

Financial highlights

	Unaudited Six months to 30 September 2012	Unaudited Six months to 30 September 2011	Audited Year to 31 March 2012
Net income	£20.5m	£21.5m	£42.2m
Underlying profit*	£14.6m	£13.0m	£24.2m
Revaluation surplus*	£16.9m	£1.6m	£5.7m
Impairment of Meadowhall bonds	£(23.2)m	_	_
Movement in derivatives*	£(3.4)m	£(10.2)m	£(8.9)m
Exceptional costs and tax*	£(9.8)m	£(9.7)m	£(15.7)m
(Loss)/profit for the period	£(4.9)m	£(5.3)m	£5.3m
EPRA earnings for the period	£13.4m	£11.5m	£24.0m
Investment properties*	£723.1m	£1,012.3m	£1,021.2m
Interest in Meadowhall held for sale	£95.8m	_	_
Cash deposits	£98.9m	£124.6m	£136.9m
Bank debt	£231.6m	£316.3m	£319.8m
Net assets	£609.8m	£645.5m	£633.6m
NAV per share	112.3p	118.3p	116.7p
EPRA NAV per share	114.0p	120.6p	119.1p
Earnings per share	(0.9)p	(1.0)p	1.0p
EPRA earnings per share	2.5p	2.1p	4.4p
Dividend per share	3.5p	3.5p	7.0p

^{*} Inclusive of share of associate and joint ventures.

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Chairman's statement

In my statements to you over the last eighteen months, I have consistently highlighted our belief that by maintaining patience, diligence and caution in our investment approach, our shareholders would be rewarded by better value opportunities to invest our significant cash resources.

In May of this year, I identified that we were engaged in due diligence on a number of existing opportunities and I am delighted to report that since then we have completed on the acquisitions of offices at Unilever House, Leatherhead and Marlow International and 149 residential apartments at Moore House, Chelsea. The total investment value was £258.3 million.

Early in October, alongside our partners, Green Park, we also completed the long awaited disposal of our interests in the Meadowhall Shopping Centre to Norges Bank Investment Management, the manager of the Norwegian Government Pension Fund Global, at a net initial yield of 5.09% which valued the centre at £1.525 billion, provided a return on our equity of 129.3% and added a further £95.8 million to our cash resources which now stand at almost £200 million.

Results

Our underlying profit for the six months to 30 September 2012 of £14.6 million is a 30% increase on the previous six months ended 31 March 2012 (£11.2 million).

This is a very satisfactory increase in underlying profit in a period where income was reduced by the sale of the Triangle portfolio which completed in April 2012. The impairment of Meadowhall ahead of its sale reduced profit by $\mathfrak{L}23.2$ million in respect of bond and debt mark to market allowances, which under accounting rules can only be recognised on a sale.

As a result of this impairment and the payment of the dividend in the period, the net asset value per share has fallen from 116.7p at 31 March 2012 to 112.3p at 30 September 2012.

The Board has approved an interim dividend of 3.5p per share (£19.0 million) in respect of the year to 31 March 2013 which maintains the dividend at the same level as the interim and final distributions in respect of 2012. The payment of the interim dividend will be made on 7 December 2012. Of the interim dividend of 3.5p per share 1.2p per share will be a Property Income Distribution.

The net debt position at the half year was £135.7 million (31 March 2012; £185.8 million) which represented gearing of 26% (31 March 2012; 28%) calculated as a percentage of investment property assets.

Cash resources

As at 30 September 2012, our cash balance was £98.9 million. This amount was supplemented on 8 October following the completion of the Meadowhall Shopping Centre sale by a further £95.8 million. Our total cash balance now stands at almost £200 million. When combined with committed but unspent funding from our joint venture partners, our cash resources represent geared firepower of approximately £1 billion.

Acquisitions in the period

In June 2012, the Group acquired an office building located on Leatherhead Office Park in the south east for $\mathfrak{L}61.15$ million. Unilever House comprises 179,457 sq ft of office space and is let to Unilever UK Limited at a rent of $\mathfrak{L}4.44$ million per annum with an unexpired lease term of 11 years.

In July 2012, the Group acquired a second office building in Marlow for £50.15 million. Marlow International comprises 231,016 sq ft of Grade A office space and is let principally to Allergan Limited, with an annual rent of £4.7 million and an average unexpired lease term of 7 years.

