# London & Stamford Property Limited

## Half Year Report
## 30 September 2009

# Financial highlights

| | Unaudited Six months to 30 September 2009 | Unaudited Six months to 30 September 2008 | Audited Year to 31 March 2009 |
|---|---|---|---|
| Net income | £6.7m | £0.6m | £3.1m |
| Profit/(loss) for the period | £15.9m | £(1.9)m | £24.0m |
| Investment properties | £303.9m | £47.5m | £127.1m |
| Share of associates | £65.7m | – | £62.8m |
| Cash deposits | £290.7m | £240.5m | £169.9m |
| Bank debt | £139.1m | £21.9m | £69.6m |
| Net assets | £521.4m | £271.4m | £291.7m |
| NAV per share | 104.3p | 95.2p | 102.3p |
| Earnings per share | 4.5p | (0.7)p | 8.4p |
| Adjusted earnings per share | 1.4p | 0.6p | 9.5p |
| Dividend per share | 2.2p | 2.0p | 4.0p |
| Number of shares in issue | 500m | 285m | 285m |

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# Chairman's Statement

At the time of my last statement on 11 June 2009, I reported on the acquisition by London & Stamford of the office development at No 1 Whitehall Riverside Leeds, the exchange of contracts to acquire the Racecourse Retail Park at Aintree and the Somerfield Distribution Unit, Wellingborough. I am pleased to say that we completed these acquisitions later in June.

Our most recent acquisition in the period was completed late in September when we acquired a block of apartments, predominantly in the North Stand of the Stadium at Highbury Square in London for £41.4 million. I am delighted to report that we have already agreed to let 59 of the 146 apartments. This transaction was the first acquisition following our successful fundraising in July, through a placing and open offer of £225.8 million (£219.5 million net of expenses).

During the period and to date there has been a considerable strengthening in the market and a major shift in vendor expectation. There has been an increase in liquidity in the market, both in equity and in the availability of debt financing which is causing a tightening of yields. Increasing capital values are also narrowing the previous disparity between portfolio carrying values and market prices and easing pressure on potential vendors.

We consider now that the potential for obtaining value may lie in larger lot sizes, outside of the range of many real estate investors and we continue to examine several such opportunities. We are cautious of the risk that current lower yields may not persist given the continuing weakness of the underlying occupier market, the current state of the UK economy and the burgeoning deficit in the country's finances.

## Results

The Group generated a profit for the six month period of £15.9 million (2008: loss of £1.9 million).

Earnings adjusted for the revaluation of investment properties, deferred taxation and the fair value of derivatives would be £4.8 million (2008: £1.6 million).

Net assets at 30 September 2009 were £521.4 million, equivalent to 104.3p per share.

The Board recommends an interim dividend of 2.2p per share (£11 million) in respect of the year to 31 March 2010, which will be accounted for, following its approval, in the second half of the year. We propose the payment of the interim dividend on 21 December 2009.

## Chairman's Statement (continued)

### Portfolio

Our portfolio at the date of this report comprises the following assets bought during this calendar year:

| | Ownership | |
|---|---|---|
| One Fleet Place, London | 100% | Offices |
| Whitehall Riverside, Leeds | 100% | Offices |
| Meadowhall Shopping Centre, Sheffield | 15.7% | Shopping Centre |
| Racecourse Retail Park, Aintree | 100% | Retail Park |
| Somerfield Distribution Unit, Wellingborough | 100% | Business Space |
| The North Stand Highbury | 100% | Residential |

The balance of the portfolio comprises those assets acquired at IPO.

Although the greatest part of recent improvement in yields has occurred post 30 September, these results include an uplift in values of £11.56 million.

Our acquisitions in the period and earlier in the calendar year have been characterised by the quality and security of income and long unexpired lease lengths. As capital values in the sector have improved, our portfolio has benefited.

We have also received the benefit in the period of a small uplift in the value of our interest in the Meadowhall Shopping Centre of £2.4 million, which reflects good letting and rent review results and the impact of the added security of our income.

### Placing and Open Offer

During the period, the Company successfully raised £225.8 million (£219.5 million net of expenses) through a placing and open offer for 215 million new shares at a price of 105p per share.

