

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document does not constitute a prospectus but comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies published by London Stock Exchange plc.

Application has been made for the Ordinary Shares to be admitted to trading on AIM. The Ordinary Shares are not dealt in on any other recognised investment exchange and no application is being or has been made for the Ordinary Shares to be admitted to any such exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UK Listing Authority nor London Stock Exchange plc have examined or approved the contents of this document.

London & Stamford Property Limited whose registered office appears on page 8, together with the Directors, whose full names appear on page 8, accept responsibility for the information contained in this document. To the best of the knowledge and belief of London & Stamford Property Limited and its Directors (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Your attention is also drawn to the discussion of risks and other factors which should be considered in connection with an investment in the Ordinary Shares, set out in “Risk Factors” in Part 1 of this document. Notwithstanding this, prospective investors should read the whole text of this document. All statements regarding the Company’s business, financial position and prospects should be viewed in light of the risk factors set out in Part 1 of this document.

London & Stamford Property Limited

(an investment company incorporated in Guernsey with registration number 47816)

Admission to trading on AIM and

Placing of 247,500,000 Ordinary Shares at 100 pence per share by

KBC PEEL HUNT LTD Nominated Adviser and Broker

The Placing is conditional, *inter alia*, on Admission taking place on or before 7 November 2007 (or such later date as KBC Peel Hunt may determine). The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the Ordinary Shares and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

KBC Peel Hunt, which is regulated and authorised by the Financial Services Authority, is acting as the Company’s nominated adviser in connection with the proposed admission of the Company’s Ordinary Shares to trading on AIM. Its responsibilities as the Company’s nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by KBC Peel Hunt as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). KBC Peel Hunt will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing or any acquisition of Ordinary Shares in the Company.

The distribution of this document outside the UK may be restricted by law and therefore persons outside the UK into whose possession this document comes should inform themselves about and observe any restrictions as to the Placing, the Ordinary Shares or the distribution of this document. The Ordinary Shares have not been, nor will be, registered in the United States under the United States Securities Act of 1933 (the “Securities Act”), as amended, or under the securities laws of Canada, Australia or Japan and they may not be offered or sold directly or indirectly within or into Canada, Australia, or Japan or to, or for the account or benefit of, any national, citizen or resident of Canada, Australia or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S (“**Regulation S**”) under the Securities Act). KBC Peel Hunt may arrange for the offer and sale of Ordinary Shares in the United States only to persons who are “Qualified Institutional Buyers”, (as defined in Rule 144A under the Securities Act (“**Rule 144A**”)), in a private placement transaction not involving a public offering. This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

Shares are not to be offered directly to the public (meaning persons not regulated under any of Guernsey’s financial services regulatory laws) within the Bailiwick of Guernsey.

Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance, 1959 as amended has been obtained to this issue of shares and raising of funds as described in this document. To receive such consent application was made under the Guernsey Financial Services Commission’s framework relating to Registered Closed-ended Investment Funds. Under this framework neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council have reviewed this document but instead have relied on specific warranties provided by the Guernsey licensed administrator of the Fund. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of London & Stamford Property Limited or for the correctness of any of the statements made or opinions expressed with regard to it.

Restrictions on purchase by certain US benefit plan investors

Prospective investors who are “benefit plan investors” within the meaning of Section 3(42) of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”) are hereby notified that if they become aware that they are holding or owning (directly or indirectly) such number of shares or interest in shares in the Company that, in the opinion of the Directors, results in (a) 25 per cent. or more of the issued share capital of the Company being held by “benefit plan investors” or (b) any asset of the Company or its subsidiaries from time to time being “plan assets” within the meaning of United States Department of Labor Regulation 29 C.F.R. Section 2510 101, as modified by Section 3(42) of ERISA, they must disclose this fact to the Company and transfer such shares to another person in circumstances where the shares will cease to fall within sub-paragraphs (a) and (b) above. See the provisions in respect of “Compulsory transfer of shares” in paragraph 4.3 of Part 7 of this document.