Also in July, our newly established Central London Residential joint venture with Green Park and the Public Sector Pension Investment Board acquired 149 apartments at Moore House, London, SW1 for £147 million. The Group has a 40% interest in this joint venture arrangement

Disposals

As reported in my last statement to shareholders, the disposal of our Triangle portfolio of 17 distribution assets completed in April 2012. This generated net cash of £94 million.

On 6 October 2012 we completed the sale of our 15.7% interest in the freehold of the Meadowhall Shopping Centre to Norges Bank Investment Management at a gross asset price of $\mathfrak{L}1.525$ billion. The centre was acquired for $\mathfrak{L}1.175$ billion for a 6.75% net initial yield in February 2009 and generated a total return on our equity of 129.3%.

Chairman's statement

On disposal we were required to fair value the securitised debt, which was acquired as part of the corporate acquisition of our interest in February 2009, giving rise to a net loss of £23.2 million. Our investment in Meadowhall has been classified as an asset held for sale at the half year and the loss reflected in the income statement as an impairment of the asset held for sale.

Residential

The valuation of our residential portfolio including our share of joint venture arrangements at 30 September 2012 is £206.6 million, representing 28% of total investment property assets. The valuation increase of £18.3 million in the period represented a c.10% increase in the period.

Occupancy levels remain high at Highbury, Battersea and Clapham Road and at Moore House, which was only acquired in July, we have already completed 51 lettings and a further 5 units are under offer.

New rents achieved on lettings in the period showed an average increase of 7.2% per annum, ahead of our expectations.

In August 2012 our Central London Residential Joint Venture entered into a new four-year banking facility with Royal Bank of Scotland for £65 million secured against the Moore House apartments.

Practical completion for the 107 units of Seward Street, Islington is expected before the year end when a final payment of c.£45 million will be made. We contracted to acquire these units under construction in August 2011.

It is our intention to focus future residential investment through our joint venture arrangement and therefore we are exploring the possible divestment of our assets at Highbury, Battersea and Clapham Road and our interest at Seward Street.

Office portfolio

Our office portfolio, which now includes offices acquired at Leatherhead and Marlow as well as the two City of London assets, was valued at 30 September 2012 at £303.8 million and represented 42% of investment property assets.

The two new assets acquired generate further contracted income of $\mathfrak{L}9.1$ million per annum. A new five-year debt facility was entered into with DekaBank and Deutsche Postbank AG for $\mathfrak{L}61.8$ million to finance the acquisition of the two offices.

The lease at One Carter Lane will be terminated by Goldman Sachs in March 2013 and we are progressing detailed refurbishment plans which we aim to commence immediately on vacant possession of the building with a view to completion by the end of the year. One Fleet Place is let to SNR Denton and continues to generate a high quality income stream for the Group.

Distribution portfolio

At the half year our distribution portfolio, including our share of joint ventures, accounted for 28% investment property assets.

Progress with the reletting of our vacant unit at Tamworth has been slower than expected, but we remain hopeful of securing a new letting. The rest of the portfolio remains fully let with a number of rent reviews progressing, providing a good quality and secure income stream.

Outlook

Looking forward, we remain convinced that deal flow is increasing and that the quality of opportunities is high. The spread between initial yields on current opportunities and the cost of debt provides the potential for double-digit cash on cash yields which can contribute to an increasing level of dividend cover and ultimately dividend growth.

I am also delighted to report that we will today conclude negotiations for a merger with Metric Property Investments Plc. I do not cover this fully here as details will be announced immediately following the release of this Report.

present yours

Raymond Mould Executive Chairman 9 November 2012

Independent Review Report to London & Stamford Property Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the Half Year Report for the six months ended 30 September 2012, which comprises the Group Income Statement, the Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cash Flow Statement and the related notes.

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

Directors' responsibilities

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

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

Our responsibility

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

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Year Report for the six months ended 30 September 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