72.5 million shares were placed and 88.8% of the open offer entitlement was taken up by qualifying shareholders. The balance of the open offer was placed with institutional and other investors to whom conditional placement had been agreed.

The fund raising followed the successful investment by the Group of £146.2 million of equity in five assets, taking advantage of market conditions which provided the opportunity to acquire prime assets with secure long term income on attractive terms. We considered that the environment looking forward would continue to provide the opportunity for such acquisitions and that therefore additional expansion capital was appropriate.

### Borrowings

Our borrowings at the period end amounted to £141 million. The borrowings from HBoS, Postbank and Santander are secured against One Fleet Place, Whitehall Riverside and Aintree, together with various of the legacy assets.

Since the period end, we have agreed a new facility with Helaba in respect of Wellingborough and the legacy assets at Crawley and Nottingham.

Further to the completion of the new facility, we have repaid our debt with HBoS, such that all of the £150 million revolving credit facility, priced at 80bps over LIBOR, with five years unexpired is available for drawdown.

We have not sought debt finance for our acquisition at Highbury.

The overall level of gearing on our investment portfolio is 46%.

## Cash Management

At the period end, our cash balance amounted to £290.7 million. As I have advised previously, the careful and secure management of our cash balance remains a key priority.

As the risk profile of the banks with which we place deposits has changed over the period so we have revised our treasury management criteria. We have cash on deposit with fifteen banks, with none holding more than 14% of our total cash.

Maturities for cash deposits vary, to ensure that we can execute transactions rapidly, with only 10% of our cash deposits maturing after more than three months. However, our average return on cash is only 0.59%, but exceeds the one month London interbank deposit rate of around 0.31%.

We propose to continue this cautious approach to the management of our cash balances, since our key purpose is to buy good property offering real value.

## Outlook

There are tentative signs of recovery in the economy and in retail sales and the central London office market. We remain cautious in the face of the most difficult occupier market in my memory and pending evidence of a real and sustainable recovery.

We are alert to the recovery process for the UK banking sector and believe that our combination of available equity and cheap debt and management expertise should allow us to add value to that process, in combination with a number of banks as they seek to work out their problem property portfolios.

As indicated in my statement in June and again in July, the Board continues to keep the prospect of moving to the main market of the London Stock Exchange and conversion into a UK Real Estate Investment Trust at the forefront of our planning, subject to satisfying the appropriate requirements.

H R Mould

Chairman

19 November 2009

# Independent Review Report

to London & Stamford Property Limited

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the Half Year Report for the six months ended 30 September 2009 which comprises the Group Income Statement, the Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cash Flow Statement and related notes. We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' responsibilities

The Half Year Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Year Report in accordance with applicable law and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

## Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half Year Report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half yearly reporting in accordance with applicable law and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Year Report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34, applicable law and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO Novus Ltd
Chartered Accountants
St Peter Port
Guernsey

19 November 2009

BDO LLP
Chartered Accountants
and Registered Auditors
Epsom
Surrey, United Kingdom

19 November 2009

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

# Group Income Statement

| | Note | Unaudited Six months to 30 September 2009 £000 | Unaudited Six months to 30 September 2008 £000 | Audited Year to 31 March 2009 £000 |
|---|---|---|---|---|
| Gross rental income | | 7,082 | 859 | 2,654 |
| Other income | | – | – | 1,000 |
| Property outgoings | | (339) | (271) | (572) |
| Net income | | 6,743 | 588 | 3,082 |
| Administrative expenses – general | | (3,155) | (2,804) | (5,987) |
| Administrative expenses – goodwill impairment | | – | (2,745) | (2,745) |
| Profit/(loss) on revaluation of investment properties | 8 | 11,561 | (4,892) | (4,938) |
| Profit on sale of investment properties | | – | 36 | 36 |
| Share of profits of associates | 9 | 3,860 | – | 23,599 |
| Operating profit/(loss) | | 19,009 | (9,817) | 13,047 |
| Finance income | 4 | 766 | 6,980 | 10,613 |
| Finance costs | 4 | (3,142) | (1,049) | (2,296) |
| Change in fair value of derivative financial instruments | 4 | (1,190) | 265 | (1,270) |
| Profit/(loss) before tax | | 15,443 | (3,621) | 20,094 |
| Taxation | 5 | 451 | 1,703 | 3,949 |
| Profit/(loss) for the period and total comprehensive income attributable to equity shareholders | | 15,894 | (1,918) | 24,043 |
| Earnings per share | | | | |
| Basic and diluted | 7 | 4.5p | (0.7)p | 8.4p |

All amounts relate to continuing activities.

