribution Holdings Limited.

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

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

	LSP Green Park Property Trust (Meadowhall) £000	LSP Green Park Distribution Holdings £000	2012 £000	2011 £000
Summarised income statement				
Net rental income	11,980	7,189	19,169	12,473
Administration expenses	(1,871)	(914)	(2,785)	(3,105)
Movement in fair value of net assets acquired over consideration paid	2,876	_	2,876	(30)
(Deficit)/surplus on revaluation of investment properties	(4,952)	4,730	(222)	20,953
Net interest payable	(8,330)	(2,723)	(11,053)	(8,223)
Movement in fair value of derivatives	(1,294)	(2,394)	(3,688)	52
Tax	49	_	49	(159)
Profit after tax	(1,542)	5,888	4,346	21,961
Summarised balance sheet				
Investment properties	237,667	120,849	358,516	239,425
Current assets	4,607	4,728	9,335	4,763
Current liabilities	(10,971)	(3,800)	(14,771)	(6,245)
Bank debt	(102,243)	(73,192)	(175,435)	(104,269)
Derivative financial instruments	(2,109)	(2,163)	(4,272)	(815)
Other non current liabilities	(11,798)	_	(11,798)	(17,514)
Net assets	115,153	46,422	161,575	115,345

The investment properties were valued on an open market value basis by CB Richard Ellis Limited, Chartered Surveyors, as at 31 March 2012 in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

11 Intangible assets

As at 31 March	2012 £000	2011 £000
Cost		
Opening balance	53,260	_
Additions	_	53,260
At 31 March	53,260	53,260
Amortisation		
Opening balance	36,871	_
Amortisation during the year	3,965	36,871
At 31 March	40,836	36,871
Net carrying amount	12,424	16,389

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

12 Trade and other receivables

As at 31 March	2012 £000	2011 £000
Trade receivables	288	1,603
Amounts receivable from income guarantees	557	1,518
Share-based payment prepayment	19,767	32,969
Corporation tax debtor	752	_
Prepayments and accrued income	1,068	784
Performance fees receivable	_	5,244
Other receivables	307	3,173
	22,739	45,291

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

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

At 31 March 2012 there were no amounts which were overdue and no amounts which were impaired. There is no provision for impairment of trade receivables as at 31 March 2012 as the risk of impairment of the amounts outstanding is not considered to be significant.

The Group's minimum lease payments receivable under non-cancellable operating leases, excluding associates and joint ventures, are as follows:

	2012 £000	2011 £000
Less than one year	37,190	48,227
Between one and five years	98,579	173,759
Between six and ten years	81,679	162,957
Between 11 and 15 years	41,273	106,588
Between 16 and 20 years	2,094	17,844
	260,815	509,375

13 Cash and cash equivalents

Cash and cash equivalents include £29.1 million (2011: £11.1 million) retained in rent and restricted accounts which are not readily available to the Group for day to day commercial purposes.

14 Trade and other payables

As at 31 March	2012 £000	2011 £000
Trade payables	775	577
Amounts payable on property acquisitions and disposals	51	193
Rent received in advance	8,156	10,694
Accrued interest	2,239	2,220
Other payables	2,009	2,444
Other accruals	1,971	2,446
Deferred income	20,016	_
	35,217	18,574

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

15 Borrowings and financial instruments

a) Non current financial liabilities

As at 31 March	2012 £000	2011 £000
Secured bank loans	322,769	386,669
Unamortised finance costs	(2,936)	(3,713)
	319,833	382,956

The bank loans are secured by fixed charges over certain of the Group's investment properties with a carrying value of £598 million and are repayable within two to five years of the balance sheet date.

b) Financial risk management

Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's financial risk management objectives are to minimise the effect of risks it is exposed to through its operations and the use of debt financing.

The principal financial risks to the Group and the policies it has in place to manage these risks are summarised below:

i) Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's principal financial assets are cash balances and deposits and trade and other receivables. The Group's credit risk is primarily attributable to its cash deposits and trade receivables.

The Group mitigates financial loss from tenant defaults by dealing with only creditworthy tenants. The trade receivable amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivables concerned. The balance is low relative to the scale of the balance sheet and therefore the credit risk of trade receivables is considered to be low.

Cash is placed on deposit with a diverse mix of institutions with suitable credit ratings and rates of return and for varying periods of time. At the year end deposits were spread across eight different banks. The credit ratings of the banks are monitored by J C Rathbone Associates Limited and reported to the Board at least quarterly in order to make necessary changes and manage risk.