BDO LLP

Chartered Accountants and Registered Auditors London United Kingdom

9 November 2012

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 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Gross rental income		13,774	19,343	38,526
Property outgoings		(1,500)	(1,092)	(2,982)
Net rental income	3	12,274	18,251	35,544
Property advisory fee income		8,236	3,055	6,360
Net proceeds from sales of trading properties	3	_	160	333
Net income		20,510	21,466	42,237
General corporate costs		(4,546)	(4,483)	(9,515)
Share-based payments		(6,769)	(6,681)	(13,450)
Write down and amortisation of intangible asset	10	(1,983)	(1,983)	(3,965)
Total administrative costs		(13,298)	(13,147)	(26,930)
Profit/(loss) on revaluation of investment properties	8	4,968	(2,197)	5,910
Profit on sale of investment properties		_	88	56
Profit on sale of subsidiaries		1,086	646	646
Impairment of investment held for sale	9	(23,178)	_	_
Share of profits of associates and joint ventures	9	13,845	3,194	4,346
Operating profit		3,933	10,050	26,265
Finance income	4	344	373	684
Finance costs	4	(5,870)	(7,100)	(14,113)
Change in fair value of derivative financial instruments	4	(2,106)	(6,739)	(5,171)
(Loss)/profit before tax		(3,699)	(3,416)	7,665
Taxation	5	(1,138)	(1,027)	(1,131)
(Loss)/profit after tax		(4,837)	(4,443)	6,534
(Loss)/profit for the period and total comprehensive income attributable to:				
Equity shareholders		(4,900)	(5,258)	5,339
Non-controlling interest		63	815	1,195
		(4,837)	(4,443)	6,534
Earnings per share				
Basic and diluted	7	(0.9)p	(1.0)p	1.0p

All amounts relate to continuing activities.

Group Balance Sheet

	Note	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Non current assets				
Investment properties	8	527,679	652,167	662,672
Investment in equity accounted associates and joint ventures	9	97,534	162,547	161,575
Intangible asset	10	10,441	14,406	12,424
Other tangible assets		294	423	383
Deferred tax assets	5	4,991	6,937	6,097
		640,939	836,480	843,151
Current assets				
Trading properties		3,837	4,309	3,837
Investments held for sale	9	95,832	_	_
Trade and other receivables	11	22,811	32,952	22,739
Cash and cash equivalents	12	98,874	124,568	136,934
		221,354	161,829	163,510
Total assets		862,293	998,309	1,006,661
Current liabilities				
Trade and other payables	13	11,193	14,104	35,217
Taxation payable		989	2,942	_
		12,182	17,046	35,217
Non current liabilities				
Borrowings	14	231,596	316,275	319,833
Derivative financial instruments	14	8,691	13,842	12,274
		240,287	330,117	332,107
Total liabilities		252,469	347,163	367,324
Net assets		609,824	651,146	639,337
Equity				
Called up share capital	15	54,280	54,580	54,280
Capital redemption reserve		300	_	300
Other reserve		47,069	47,551	47,069
Retained earnings		508,175	543,400	531,905
Equity shareholders' funds		609,824	645,531	633,554
Non-controlling interest		_	5,615	5,783
Total equity		609,824	651,146	639,337
Net asset value per share	7	112.3p	118.3p	116.7p

The notes on pages 8 to 19 form part of these financial statements.

Group Statement of Changes in Equity

As at 30 September 2012 (Unaudited)	Note	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Sub-total £000	Non- controlling interest £000	Total £000
At 1 April 2012		54,280	300	47,069	531,905	633,554	5,783	639,337
(Loss)/profit for the period and total comprehensive income		_	_	_	(4,900)	(4,900)	63	(4,837)
Share-based payments		_	_	_	168	168	_	168
Distribution paid to non-controlling interest		_	_	_	_	_	(5,846)	(5,846)
Dividends paid	6	_	_	_	(18,998)	(18,998)	_	(18,998)
At 30 September 2012 (Unaudited)		54,280	300	47,069	508,175	609,824	_	609,824
As at 30 September 2011 (Unaudited)	Note	Share capital £000	Capital redemption reserve £000	Other reserve £000	Retained earnings £000	Sub-total £000	Non- controlling interest £000	Total £000
At 1 April 2011		54,580	_	47,551	566,589	668,720	4,987	673,707
(Loss)/profit for the period and total comprehensive income		_	_	_	(5,258)	(5,258)	815	(4,443)
Share-based payments		_	_	_	80	80	_	80
Distribution paid to non-controlling interest		_	_	_	_	_	(187)	(187)
Dividends paid	6	_	_	_	(18,011)	(18,011)	_	(18,011)
At 30 September 2011 (Unaudited)		54,580	_	47,551	543,400	645,531	5,615	651,146