The notes on pages 10 to 16 form part of these financial statements.

# Group Balance Sheet

| | Note | Unaudited Six months to 30 September 2009 £000 | Unaudited Six months to 30 September 2008 £000 | Audited Year to 31 March 2009 £000 |
|---|---|---|---|---|
| Non-current assets | | | | |
| Investment properties | 8 | 303,908 | 47,540 | 127,147 |
| Investment in associates | 9 | 65,667 | – | 62,844 |
| Deferred tax assets | 5 | 6,026 | 2,893 | 5,172 |
| Derivative financial instruments | | – | 84 | – |
| | | 375,601 | 50,517 | 195,163 |
| Current assets | | | | |
| Trade and other receivables | 10 | 5,570 | 4,110 | 1,386 |
| Other financial assets | 11 | 43,510 | 103,833 | – |
| Cash and cash equivalents | 11 | 247,172 | 136,644 | 169,856 |
| | | 296,252 | 244,587 | 171,242 |
| Total assets | | 671,853 | 295,104 | 366,405 |
| Current liabilities | | | | |
| Trade and other payables | 12 | 8,704 | 1,373 | 3,429 |
| | | 8,704 | 1,373 | 3,429 |
| Non-current liabilities | | | | |
| Borrowings | 13 | 139,114 | 21,934 | 69,634 |
| Derivative financial instruments | 13 | 2,641 | – | 1,451 |
| Provisions | | – | 377 | 210 |
| | | 141,755 | 22,311 | 71,295 |
| Total liabilities | | 150,459 | 23,684 | 74,724 |
| Net assets | | 521,394 | 271,420 | 291,681 |
| Equity | | | | |
| Called up share capital | 14 | 50,000 | 28,500 | 28,500 |
| Special reserve | | 248,597 | 248,597 | 248,597 |
| Share premium | | 198,019 | – | – |
| Retained earnings | | 24,778 | (5,677) | 14,584 |
| Total equity | | 521,394 | 271,420 | 291,681 |
| Net asset value per share | | 104.3p | 95.2p | 102.3p |

The notes on pages 10 to 16 form part of these financial statements.

# Group Statement of Changes in Equity

| As at 30 September 2009 (Unaudited) | Note | Share capital £000 | Special reserve £000 | Share premium account £000 | Retained earnings £000 | Total £000 |
|---|---|---|---|---|---|---|
| At 1 April 2009 | | 28,500 | 248,597 | – | 14,584 | 291,681 |
| Profit for the period and total comprehensive income | | – | – | – | 15,894 | 15,894 |
| Issue of ordinary share capital | | 21,500 | – | 198,019 | – | 219,519 |
| Dividends paid | 6 | – | – | – | (5,700) | (5,700) |
| At 30 September 2009 | | 50,000 | 248,597 | 198,019 | 24,778 | 521,394 |

| As at 30 September 2008 (Unaudited) | Note | Share capital £000 | Special reserve £000 | Share premium account £000 | Retained earnings £000 | Total £000 |
|---|---|---|---|---|---|---|
| At 1 April 2008 | | 28,500 | 248,597 | – | 801 | 277,898 |
| Loss for the period and total comprehensive income | | – | – | – | (1,918) | (1,918) |
| Dividends paid | 6 | – | – | – | (4,560) | (4,560) |
| At 30 September 2008 | | 28,500 | 248,597 | – | (5,677) | 271,420 |

The notes on pages 10 to 16 form part of these financial statements.