For the attention of residents of Belgium

This document is only directed to qualified investors in Belgium within the meaning of the Belgian Prospectus Law of 16 June 2006 and its executive Royal Decrees (the Royal Decree of 26 September, 2006 and the coming ones), i.e.:

- a. legal entities, established in Belgium, which are authorised or regulated to operate in the financial markets, including: credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, collective investment schemes and their management companies, pension funds and their management companies, commodity dealers, as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities;
- b. Federal State, Regions and Communities, the Belgian Central Bank, international and supranational institutions, which are established in Belgium;
- c. other legal entities which are established in Belgium and which, according to their last annual or consolidated accounts, met two of the three following criteria: an average number of employees during the financial year of less than 250, a total balance sheet not exceeding €43,000,000 and an annual net turnover not exceeding €50,000,000;
- d. legal entities which are established in a member State of the E.E.A., which do not meet two of the three criteria mentioned under (c), but which are considered qualified investors in the Member State where their seat is established;
- e. legal entities, which have their registered office in Belgium, which, according to their last annual or consolidated accounts, do not meet two of the three following criteria: an average number of employees during the financial year of less than 250, a total balance sheet not exceeding €43,000,000 and an annual net turnover not exceeding €50,000,000, but who expressly asked the BFC to be considered as qualified investors and who are listed in the BFC's register.

For the attention of residents of The Netherlands

The Ordinary Shares will not be offered or sold, directly or indirectly, in the Netherlands, other than (i) for a minimum consideration of €50,000 or the equivalent in another currency per investor; (ii) to fewer than 100 individuals or legal entities other than qualified investors; or (iii) solely to qualified investors, all within the meaning of article 4 of the Financial Supervision Act Exemption Regulation (*Vrijstellingsregeling Wet op het financieel toezicht*).

In respect of the Offer, the Company is not required to obtain a license as a collective investment scheme pursuant to the Netherlands Financial Supervision Act (*Wet op het financiële toezicht*) and is not subject to supervision of the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*).

For the attention of residents of France

Neither this document nor any other offering material relating to the Ordinary Shares described in this document has been submitted to the clearance procedures of the Autorité des Marchés Financiers or approved by the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The Ordinary Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this document nor any other offering material relating to the Ordinary Shares has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the Ordinary Shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with Article L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier; or
- to investment services providers authorised to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-17-or-27 or 37 of the French Code monétaire et financier and article 211-2 of the General Regulations (*Règlement Général*) of the Autorité des Marchés Financiers, does not constitute a public offer (*appel public à l'épargne*).

The Ordinary Shares may be resold directly or indirectly, only in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

For the attention of residents of Germany

The Ordinary Shares are neither registered for public distribution with the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – “BaFin”) according to the German Investment Act nor listed on a German exchange. No sales prospectus pursuant to the German Sales Prospectus Act has been filed with the BaFin. Consequently, the Ordinary Shares may not be offered to the public.

This document is not for offering Ordinary Shares in Germany. It is not meant as a description of, and does not express any view on, the consequences that an investment in Ordinary Shares can have for German tax purposes and for the German tax status of investors. Investors in Germany are urged to consult their own tax advisers as to the tax consequences that would arise from an investment in the Ordinary Shares. The Company and any additional special purpose vehicles or entities which the Company may use in the future for direct or indirect investments do not intend to report and do not intend to publish any German Tax figures within the meaning of Sec. 5 of the German Investmentsteuergesetz (German Investment Tax Act). This may be the case also for issuers of instruments in which they invest.