Group Cash Flow Statement

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Cash flows from operating activities			
(Loss)/profit before tax	(3,699)	(3,416)	7,665
Adjustments for non-cash items:			
(Loss)/profit on revaluation of investment properties	(4,968)	2,197	(5,910)
Profit on sale of investment properties	_	(88)	(56)
Profit on sale of subsidiaries	(1,086)	(646)	(646)
Share of post-tax profit of associates	(13,845)	(3,194)	(4,346)
Impairment of investment held for sale	23,178	_	_
Share-based payment	6,769	6,681	13,450
Write down of intangible asset	1,983	1,983	3,965
Net finance costs	7,632	13,466	18,600
Cash flows from operations before changes in working capital	15,964	16,983	32,722
Change in trade and other receivables	(7,272)	2,412	6,828
Movement in lease incentives	19	(125)	63
Change in trade and other payables	343	(515)	21,273
Disposal of trading properties	_	1,451	1,923
Cash flows from operations	9,054	20,206	62,809
Interest received	357	368	680
Interest paid	(4,146)	(6,240)	(12,687)
Tax received/(paid)	338	(8,236)	(10,489)
Financial arrangement fees and break costs	(1,636)	(1,851)	(2,359)
Cash flows from operating activities	3,967	4,247	37,954
Investing activities			
Purchase of investment properties	(115,789)	(115,017)	(115,732)
Purchase of other tangible assets	_	(124)	(136)
Capital expenditure on investment properties	(1,459)	(311)	(3,034)
Sale of investment property	435	2,275	2,254
Sale of subsidiary undertakings net of cash disposed	72,144	34,411	34,411
Cash flow to associates and joint ventures	(43,559)	(6,837)	(9,341)
Cash flow from associates and joint ventures	2,435	947	5,575
Cash flow from investing activities	(85,793)	(84,656)	(86,003)
Financing activities			
Dividends paid	(18,009)	(17,493)	(37,513)
Purchase of shares held in trust	_	_	(482)
Purchase of own shares	_	_	(3,157)
New borrowings	61,775	121,000	142,980
Repayment of loan facilities	_	(55,315)	(73,630)
Cash flows from financing activities	43,766	48,192	28,198
Net decrease in cash and cash equivalents	(38,060)	(32,217)	(19,851)
Opening cash and cash equivalents	136,934	156,785	156,785
Closing cash and cash equivalents	98,874	124,568	136,934

The notes on pages 8 to 19 form part of these financial statements.

1 General information

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

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

The consolidated condensed financial statements of the Group for the half year to 30 September 2012 comprise the results of the Company and its subsidiaries and were authorised by the Board for issue on 9 November 2012.

2 Basis of preparation

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

The condensed financial statements for the half years ended 30 September 2012 and 30 September 2011 are unaudited and do not constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006. The annual financial statements are prepared in accordance with IFRSs as adopted by the European Union. The comparative financial information for the year ended 31 March 2012 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for the year ended 31 March 2012 have been filed with the Registrar of Companies. The Independent Auditor's Report on those financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Sections 498(2) or 498(3) of the Companies Act 2006.

The accounting policies adopted are consistent with those as reported in the Group's annual financial statements for the year to 31 March 2012, and in accordance with those the Group expects to be applicable at 31 March 2013.

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

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.

3 Net income

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Gross rental income	13,774	19,343	38,526
Property outgoings	(1,500)	(1,092)	(2,982)
	12,274	18,251	35,544
Proceeds from sales of trading properties	-	1,665	2,300
Cost of sales of trading properties	_	(1,505)	(1,967)
	-	160	333

For the six months to 30 September 2012, 22% and 21% (30 September 2011: 15% and nil, 31 March 2012: 15% and 12%) of the Group's gross rental income was receivable from two tenants.

Property outgoings of £0.4 million (30 September 2011: £0.3 million, 31 March 2012: £1.1 million) related to investment properties that did not generate rental income in the year.

4 Finance income and costs

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Finance income			
Interest receivable on short-term deposits	344	373	684
	344	373	684
Finance costs			
Interest payable on bank loans	5,071	6,188	12,800
Loan break costs and amortisation of loan issue costs	799	912	1,313
Fair value loss on derivative financial instruments	2,106	6,739	5,171
	7,976	13,839	19,284

5 Taxation

3 Taxadon			
	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
The tax charge/(credit) comprises:			
Current tax			
UK tax charge/(credit) on profit	32	81	(655)
Deferred tax			
Change in deferred tax	1,106	946	1,786
	1,138	1,027	1,131

5 Taxation (continued)

Deferred tax asset

	Losses £000	Intangible assets £000	Total £000
At 31 March 2012 (audited)	1,808	4,289	6,097
Charged during the period	_	(1,106)	(1,106)
At 30 September 2012 (unaudited)	1,808	3,183	4,991

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 (30 September 2011 and 31 March 2012: nil).