# Group Cash Flow Statement

| | Unaudited Six months to 30 September 2009 £000 | Unaudited Six months to 30 September 2008 £000 | Audited Year to 31 March 2009 £000 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Profit/(loss) before tax | 15,443 | (3,621) | 20,094 |
| Adjustments for non-cash items: | | | |
| (Profit)/loss on revaluation of investment properties | (11,561) | 5,455 | 5,667 |
| Profit on sale of investment properties | – | (36) | (36) |
| Share of post-tax profit of associates | (3,860) | – | (23,599) |
| Net finance costs/(income) | 3,566 | (6,196) | (7,047) |
| Cash flows from operations before changes in working capital | 3,588 | (4,398) | (4,921) |
| Change in trade and other receivables | (585) | 3,556 | 3,473 |
| Change in trade and other payables | 2,913 | 127 | 1,954 |
| Change in provisions | (210) | (563) | (730) |
| Cash flows from operations | 5,706 | (1,278) | (224) |
| Interest received | 667 | 6,300 | 12,740 |
| Interest paid | (2,092) | (1,034) | (1,616) |
| Financial arrangement fees (paid)/credited | (1,366) | 3 | (496) |
| Cash flows from operating activities | 2,915 | 3,991 | 10,404 |
| Investing activities | | | |
| Purchase of investment properties | (163,330) | – | (77,531) |
| Purchase of rent guarantee arrangements | (3,500) | – | – |
| Capital expenditure on investment properties | (590) | (2,566) | (4,854) |
| Cash flow from/(to) associates | 1,037 | – | (39,245) |
| (Purchase)/sale of short-term financial deposits | (43,510) | (42,333) | 61,500 |
| Cash flows from investing activities | (209,893) | (44,899) | (60,130) |
| Financing activities | | | |
| Proceeds from share issue | 219,519 | – | – |
| Dividends paid | (5,700) | (4,560) | (10,260) |
| New borrowings | 118,205 | – | 47,730 |
| Repayment of loan facilities | (47,730) | – | – |
| Cash flows from financing activities | 284,294 | (4,560) | 37,470 |
| Net increase/(decrease) in cash and cash equivalents | 77,316 | (45,468) | (12,256) |
| Cash and cash equivalents at beginning of period | 169,856 | 182,112 | 182,112 |
| Cash and cash equivalents at end of period | 247,172 | 136,644 | 169,856 |

The notes on pages 10 to 16 form part of these financial statements.

# Notes to the Half Year Report

## 1 General information

London & Stamford Property Limited is a limited liability investment company, incorporated and domiciled in Guernsey. The address of its registered office is Regency Court, Glategny Esplanade, St Peter Port, Guernsey.

The consolidated condensed financial statements of the Group for the half year to 30 September 2009 comprise the results of the Company and its subsidiaries and were authorised by the Board for issue on 19 November 2009.

## 2 Basis of preparation

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

The condensed financial statements for the half year are unaudited and do constitute statutory accounts for the purposes of The Companies (Guernsey) Law, 2008. They should be read in conjunction with the Group's annual financial statements for the year to 31 March 2009, which were prepared under IFRS and upon which an unqualified auditors' report was given.

The accounting policies adopted are consistent with those as reported in the Group's annual financial statements for the year to 31 March 2009, and in accordance with those the Group expects to be applicable at 31 March 2010.

During the period two new accounting standards, IAS 1 "Presentation of financial statements amendment" and IFRS 8 "Operating Segments" have been adopted. The adoption of these standards has had no impact on the financial statements, other than on presentation and disclosure.

## 3 Segmental information

During the period the Group operated in one business segment, being property investment and development in the United Kingdom and as such no further segmental information is provided.