The Ordinary Shares are not intended for Investors who are taxable (or who will become taxable) in Germany as it can be typically expected that their investment in the Ordinary Shares would have adverse German tax consequences. In addition to other taxes, taxable events and taxable proceeds, this includes the German income taxation of investors on (i) distributions and on a dissolution of the Company, (ii) on fictitious annual income which, pursuant to Sec. 6 of the German Investment Tax Act, is deemed to be received by Shareholders as at the end of each calendar year, (iii) on potential attributions (under the German Außensteuergesetz or other German tax principles) of actual and fictitious earnings and gains of the Company, and of any special purpose vehicles or entities in which it may invest, (iv) on so-called “interim income” of up to 6 per cent., of the proceeds from a disposal or redemption of Ordinary Shares and (v), subject to certain potential exceptions for private investors, on any higher gains derived from a disposal or redemption of Ordinary Shares. The fictitious annual income referred to in the previous sentence under (ii) which is deemed to be received pursuant to Sec. 6 of the German Investment Tax Act as at the end of each calendar year amounts per Ordinary Share to the higher of (x) the difference by which 6 per cent., of the last market value of a Ordinary Share in the respective calendar year may exceed the distributions per Ordinary Share made in the respective calendar year and of (y) 70 per cent., of the positive excess amount by which the last market value of a Ordinary Share in the respective calendar year may exceed the first market value in such calendar year.

In the case of a distribution or credit in respect of a distribution of the Company, of liquidation proceeds or of proceeds from a disposal or redemption of Ordinary Shares is carried out through a credit institution acting within Germany (or an equivalent institution) which keeps in custody or administers Ordinary Shares or dividend rights or which pays out or credits the distribution or proceeds against surrender of dividend coupons or share certificates to a person other than an institution which, within the meaning of the relevant withholding tax provisions, qualifies as a foreign credit institution or foreign financial services institution, the institution acting within Germany (or an equivalent institution) which makes the disbursement or credit, in general, has to retain German withholding tax from distributions, liquidation proceeds and, with respect to interim income and in certain cases also with respect to the sum of fictitious income which until then is deemed to be received by Shareholders, from proceeds from a disposal or redemption of Ordinary Shares. The German withholding tax can also apply in certain other cases of a sale of Ordinary Shares to the aforementioned institutions or to other persons who are obliged to retain withholding tax in Germany.

For the attention of residents of Italy

The offering of the shares has not been registered pursuant to Italian securities legislation and, accordingly, no shares may be offered, sold or delivered, nor may copies of this document or of any other document relating to the shares be distributed in the Republic of Italy, except:

- (i) to professional investors (operatori qualificati), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July 1998, as amended; and
- (ii) in circumstances which are exempt from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “Financial Services Act”) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Definitions | 5 |
| Directors and Advisers | 8 |
| Key Information | 10 |
| Placing Statistics and Expected Timetable | 12 |
| Part 1 Risk Factors | 13 |
| Part 2 Information on the Group | 16 |
| Business | 16 |
| Competitive Strengths | 17 |
| Management Approach | 18 |
| Investment Objective, Policy and Strategy | 19 |
| Use of Proceeds and Borrowings | 20 |
| Tax Efficiency | 20 |
| Dividends | 20 |
| Net Asset Value | 21 |
| Accounting Policies | 21 |
| Shareholder Information | 21 |
| Regulatory Status | 22 |
| Investment Restrictions | 23 |
| Details of Placing and Admission | 23 |
| CREST | 23 |
| Risk Factors | 23 |
| Further Information | 23 |
| Part 3 Corporate Structure and Management | 24 |
| Group Structure | 24 |
| Directors | 24 |
| Lock-In Arrangements | 25 |
| Corporate Governance | 25 |
| Property Adviser | 25 |
| Property Adviser's Fee and Incentivisation | 26 |
| Conflicts of Interest | 26 |
| Part 4 The Initial Portfolio | 28 |
| Part 5 Valuation Reports | 30 |
| Part 6 Financial Information | 43 |
| Part 7 Additional Information | 51 |
| Appendix Terms and Conditions of the Placing | 82 |