6 Dividends

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Ordinary dividends paid			
2011 Final dividend: 3.3p per share	_	18,011	18,011
2012 Interim dividend: 3.5p per share	_	_	19,103
2012 Final dividend: 3.5p per share	18,998	_	_
	18,998	18,011	37,114
Proposed dividend			
2013 Interim dividend: 3.5p per share	18,998		

The proposed dividend was approved by the Board on 8 November 2012 and has not been included as a liability or deducted from retained earnings as at 30 September 2012. The proposed dividend of 3.5p per share, of which 1.2p per share is a Property Income Distribution, is payable on 7 December 2012 to ordinary shareholders on the register at the close of business on 23 November 2012 and will be recognised as an appropriation of retained earnings in the six months to 31 March 2013.

7 Earnings and net assets per share

Earnings per share of (0.9)p (30 September 2011: (1.0)p, 31 March 2012: 1.0p) is calculated on a weighted average of 541,931,747 (30 September 2011: 545,377,380, 31 March 2012: 544,775,895) ordinary shares of 10p each and is based on losses attributable to ordinary shareholders of £4.9 million (30 September 2011: loss of £5.3 million, 31 March 2012: profit of £5.3 million). There are no potentially dilutive or anti-dilutive share options in the period.

Net assets per share is based on equity shareholders' funds at 30 September 2012 of £609.8 million (30 September 2011: £645.5 million, 31 March 2012: £633.6 million) and 542,795,171 ordinary shares in issue at that date (30 September 2011: 545,795,171, 31 March 2012: 542,795,171).

7 Earnings and net assets per share (continued)

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

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Basic and adjusted earnings			
Basic earnings attributable to ordinary shareholders	(4,900)	(5,258)	5,339
Revaluation of investment property (including share of associates and joint ventures)	(16,934)	(1,627)	(5,688)
Fair value of derivatives (including share of associates and joint ventures)	3,369	10,159	8,859
Goodwill on acquisitions (including share of associates and joint ventures)	_	(536)	(2,876)
Write down of intangible assets	1,983	1,983	3,965
Share-based payments	6,769	6,601	13,450
Deferred tax	1,106	946	1,786
Cost on closing out of derivatives	_	111	111
Profit on disposal of investment and trading property and subsidiaries	(1,088)	(894)	(1,035)
Impairment of investment held for sale	23,178	_	_
Minority interest in respect of the above	(68)	9	50
EPRA adjusted earnings	13,415	11,494	23,961

	Unaudited Six months to 30 September 2012 Number of shares	Unaudited Six months to 30 September 2011 Number of shares	Audited Year to 31 March 2012 Number of shares
Number of shares			
Opening ordinary share capital	542,795,171	545,795,171	545,795,171
Purchase and cancellation of own shares	_	_	(501,370)
Shares held in employee trust	(863,424)	(417,791)	(517,906)
Weighted average number of ordinary shares	541,931,747	545,377,380	544,775,895
Basic earnings per share	(0.9)p	(1.0)p	1.0p
EPRA adjusted earnings per share	2.5p	2.1p	4.4p

7 Earnings and net assets per share (continued)

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Net assets per share			
Equity shareholders' funds	609,824	645,531	633,554
Fair value of derivatives	8,691	13,842	12,274
Revaluation of trading properties	588	_	408
Fair value of associate and joint ventures' derivatives	2,882	4,235	4,272
Deferred tax	(3,183)	(5,129)	(4,289)
EPRA adjusted net assets	618,802	658,479	646,219
Basic net assets per share	112.3p	118.3p	116.7p
EPRA adjusted net assets per share	114.0p	120.6p	119.1p

8 Investment properties

	Unaudited 30 September 2012				Audited	31 March 2012
	Freehold £000	Long leasehold £000	Total £000	Freehold £000	Long leasehold £000	Total £000
Opening balance	474,435	188,237	662,672	583,553	164,722	748,275
Reclassifications	_	_	_	67,225	(67,225)	_
Acquisitions	115,721	_	115,721	34,039	81,625	115,664
Other capital expenditure	4	1,455	1,459	1,932	1,102	3,034
Disposals	(242,151)	(5,723)	(247,874)	(207,896)	(2,252)	(210,148)
Revaluation movement	(633)	5,601	4,968	(4,393)	10,303	5,910
Movement in tenant incentives and rent free uplifts	(9,249)	(18)	(9,267)	(25)	(38)	(63)
Closing balance	338,127	189,552	527,679	474,435	188,237	662,672

At 30 September 2012, the Group's investment properties were externally valued by CB Richard Ellis Limited and Savills plc, both Chartered Surveyors, at £514.8 million (£514.6 million net of income guarantees). Investment property in the course of construction has been valued by the Directors at £13.1 million (31 March 2012: £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 £0.4 million (30 September 2011: £9.8 million, 31 March 2012: £9.6 million) in respect of lease incentives and rent free periods.