## 4 Finance income and costs

| | Unaudited Six months to 30 September 2009 £000 | Unaudited Six months to 30 September 2008 £000 | Audited Year to 31 March 2009 £000 |
|---|---|---|---|
| Finance income | | | |
| Interest on short-term deposits | 766 | 6,980 | 10,613 |
| Fair value gain on derivative financial instruments | – | 265 | – |
| | 766 | 7,245 | 10,613 |
| Finance costs | | | |
| Interest on bank loans | 2,771 | 943 | 1,721 |
| Amortisation of loan issue costs | 371 | 106 | 575 |
| Fair value loss on derivative financial instruments | 1,190 | – | 1,270 |
| | 4,332 | 1,049 | 3,566 |

# 5 Taxation

| | Unaudited Six months to 30 September 2009 £000 | Unaudited Six months to 30 September 2008 £000 | Audited Year to 31 March 2009 £000 |
|---|---|---|---|
| The tax credit comprises: | | | |
| Current tax | | | |
| UK income tax charge on profit | 403 | – | 33 |
| Deferred tax | | | |
| Change in deferred tax | (854) | (1,703) | (3,982) |
| | (451) | (1,703) | (3,949) |

## Deferred tax asset

| | Revaluation deficit £000 | Other temporary and deductible differences £000 | Losses £000 | Total £000 |
|---|---|---|---|---|
| At 31 March 2009 (audited) | 2,351 | 374 | 2,447 | 5,172 |
| Credited during the period in the income statement | 82 | 366 | 406 | 854 |
| At 30 September 2009 (unaudited) | 2,433 | 740 | 2,853 | 6,026 |

Deferred tax on the revaluation deficit is calculated on the basis of the capital losses that would crystallise on the sale of the investment property portfolio as at 30 September 2009. The Group does not have unprovided deferred tax assets.

# 6 Dividends

| | Unaudited Six months to 30 September 2009 £000 | Unaudited Six months to 30 September 2008 £000 | Audited Year to 31 March 2009 £000 |
|---|---|---|---|
| Ordinary dividends | | | |
| Amounts recognised as distributions to equity holders | 5,700 | 4,560 | 10,260 |
| Proposed dividend of 2.2p per share (30 September 2008: 2p, 31 March 2009: 2p) | 11,000 | 5,700 | 5,700 |

The interim dividend was approved by the Board on 18 November 2009 and has not been included as a liability or deducted from retained earnings as at 30 September 2009. The interim dividend is payable on 21 December 2009 to ordinary shareholders on the register at the close of business on 27 November 2009 and will be recognised as an appropriation of earnings in the six months to 31 March 2010.

Notes to the Half Year Report (continued)

## 7 Earnings per share

Earnings per share of 4.5p (30 September 2008: (0.7)p and 31 March 2009: 8.4p) is calculated on a weighted average of 356,666,667 (30 September 2008 and 31 March 2009: 285,000,000) ordinary shares of 10p each and is based on profits attributable to ordinary shareholders of £15.9 million (30 September 2008: loss of £1.9 million and 31 March 2009: profit of £24.0 million).

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

Adjusting earnings for the effects of revaluing investment properties, deferred taxation and fair value of derivatives results in attributable profits of £4.8 million or 1.4p per share (30 September 2008: £1.6 million or 0.6p per share and 31 March 2009: £27.0 million or 9.5p per share).

## 8 Investment properties

| | Unaudited 30 September 2009 | | | Audited 31 March 2009 | | |
|---|---|---|---|---|---|---|
| | Freehold £000 | Long leasehold £000 | Total £000 | Freehold £000 | Long leasehold £000 | Total £000 |
| Opening balance | 119,306 | 7,841 | 127,147 | 40,940 | 8,430 | 49,370 |
| Acquisitions | 124,088 | 40,042 | 164,130 | 77,531 | – | 77,531 |
| Other capital expenditure | 590 | 480 | 1,070 | 4,848 | 6 | 4,854 |
| Disposals | – | – | – | – | 1,059 | 1,059 |
| Revaluation movement | 10,263 | 1,298 | 11,561 | (4,013) | (1,654) | (5,667) |
| Closing balance | 254,247 | 49,661 | 303,908 | 119,306 | 7,841 | 127,147 |

At 30 September 2009, the majority of the Group's investment properties were externally valued by CB Richard Ellis Limited, Chartered Surveyors at £297.4 million. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards on the basis of market value, which recognises significantly increased risk under current market conditions. Market value represents the estimated amount for which a property would be expected to exchange at the date of valuation between a willing buyer and willing seller in an arm's-length transaction. A deduction is made to reflect purchasers' acquisition costs. The lack of liquidity in the property market increases the risk attaching to property valuations.