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

15 Borrowings and financial instruments (continued)

ii) Liquidity risk

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

The Group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure that the Group has sufficient available funds for operations and committed investments. The Group's funding sources are diversified across a range of banks. Quarterly cash flow forecasts are prepared for the Board in order to ensure sufficient resources of cash and undrawn borrowing facilities are in place to meet liabilities as they fall due. The Group deposits surplus cash with a number of banks and for varying periods of time to ensure diversification, liquidity of resources and so as to deliver appropriate returns.

The Group had cash reserves of £136.9 million (2011: £156.8 million) and available and undrawn bank loan facilities at 31 March 2012 of £22.3 million (2011: £ nil). Following the disposal of the Triangle Distribution portfolio on 18 April 2012 a further £150 million of undrawn bank loan facilities became available to the Group.

The following table shows the contractual maturity profile of the Group's financial liabilities on an undiscounted cash flow basis and assuming settlement on the earliest repayment date.

	Less than one year £000	One to two years £000	Two to five years £000	Total £000
At 31 March 2012				
Bank loans	8,553	8,553	335,134	352,240
Derivative financial instruments	5,272	5,346	4,493	15,111
	13,825	13,899	339,627	367,351
	Less than one year £000	One to two years	Two to five years £000	Total £000
At 31 March 2011				
Bank loans	9,465	9,439	406,636	425,540
Derivative financial instruments	6,436	6,419	12,343	25,198
	15,901	15,858	418,979	450,738

iii) Market risk – Interest rate risk

The Group is exposed to interest rate risk from the use of debt financing at a variable rate. It is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates. It is Group policy that a reasonable portion of external borrowings are at a fixed interest rate in order to manage this risk.

The Group uses interest rate swaps and caps to manage its interest rate exposure and hedge future interest rate risk for the term of the bank loan. Although the Board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully the cash flow risk associated with interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

At 31 March 2012 the Group had £289 million of hedges in place, and its debt was 84% fixed. Consequently, based on year end debt levels, a 1% change in interest rates would increase or decrease the Group's annual profit before tax by £0.7 million.

The average interest rate payable by the Group on all bank borrowings at 31 March 2012 net of undrawn facility commitment fees was 4.12% (31 March 2011: 4.08%).

15 Borrowings and financial instruments (continued)

iv) Capital risk management

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern so that it can provide returns to shareholders and as such it seeks to maintain an appropriate mix of debt and equity. The capital structure of the Group consists of debt, which includes long-term borrowings and undrawn debt facilities, and equity comprising issued capital, reserves and retained earnings. The Group balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

c) Financial instruments

i) Categories of financial instruments

	Loans and receivables	
As at 31 March	2012 £000	2011 £000
Current assets		
Cash and cash equivalents	136,934	156,785
Trade receivables (note 12)	288	1,603
Amounts receivable from income guarantees (note 12)	557	1,518
Performance fees receivable (note 12)	_	5,244
Corporation tax receivable	752	_
Other receivables (note 12)	307	3,173
	138,838	168,323

	Measured at	Measured at amortised cost		Measured at fair value	
As at 31 March	2012 £000	2011 £000	2012 £000	2011 £000	
Non current liabilities					
Borrowings (note 15a)	319,833	382,956	_	_	
Current liabilities					
Trade payables (note 14)	775	577	_	_	
Accrued interest (note 14)	2,239	2,220	_	_	
Other accruals (note 14)	1,971	2,446	_	_	
Deferred income (note 14)	20,016	_	_	_	
Other payables (note 14)	2,009	193	_	_	
Corporation tax payable	_	14,197	_	_	
Derivative financial instruments (see 15c(iii))	_	_	12,274	6,642	
	346,843	402,589	12,274	6,642	

ii) Fair values

To the extent financial assets and liabilities are not carried at fair value in the consolidated balance sheet, the Directors are of the opinion that book value approximates to fair value at 31 March 2012.

15 Borrowings and financial instruments (continued)

iii) Derivative financial instruments

All derivative financial instruments are carried at fair value following a valuation as at 31 March 2012 by J C Rathbone Associates Limited. Details of the fair value of the Group's derivative financial instruments that were in place at 31 March 2012 are provided below:

	Protected rate %	Expiry	Market value 31 March 2011 £000	Disposed in the year £000	Movement recognised in income statement £000	Market value 31 March 2012 £000
£43 million swap*	3.77	October 2014	(1,920)	_	1,920	_
£12.3 million swap*	3.90	October 2014	(936)	_	936	_
£66.6 million fixed rate	2.98	February 2016	(749)	749	_	_
£40.0 million cap	3.00	February 2016	1,210	(1,210)	_	_
£17.5 million cap	4.00	October 2014	213	_	(193)	20
£85 million swap	3.68	October 2014	(3,958)	_	(1,731)	(5,689)
£38.5 million swaption*	3.75	January 2012	85	_	(85)	_
£48.1 million swap	2.69	January 2015	(587)	_	(1,209)	(1,796)
£55.3 million swap	3.77	October 2014	_	_	(3,840)	(3,840)
£40.7 million swaption	2.35	March 2016	_	_	25	25
£40.7 million swap	1.88	October 2012	_	_	(213)	(213)
£25.0 million fixed rate	2.03	July 2016	_	_	(767)	(767)
£17.6 million fixed rate	1.31	July 2016	_	_	(14)	(14)
			(6,642)	(461)	(5,171)	(12,274)

^{*} Derivatives cancelled or lapsed in the year.

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

The market values of hedging products change with interest rate fluctuations, but the exposure of the Group to movements in interest rates is protected by way of the hedging products listed above. In accordance with accounting standards, fair value is calculated on a replacement basis using mid-market rates. For all derivative financial instruments 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 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 Share capital

As at 31 March	2012 Number	2012 £000	2011 Number	2011 £000
Authorised				
Ordinary shares of 10p each	Unlimited	Unlimited	Unlimited	Unlimited
As at 31 March	2012 Number	2012 £000	2011 Number	2011 £000
Issued, called up and fully paid				
Ordinary shares of 10p each	542,795,171	54,280	545,795,171	54,580

On 9 January 2012 the Company acquired three million ordinary shares as Treasury Stock. On 28 March 2012 these shares were cancelled.

17 Reserves

The Statement of Changes in Equity is shown on page 31.

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

Share capital	The nominal value of shares issued.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued ordinary shares.
Other reserve	A reserve relating to the application of merger relief in the acquisition of LSI Management Limited by London & Stamford Property Plc, the cost of the Company's shares held in treasury and the cost of shares held in trust to provide for the Company's future obligations under share award schemes.
Retained earnings	The cumulative profits and losses after the payment of dividends.

18 Related party transactions and balances

Details of Directors' remuneration and interests are given in the Remuneration report on pages 24 to 26.

During the year the Group received property advisory fees of £5.5 million (2011: £5.6 million) from LSP Green Park Property Trust, in which it has a 31.4% interest. It also received £1.1 million (2011: nil) from LSP Green Park Distribution Holdings Limited, in which it has a 50% interest. None of the fees were outstanding at 31 March 2012 (2011: £5.2 million outstanding).

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

19 Events after the balance sheet date

On 18 April 2012 the Group completed the sale of the Triangle Distribution portfolio of 17 assets for £265 million to BRE/Rhombus Bidco Sarl, an entity managed by a Blackstone real estate fund resulting in a profit on sale of £0.7 million. Of the total consideration received, £150 million was used to repay related bank debt.

Independent auditor's report to the members of London & Stamford Property Plc

We have audited the Parent Company financial statements of London & Stamford Property Plc for the year ended 31 March 2012 which comprise the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion;

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

Other matter

We have reported separately on the Group financial statements of London & Stamford Property Plc for the year ended 31 March 2012.

Russell Field

Senior Statutory Auditor
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
30 May 2012

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

Company Balance Sheet

As at 31 March

	Note	2012 £000	2011 £000
Fixed assets			
Investment in subsidiaries	iii	524,265	452,933
		524,265	452,933
Current assets			
Debtors	iv	35,880	169,656
Cash at bank		91,431	9,485
		127,311	179,141
Current liabilities			
Creditors: amounts falling due within one year	V	2,623	3,714
Net current assets		124,688	175,427
Total assets less current liabilities		648,953	628,360
Net assets		648,953	628,360
Capital and reserves			
Called up share capital	Vİ	54,280	54,580
Capital redemption reserve	Vi	300	_
Other reserve	Vi	434,946	397,739
Retained earnings	Vi	159,427	176,041
Shareholders' funds		648,953	628,360

The notes on pages 51 and 52 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30 May 2012 and were signed on its behalf by:

M F McGann Finance Director

Notes forming part of the Company financial statements

For the year ended 31 March 2012

i Accounting policies

Accounting convention

The Company financial statements are prepared under UK GAAP and the historical cost convention. The Company has prepared its financial statements on a going concern basis.

The accounting policies relevant to the Company are the same as those set out in the accounting policies for the Group, except as noted below.