The historical cost of all of the Group's investment properties at 30 September 2012 was £475.9 million (30 September 2011: £597.0 million, 31 March 2012: £599.5 million).

9 Investment in associate and joint ventures

•	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Opening balance	161,575	115,345	115,345
Additions at cost	43,559	44,956	47,459
Share of profit in the period	13,845	3,194	4,346
Transfer to investment held for sale	(119,010)	_	_
Profit distributions received	(2,435)	(948)	(5,575)
Closing balance	97,534	162,547	161,575

In February 2009 the Group established the LSP Green Park Property Trust with Green Park Investments, a wholly-owned subsidiary of a major Gulf institution, in which it held a 31.4% interest.

The Trust acquired a 50% interest in the Meadowhall Shopping Centre in February 2009, which was equity accounted for by the Group as an associate in the financial statements to 31 March 2012. The investment has been transferred to current assets and is classified as an investment held for sale at 30 September 2012 in accordance with IFRS 5 at its fair value less costs of disposal, of $\mathfrak{L}95.8$ million. An impairment loss of $\mathfrak{L}23.2$ million has been reflected in the income statement. The disposal of the Group's interest in the Meadowhall Shopping Centre completed on 6 October 2012 as disclosed in note 18.

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. It retained a 50% interest in the joint venture company, LSP Green Park Distribution Holdings Limited.

In June 2012, the Group entered into a joint venture arrangement with Green Park Investments and the Public Sector Pension Investment Board to invest in residential property. On 19 July 2012, the joint venture arrangement, LSP London Residential Investments Limited, in which the Group has a 40% interest, acquired 149 apartments at Moore House, London, for $\mathfrak{L}147$ million.

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

9 Investment in associate and joint ventures (continued)

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

	LSP Green Park Property Trust (Meadowhall) £000	LSP Green Park Distribution Holdings £000	LSP London Residential Investments £000	Unaudited 30 September 2012 £000	Unaudited 30 September 2011 £000	Audited 31 March 2012 £000
Summarised income statement						
Net rental income	5,628	4,115	(71)	9,672	8,920	19,169
Administration expenses	(1,066)	(445)	(116)	(1,627)	(1,405)	(2,785)
Movement in fair value of net assets acquired over consideration paid	_	_	_	_	536	2,876
(Deficit)/surplus on revaluation of investment properties	_	(2,206)	14,172	11,966	3,824	(222)
Net interest payable	(3,938)	(1,580)	(96)	(5,614)	(5,358)	(11,053)
Movement in fair value of derivatives	(544)	(608)	(111)	(1,263)	(3,420)	(3,688)
Tax	226	485	_	711	97	49
Profit after tax	306	(239)	13,778	13,845	3,194	4,346
Summarised balance sheet						
Investment properties	_	118,644	76,800	195,444	360,129	358,516
Current assets	_	5,384	2,852	8,236	11,096	9,335
Current liabilities	_	(3,266)	(1,069)	(4,335)	(9,437)	(14,771)
Bank debt	_	(73,302)	(25,627)	(98,929)	(176,344)	(175,435)
Derivative financial instruments	_	(2,771)	(111)	(2,882)	(4,235)	(4,272)
Other non current liabilities	_	_	_	_	(18,662)	(11,798)
Net assets	_	44,689	52,845	97,534	162,547	161,575

The LSP Green Park Distribution Holdings and the LSP London Residential Investments' property portfolios were valued on an open market value basis by CB Richard Ellis Limited and Savills Plc, Chartered Surveyors, respectively as at 30 September 2012, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

10 Intangible assets

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Cost			
Opening balance	53,260	53,260	53,260
Additions	_	_	_
Closing balance	53,260	53,260	53,260
Amortisation			
Opening balance	40,836	36,871	36,871
Amortisation during the period	1,983	1,983	3,965
Closing balance	42,819	38,854	40,836
Net carrying amount	10,441	14,406	12,424

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.