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

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| “Acquisition” | the acquisition by the Company, of LSIL, including its subsidiaries, pursuant to the Share Exchange Agreement |
| “Administration Agreement” | the administration agreement dated 30 October 2007 between the Company and the Administrator pursuant to which the Administrator will provide administration and certain supplementary services to the Company, a summary of which is set out at paragraph 11.8 of Part 7 |
| “Administrator” | Butterfield Fund Services (Guernsey) Limited |
| “Admission” | the admission of the Ordinary Shares to trading on AIM |
| “AIM” | AIM, a market operated by the London Stock Exchange |
| “AIM Rules” | the AIM rules for companies published by the London Stock Exchange |
| “Arlington” | Arlington Securities PLC (now known as Supertwice Services Limited) |
| “Articles” | the articles of association of the Company |
| “Bank of Scotland” | The Governor and Company of the Bank of Scotland |
| “Bank of Scotland PLC” | the Bank of Scotland PLC |
| “Board” | the board of directors of the Company |
| “BoS Facility Agreement” | has the meaning specified in paragraph 11.3 of Part 7 |
| “British Aerospace” | BAE Systems plc, formerly named British Aerospace plc |
| “British Land” | The British Land Company Public Limited Company |
| “CB Richard Ellis” | CB Richard Ellis Limited |
| “Combined Code” | the UK Combined Code on Corporate Governance |
| “Companies Laws” | The Companies (Guernsey) Laws, 1994 to 1996 as amended |
| “Company” or “London & Stamford” | London & Stamford Property Limited, a closed-ended investment company, incorporated in Guernsey with registration number 47816 |
| “CREST” | the computerised system operated by Euroclear UK & Ireland Limited in accordance with which securities may be held or transferred in uncertificated form |
| “Directors” | the directors of the Company, whose full names are set out on page 8 |
| “Electra Kingsway” | Electra Kingsway VCT PLC |
| “Enlarged Issued Share Capital” | the Ordinary Shares in issue following the Placing |
| “ERISA” | the United States Employee Retirement Income Security Act of 1974, as amended |
| “FSA” | the UK Financial Services Authority |

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| “GEPT” | GE Asset Management Incorporated, acting in its capacity as investment manager of the General Electric Pension Trust |
| “Group” | the Company and its subsidiaries |
| “Guernsey Law” | the laws of the Bailiwick of Guernsey |
| “IFRS” | International Financial Reporting Standards |
| “Initial Portfolio” | the property portfolio of LSIL and its subsidiaries at the date LSIL was acquired by the Company pursuant to the Share Exchange Agreement |
| “ISIN” | International Securities Identification Number |
| “Jones Lang LaSalle” | Jones Lang LaSalle bvba |
| “KBC Peel Hunt” | KBC Peel Hunt Ltd |
| “London Stock Exchange” | London Stock Exchange plc |
| “LSI Management” or “Property Adviser” | LSI Management LLP |
| “LSIL” | London & Stamford Investments Limited |
| “Management Team” | the management team of LSI Management |
| “Ordinary Shares” | ordinary shares of 10 pence each in the Company |
| “Pillar” | Pillar Property PLC |
| “Placing” | the conditional placing by KBC Peel Hunt of the Placing Shares, pursuant to the Placing Agreement |
| “Placing Agreement” | the conditional agreement dated 2 November 2007, between the Company, the Principals, LSI Management and KBC Peel Hunt relating to the Placing and Admission, further details of which are set out in paragraph 11.1 of Part 7 |
| “Placing Price” | 100 pence per Ordinary Share |
| “Placing Shares” | 247,500,000 Ordinary Shares to be placed pursuant to the Placing |
| “Principals” | the principal partners of the Property Adviser, namely Raymond Mould, Patrick Vaughan and Humphrey Price, who are also non-executive Directors |
| “Prohibited Share(s)” | such number of shares or interest in shares in the Company as are held directly or indirectly by a person who is a “benefit plan investor” within the meaning of Section 3(42) of ERISA that, in the opinion of the Directors, results in (a) 25 per cent. or more of the issued share capital of the Company being held by “benefit plan investors” or (b) any asset of the Company or its subsidiaries from time to time being “plan assets” within the meaning of United States Department of Labor Regulation 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA |
| “Property Adviser” | LSI Management LLP |
| “Property Advisory Agreement” | the property advisory agreement dated 30 October 2007 between the Company and the Property Adviser pursuant to which the Property Adviser will provide certain property advisory services to the Company, a summary of which is set out at paragraph 11.2 of Part 7 |