Subsidiary undertakings

Investments in subsidiary companies are stated at cost less any provision for impairment.

ii Profit attributable to members of the parent undertaking

As permitted by Section 408 Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The profit dealt with in the accounts of the Company was £61.1 million (2011: £17.5 million).

Audit fees in relation to the Company only were £155,000 in the year (2011: £192,000).

iii Fixed asset investments

	Subsidiary undertakings £000
At 1 April 2011	452,933
Additions to cost	33,643
Reversal of impairment loss	37,689
At 31 March 2012	524,265

The Company is the ultimate holding company of the Group and has the following principal subsidiary undertakings:

	Country of incorporation or registration	Proportion of voting rights held (by way of share capital or units held)	Nature of business
London & Stamford Property Limited	Guernsey	100%	Intermediate holding company
LSI Management Limited	Guernsey	100%	Management company
LSI (Investments) Limited	England	100%	Property investment
London & Stamford Investments Limited*	England	100%	Intermediate holding company
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 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
L&S Distribution Limited*	Guernsey	93.75%	Intermediate holding company
London & Stamford (Anglesea) Limited*	England	93.75%	Property investment
L&S Battersea Limited*	Guernsey	100%	Property investment
L&S Clapham Road Limited*	Guernsey	100%	Property investment
L&S Seward St. Limited*	Guernsey	100%	Property investment
London & Stamford Offices II Limited*	Guernsey	100%	Property investment
London & Stamford Anglesea II Limited*	Guernsey	93.75%	Property investment

 $^{^{\}ast}$ Undertakings held indirectly by the Company.

All of the undertakings listed above operate in their country of incorporation except those who are tax resident in the United Kingdom. All shares held are ordinary shares.

iv Debtors

As at 31 March	2012 £000	2011 £000
Dividend receivable from subsidiary undertakings	33,445	169,619
Prepayments and accrued income	2,435	37
	35,880	169,656

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

v Creditors: amounts falling due within one year

As at 31 March	2012 £000	2011 £000
Trade payables	2,319	25
Other payables	_	361
Other accruals and deferred income	304	3,328
	2,623	3,714

vi Reserves

	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings
At 1 April 2011	54,580	_	397,739	176,041
Retained profit for the year	_	_	_	61,098
Purchase and cancellation of own shares	(300)	300	_	(3,157)
Purchase of shares held in trust	_	_	(482)	_
Capital contribution to subsidiary	_	_	_	248
Reserve transfer on reversal of impairment in subsidiary	_	_	37,689	(37,689)
Dividends paid	_	_	_	(37,114)
At 31 March 2012	54,280	300	434,946	159,427

vii Related party transactions

Dividends of £200 million were receivable from subsidiaries in the previous year. At 31 March 2012, £33.4 million of this remained outstanding.

Other related party transactions for the Company are as noted for the Group in note 18 to the Group financial statements.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the members of London & Stamford Property Plc (Registered number 7124797) will be held at the Cavendish London Hotel, 81 Jermyn Street, London SW1Y 6JF, on 11 July 2012 at 10 am.

Resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 to 12 will be proposed as special resolutions.

- 1. To consider and receive the Annual Report and Audited Financial Statements for the year to 31 March 2012.
- 2. To approve the Directors' remuneration report for the year ended 31 March 2012.
- 3. To approve the final dividend for the year to 31 March 2012 of 3.5p per share.
- 4. To re-appoint BDO LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
- 5. To authorise the Board to determine the remuneration of the auditors.
- 6. To consider the re-election of Mr Martin McGann as a Director of the Company.
- 7. To consider the re-election of Mr Richard Crowder as a Director of the Company.
- 8. To consider the re-election of Mr James Dean as a Director of the Company.
- 9. That the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "2006 Act") in substitution for all existing authorities:
 - a. to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together "relevant securities") up to an aggregate nominal amount of £18,093,172; and
 - b. to exercise all the powers of the Company to allot equity securities (within the meaning of Section 560 of the 2006 Act) up to an additional aggregate nominal amount of £18,093,172 provided that this authority may only be used in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the Directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever,

provided that the authorities in 9a and 9b shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of the Annual General Meeting, except that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities or equity securities as the case may be to be allotted after such expiry and the Directors may allot Relevant Securities or equity securities in pursuance of any such offer or agreement as if the authority in question had not expired.

- 10. That the Directors be and are empowered, 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 resolution number 9 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 9b, by way of a rights issue only) in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the Directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject in each case to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever;
 - b. and the allotment (otherwise than pursuant to paragraph 10a above) of equity securities up to an aggregate nominal amount of £2,713,976.

and shall expire upon the expiry of the general authority conferred by Resolution 9 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.