11 Trade and other receivables

	Unaudited Six months to 30 September 2012 £000	Unaudited Six months to 30 September 2011 £000	Audited Year to 31 March 2012 £000
Trade receivables	4,343	4,590	288
Performance fees receivable	4,229	_	_
Amounts receivable from income guarantees	240	990	557
Share-based payment prepayment	13,166	26,368	19,767
Corporation tax debtor	100	_	752
Prepayments and accrued income	594	858	1,068
Other receivables	139	146	307
	22,811	32,952	22,739

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 half year all trade receivables have been collected.

At 30 September 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 30 September 2012, as the risk of impairment of the amounts outstanding is not considered to be significant.

12 Cash and cash equivalents

Cash and cash equivalents include £4.0 million (30 September 2011: £4.6 million, 31 March 2012: £29.1 million) retained in rent and restricted accounts which are not readily available to the Group for day to day commercial purposes.

13 Trade and other payables

	Unaudited 30 September 2012 £000	Unaudited 30 September 2011 £000	Audited 31 March 2012 £000
Trade payables	879	1,262	775
Amounts payable on property acquisitions and disposals	393	891	51
Rent received in advance	5,686	7,817	8,156
Accrued interest	2,074	2,074	2,239
Other payables	643	476	2,009
Other accruals	1,518	1,584	1,971
Deferred income	_	_	20,016
	11,193	14,104	35,217

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

14 Borrowings and financial instruments

	Unaudited 30 September 2012 £000	Unaudited 30 September 2011 £000	Audited 31 March 2012 £000
Secured bank loans	234,544	319,105	322,769
Unamortised finance costs	(2,948)	(2,830)	(2,936)
	231,596	316,275	319,833

The bank loans are secured by fixed charges over certain of the Group's investment properties with a carrying value of £472.3 million and are repayable within two to five years of the balance sheet date.

14 Borrowings and financial instruments (continued)

Details of the fair value of the Group's derivative financial instruments that were in place at 30 September 2012 are provided below:

	Protected rate %	Expiry	Audited Market value 31 March 2012 £000	Disposed in the period £000	Movement recognised in income statement £000	Unaudited Market value 30 September 2012 £000
£17.5 million cap	4.00	October 2014	20	_	(17)	3
£85 million swap ⁽¹⁾	3.68	October 2014	(5,689)	5,689	_	_
£48.1 million swap	2.69	January 2015	(1,796)	_	(71)	(1,867)
£55.3 million swap	3.77	October 2014	(3,840)	_	134	(3,706)
£40.7 million swaption ⁽²⁾	2.35	March 2016	25	_	(25)	_
£40.7 million swap	1.88	October 2012	(213)	_	171	(42)
£25.0 million fixed rate	2.03	July 2016	(767)	_	(492)	(1,259)
£17.6 million fixed rate	1.31	July 2016	(14)	_	(391)	(405)
£61.8 million swap	1.07	July 2017	_	_	(626)	(626)
£100.0 million swaption(3)	4.00	March 2016	_	_	51	51
£4.0 million cap ⁽⁴⁾	4.00	July 2015	_	_	2	2
£40.7 million swap ⁽⁵⁾	1.19	July 2015	_	_	(842)	(842)
			(12,274)	5,689	(2,106)	(8,691)

⁽¹⁾ Derivatives disposed in the period.

All derivative financial instruments are non current interest rate derivatives, and are carried at fair value following a valuation as at 30 September 2012 by J C Rathbone Associates Limited.

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.

⁽²⁾ Exercisable in October 2012.

⁽³⁾ Exercisable in July 2015.

⁽⁴⁾ Commences January 2013.

⁽⁵⁾ Commences October 2012 and increases to £96 million from October 2014.

15 Share capital

	Unaudited 30 September 2012 Number	Unaudited 30 September 2012 £000	Audited 31 March 2012 Number	Audited 31 March 2012 £000
Authorised				
Ordinary shares of 10p each	Unlimited	Unlimited	Unlimited	Unlimited
	Unaudited 30 September 2012 Number	Unaudited 30 September 2012 £000	Audited 31 March 2012 Number	Audited 31 March 2012 £000
Issued, called up and fully paid				
Ordinary shares of 10p each	542,795,171	54,280	542,795,171	54,280

16 Reserves

The Statement of Changes in Equity is shown on page 6.

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 and the cost of shares held in trust to provide for the Company's future obligations under share award schemes.
Retained earnings	The cumulative profits and losses after the payment of dividends.