The remaining investment properties were valued by the Directors at £6.5 million (31 March 2009: £6.5 million).

The historical cost of all of the Group's investment properties at 30 September 2009 was £301.6 million (31 March 2009: £136.4 million).

The loss on revaluation recognised in the income statement in the previous period of £4.9 million includes a credit of £0.7 million for the movement in the provision of enhanced management fees payable to third parties on future disposals.

# 9 Investment in associate

| | Unaudited Six months to 30 September 2009 £000 | Unaudited Six months to 30 September 2008 £000 | Audited Year to 31 March 2009 £000 |
|---|---|---|---|
| Opening balance | 62,844 | – | – |
| Additions at cost | 440 | – | 39,245 |
| Share of profit | 3,860 | – | 23,599 |
| Profit distributions received | (1,477) | – | – |
| Closing balance | 65,667 | – | 62,844 |

In the previous year the Group entered into a new joint venture arrangement with Green Park Investments, a wholly owned subsidiary of a major Gulf institution. The Group has a 31.4% interest in this entity, LSP Green Park Property Trust, which is equity accounted for 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.

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

| | 30 September 2009 £000 | 31 March 2009 £000 |
|---|---|---|
| Summarised income statement of associate | | |
| Net rental income | 5,997 | 1,715 |
| Administration expenses | (490) | (475) |
| Movement in fair value of net assets acquired over consideration paid | (172) | 20,476 |
| Surplus on revaluation of investment properties | 2,371 | 3,063 |
| Net finance costs | (3,650) | (1,120) |
| Tax | (196) | (60) |
| Profit after tax | 3,860 | 23,599 |
| Summarised balance sheet of associate | | |
| Property assets | 189,970 | 187,599 |
| Current assets | 4,909 | 4,540 |
| Current liabilities | (5,288) | (5,730) |
| Borrowings | (106,676) | (106,557) |
| Other non-current liabilities | (17,248) | (17,008) |
| Net assets | 65,667 | 62,844 |

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

Notes to the Half Year Report (continued)

## 10 Trade and other receivables

| | Unaudited As at 30 September 2009 £000 | Unaudited As at 30 September 2008 £000 | Audited As at 31 March 2009 £000 |
|---|---|---|---|
| Trade receivables | 1,313 | 218 | 61 |
| Amounts receivable on property sales | – | 210 | – |
| Amounts receivable from income guarantees | 3,500 | – | – |
| Interest receivable | 200 | 2,908 | 101 |
| Prepayments and accrued income | 70 | 84 | 636 |
| Other receivables | 487 | 690 | 588 |
| | 5,570 | 4,110 | 1,386 |

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

## 11 Cash and cash equivalents

Cash and cash equivalents include £3.9 million (31 March 2009: £2.5 million) retained in rent and restricted accounts which are not readily available to the Group for day-to-day commercial purposes.

Total cash deposits at 30 September 2009 are £290.7 million, of which £43.5 million are disclosed as other financial assets in the balance sheet as their original maturity was more than three months.

## 12 Trade and other payables

| | Unaudited As at 30 September 2009 £000 | Unaudited As at 30 September 2008 £000 | Audited As at 31 March 2009 £000 |
|---|---|---|---|
| Trade payables | 381 | 69 | 751 |
| Amounts payable on property acquisitions | 1,280 | – | – |
| Rent received in advance | 4,135 | 440 | 1,394 |
| Accrued interest | 1,189 | 314 | 510 |
| Other payables | 520 | 10 | 31 |
| Other accruals and deferred income | 763 | 540 | 710 |
| Income tax payable | 436 | – | 33 |
| | 8,704 | 1,373 | 3,429 |

# 13 Borrowings

| | Unaudited As at 30 September 2009 £000 | Unaudited As at 30 September 2008 £000 | Audited As at 31 March 2009 £000 |
|---|---|---|---|
| Secured bank loans | 141,025 | 22,820 | 70,550 |
| Unamortised finance costs | (1,911) | (886) | (916) |
| | 139,114 | 21,934 | 69,634 |

The bank loans are secured by fixed charges over certain of the Group's investment properties.