Notice of Annual General Meeting

- 11. That the Company be and is hereby generally and unconditionally authorised, in accordance with Section 701 of the 2006 Act, to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of ordinary shares of 10p each in the capital of the Company ("ordinary shares") on such terms and in such manner as the Directors may from time to time determine provided that:
 - a. the maximum number of ordinary shares authorised to be purchased is 54,279,517;
 - b. the minimum price which may be paid for an ordinary share is 10p (exclusive of expenses payable by the Company);
 - c. the maximum price which may be paid for an ordinary share (exclusive of expenses payable by the Company) cannot be more than the higher of:
 - (i) 105% of the average market value of an ordinary share for the five business days prior to the day on which the ordinary share is contracted to be purchased; and
 - (ii) the value of an ordinary share calculated on the basis of the higher of:
 - (A) the last independent trade of; or
 - (B) the highest current independent bid for,

any number of ordinary shares on the trading venue where the market purchase by the Company will be carried out; and

the authority conferred shall expire at the conclusion of the next Annual General Meeting of the Company except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

12. That the Company is authorised to call any general meeting of the Company other than the Annual General Meeting by notice of at least 14 clear days' during the period beginning on the date of the passing of this resolution and ending on the conclusion of the next Annual General Meeting of the Company.

By order of the Board

Jadzia Duzniak

Company Secretary 30 May 2012

Notes to Annual General Meeting Notice

- (i) Shareholders entitled to attend and vote at the meeting may appoint one or more proxies (who need not be shareholders) to attend and vote on their behalf, provided that each proxy is appointed to exercise the rights attaching to different shares held by him or her.
- (ii) Your proxy could be the Chairman, another Director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form.
- (iii) Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph (i) above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.
- (iv) To have the right to attend and vote at the meeting you must hold ordinary shares in the Company and your name must be entered on the share register of the Company in accordance with note (vi) below.
- (v) To be valid, Forms of Proxy (and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be received by Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but, in any event, so as to arrive no later than 10 am on 9 July 2012. A Form of Proxy accompanies this notice. Completion and return of a Form of Proxy will not preclude members from attending and voting at the meeting should they wish to do so. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.
- (vi) The time by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting is 6 pm on 9 July 2012. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date fixed for the adjourned meeting. Changes to entries on the register of members after such times shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (vii) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (viii) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number RA10) by 10 am on 9 July 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- (ix) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (x) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (xi) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- (xii) You may not use any electronic address provided either in this notice of Annual General Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
- (xiii) As at 28 May 2012 (being the closest practical business day before the publication of this Notice), the Company's issued share capital consisted of 542,795,171 ordinary shares carrying one vote each.
- (xiv) Members satisfying the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to:
 - (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or
 - (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting.
 - The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.
- (xv) Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
 - (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xvi) A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found at www.londonandstamford.com
- (xvii) The following documents are available for inspection at the registered office of the Company during normal business hours on each weekday (public holidays excluded) and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting:
 - (a) copies of the Executive Directors' service contracts with the Company; and
 - (b) copies of letters of appointment of Non-Executive Directors.

Financial calendar

Announcement of results	30 May 2012
Financial dividend - Ex dividend date	13 June 2012
- Record date	15 June 2012
- Payable on	13 July 2012
Annual General Meeting	11 July 2012
Anticipated 2013 Interim dividend	December 2012

Shareholder information

Advisors to the Company

Joint Financial Advisors and Brokers

Peel Hunt LLP

Moor House 120 London Wall London EC2Y 5ET

Credit Suisse Securities (Europe) Limited

One Cabot Square London E14 4QJ

Auditors

BDO LLP

55 Baker Street London W1U 7EU

Tax Advisors

PricewaterhouseCoopers LLP

1 Embankment Place London WC2N 6RH

Property Valuers

CB Richard Ellis Limited

St Martin's Court 10 Paternoster Row London EC4M 7HP

Savills plc

20 Grosvenor Hill London W1K 3HQ

Solicitors to the Company

Jones Day

21 Tudor Street London EC4Y 0DJ

Nabarro LLP

Lacon House 84 Theobald's Road London WC1X 8RW

Mourant Ozannes

PO Box 186 1 Le Marchant Street St Peter Port

Guernsey

Channel Islands GY1 4HP

Registrar

Capita Registrars

The Registry 34 Beckenham Road Beckenham, Kent BR3 4TU

Secretary and Registered Address

Jadzia Duzniak 21 St James's Square London SW1Y 4JZ londonandstamford.com

REIT status and taxation

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

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

Payment of dividends

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

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