17 Related party transactions and balances

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

	Ordinary shares of 10p each 30 September 2012	Ordinary shares of 10p each 30 September 2011	Ordinary shares of 10p each 31 March 2012
Raymond Mould	16,000,000	18,400,000	16,000,000
Patrick Vaughan	18,383,510	18,383,510	18,146,010
Martin McGann	3,823,795	3,823,795	3,823,795
Mark Burton	_	_	_
Charles Cayzer	_	_	_
Richard Crowder	100,000	100,000	100,000
James Dean	_	_	_
Humphrey Price	2,143,127	2,143,127	2,143,127

There has been no change in the beneficial and non-beneficial shareholdings of the Directors between 30 September 2012 and the date of this report.

During the period the Group received property advisory fees of £7.4 million (30 September 2011: £2.8 million, 31 March 2012: £5.5 million) from LSP Green Park Property Trust, in which it has a 31.4% interest. It also received £0.7 million (30 September 2011: £0.5 million, 31 March 2012: £1.1 million) from LSP Green Park Distribution Holdings Limited, in which it has a 50% interest and £0.1 million (30 September 2011 and 31 March 2012: £nil) from LSP London Residential Investments Limited, in which it has a 40% interest.

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

18 Post Balance Sheet Events

On 6 October 2012 the Group together with its joint venture partner, Green Park Investments, disposed of its 50% interest in the Meadowhall Shopping Centre to Norges Bank Investment Management, manager of the Norweigan Government Pension Fund Global, at a property purchase price of £1.525 billion.

Principal risks and uncertainties

Strategic risks

Investment valuation

The value of the property portfolio is affected by conditions prevailing in the property investment market and the general economic environment. However, as the portfolio is of prime quality and let to high quality tenants the risk of any negative valuation impact is reduced.

Investment opportunities

The deployment of cash resources continues to be a key focus. The senior investment team devote a significant amount of time researching the property investment and occupational market with property agents to identify prime income producing opportunities.

Financial risks

Interest rate movements

Adverse interest rate movements can significantly increase interest charged on bank borrowings and reduce profitability. To manage and mitigate this risk a high proportion of debt is hedged with fixed or capped interest rates through derivatives products. At 30 September 2012 the Group had £266 million of hedges in place and its debt was 98% fixed.

Availability of capital

Liquidity risk is low as the Group has significant cash balances and available undrawn debt facilities to fund further investment. Cash flow and funding needs are regularly monitored and good relationships have been built with key and a diversified range of lending banks.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 ("Interim Financial Reporting");
- The adoption of a going concern basis for the preparation of the financial statements continues to be appropriate based on the current and forecast financial position of the Group; and

Loan covenants

The risk that the Group fails to comply with key loan covenants is mitigated by active monitoring and careful consideration of covenants prior to entering into new debt facilities.

Operational risks

Letting risk and tenant default

The risk of tenant default and failure to let vacant units is mitigated by strong tenant covenants and long unexpired lease terms, along with a dedicated and experienced asset management team.

People

A key risk to a small management team is the ability to attract, motivate and retain talented staff with the appropriate skill sets to execute the Company's strategic plans. To mitigate this, long-term share-based incentive arrangements linked to performance targets are in place for staff who were not former members of the Property Advisor, LSI Management LLP. The senior management team who were former members of the Property Advisor received shares on the internalisation of management, some of which are subject to performance related clawback arrangements. In addition, formal staff appraisals are undertaken annually to assess performance and training needs.

Environmental risks

To mitigate the risk of liabilities arising environmental surveys are carried out for all acquisitions.

These principal risks are regularly reviewed and discussed by the Board of Directors.

 The interim management report includes a fair review of the information required by Sections DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority ("FSA").

By order of the Board

Martin Mcgaum

Martin McGann

Finance Director

9 November 2012

Financial calendar

Announcement of Interim results	9 November 2012
Financial dividend - Ex dividend date	21 November 2012
- Record date	23 November 2012
- Payable on	7 December 2012

Shareholder information

Directors of the Company

Raymond Mould

(Executive Chairman)

Patrick Vaughan

(Chief Executive)

Martin McGann

(Finance Director)

Charles Cayzer

(Non-Executive Director, Senior Independent Director and Chairman of the Nomination Committee)

Humphrey Price

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

James Dean

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

Mark Burton

(Non-Executive Director)

Richard Crowder

(Non-Executive Director)

Advisors to the Company

Joint Financial Advisors and Brokers

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Tax Advisers

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Savills plc

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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.

Design and Production

Radley Yeldar – www.ry.com

Paper

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This report was printed by an FSC printer using vegetable oil and soya based inks.

Printed by Identity