The Group had available but undrawn bank loan facilities of £127.2 million at 30 September 2009, maturing between two and five years.

On 30 October 2009 the Group repaid debt of £22.8 million, thereby increasing the undrawn bank facility to £150 million.

Details of the fair value of the Group's derivative financial instruments that were in place at 30 September 2009 are provided below:

| | Protected rate % | Expiry | Market value 31 March 2009 £000 | Movement recognised in income statement £000 | Market value 30 September 2009 £000 |
|---|---|---|---|---|---|
| £10 million swap | 3.61 | October 2012 | (386) | 40 | (346) |
| £38.4 million swap | 3.68 | June 2014 | – | (1,052) | (1,052) |
| £24.5 million swap | 3.29 | May 2014 | – | (273) | (273) |
| £43 million swap | 3.77 | October 2014 | (1,518) | 101 | (1,417) |
| £17.5 million cap | 4.00 | October 2014 | 453 | 289 | 742 |
| £12.3 million swap | 3.90 | October 2014 | – | (295) | (295) |
| | | | (1,451) | (1,190) | (2,641) |

## Derivative financial instruments

All derivative financial instruments are non-current interest rate derivatives, and are carried at fair value following a valuation as at 30 September 2009 by JC Rathbone Associates Limited.

Notes to the Half Year Report (continued)

## 14 Share capital

| | Unaudited 30 September 2009 Number | Unaudited 30 September 2009 £000 | Audited 31 March 2009 Number | Audited 31 March 2009 £000 |
|---|---|---|---|---|
| Authorised | | | | |
| Ordinary shares of 10p each | Unlimited | Unlimited | 500,000,000 | 50,000 |

| | Unaudited 30 September 2009 Number | Unaudited 30 September 2009 £000 | Audited 31 March 2009 Number | Audited 31 March 2009 £000 |
|---|---|---|---|---|
| Issued, called up and fully paid | | | | |
| Ordinary shares of 10p each | 500,000,000 | 50,000 | 285,000,000 | 28,500 |

On 30 July 2009 an additional 215 million ordinary shares of 10p each were issued by way of a Placing and Open Offer, and were admitted to trading on AIM. The share issue raised net proceeds of £219.5 million.

## 15 Related party transactions and balances

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

| | Ordinary shares of 10p each 30 September 2009 | Ordinary shares of 10p each 30 September 2008 | Ordinary shares of 10p each 31 March 2009 |
|---|---|---|---|
| H R Mould | 7,500,000 | 5,294,130 | 5,294,130 |
| P L Vaughan | 6,941,330 | 5,865,130 | 5,836,130 |
| M F McGann | 142,857 | – | – |
| R J Crowder | 100,000 | – | – |
| L R H Grant | 150,000 | – | – |
| R A R Evans | 700,000 | 500,000 | 500,000 |
| P A S Firth | 25,000 | – | – |

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 September 2009 and the date of this report.

Fees are paid to certain non-executive Directors who are not members of LSI Management LLP, the Property Advisor to the Group. Directors fees of £89,000 (30 September 2008: £83,000, 31 March 2009: £165,000) were paid in the period. At 30 September 2009 £42,000 (30 September 2008: £42,000, 31 March 2009: £41,000) remained outstanding and is reflected in the period end creditor balance.

Mr H R Mould, Mr P L Vaughan and Mr M F McGann are designated members of LSI Management LLP, the Property Advisor to the Group. The Property Advisor received £2.7 million (30 September 2008: £2.4 million, 31 March 2009: £4.8 million) for the services of property management during the period. At 30 September 2009 £571,000 remained outstanding, in the previous period none of the fee remained outstanding.

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

# Further Information

## Directors of the Company

Raymond Mould
(Non-executive Chairman)

Patrick Vaughan
(Non-executive Director)

Martin McGann
(Non-executive Director)

Richard Crowder
(Non-executive Director)

Lewis Grant, CA
(Non-executive Director)

Rupert Evans
(Non-executive Director)

Patrick Firth, ACA
(Non-executive Director)

## Advisors to the Company

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and Administrator
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*(Guernsey) Limited*
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Nominated Advisor and Broker
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