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| “Property Portfolio” | the property portfolio of the Group |
| “Proposed Disposals” | has the meaning specified in paragraph 11.10 of Part 7 |
| “Share Exchange Agreement” | the agreement dated 30 October 2007 between LSIL, the Principals, GEPT, Jeremy Bishop, Stewart Little and the Company relating to the Acquisition |
| “Shareholders” | holders of Ordinary Shares |
| “Treasury Shares” | shares in the Company (that were previously issued but were repurchased by the Company and not cancelled) held in accordance with The Companies (Purchase of Own Shares) (Treasury Shares) Ordinance, 2006 |
| “Valuation Reports” | the valuation reports prepared by CB Richard Ellis and Jones Lang LaSalle, included as Part 5 of this document |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland |
| “UK Listing Authority” | the FSA in its capacity as the competent person for the purposes of Part IV of the Financial Services and Markets Act 2000 |
| “United States” or “US” | the United States of America, its territories and possessions, any state of the United States and the District of Columbia |

In this document all references to times and dates are in reference to those observed in London, United Kingdom.

In this document the symbols “£” and “p” refer to pounds and pence sterling respectively, and “€” and “c” refer to Euros and Euro cents, respectively.

DIRECTORS AND ADVISERS

| | |
|--|--|
| Directors | Harold Raymond Mould (<i>Non-executive Chairman</i>) Patrick Lionel Vaughan (<i>Non-executive Director</i>) Humphrey James Montgomery Price (<i>Non-executive Director</i>) Rupert Arthur Rees Evans (<i>Non-executive Director</i>) Richard John Crowder (<i>Non-executive Director</i>) Lewis Russell Horace Grant (<i>Non-executive Director</i>) Patrick Anthony Seymour Firth (<i>Non-executive Director</i>) |
| all of whose business address is | 2nd Floor Regency Court Gategny Esplanade St Peter Port Guernsey GY1 3NQ |
| Company Secretary and Administrator | Butterfield Fund Services (Guernsey) Limited 2nd Floor Regency Court Gategny Esplanade St Peter Port Guernsey GY1 3NQ |
| Registered Office | 2nd Floor Regency Court Gategny Esplanade St Peter Port Guernsey GY1 3NQ |
| Property Adviser | LSI Management LLP 14 Half Moon Street London W1J 7BD +44 (0)20 7399 3960 |
| Nominated Adviser and Broker | KBC Peel Hunt Ltd 111 Old Broad Street London EC2N 1PH |
| Reporting Accountants | BDO Stoy Hayward LLP Emerald House East Street Epsom KT17 1HS |
| Auditors | BDO Novus Limited PO Box 180 Elizabeth House Ruelle Braye St. Peter Port Guernsey GY1 3LL |
| Solicitors to the Company | Gibson, Dunn & Crutcher LLP Telephone House 2 Temple Avenue London EC4Y 0HB |
| Guernsey Legal Advisers | Ozannes Advocates 1 Le Marchant Street, St. Peter Port, Guernsey, Channel Islands GY1 4HP |

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|------------------------------------|---|
| Property Lawyers | Jones Day 21 Tudor Street London EC4Y 0DJ |
| Solicitors to KBC Peel Hunt | Addleshaw Goddard LLP 150 Aldersgate Street London EC1A 4EJ |
| Financial Adviser | Tricorn Partners LLP 27 Knightsbridge London SW1X 7LY |
| Property Valuers – UK | CB Richard Ellis Limited St Martin’s Court 10 Paternoster Row London EC4M 7HP |
| Property Valuers – Belgium | Jones Lang LaSalle bvba 10 rue Montoyer 1000 Brussels Belgium |
| Registrar | Capita Registrars (Guernsey) Limited 2nd Floor No. 1 Le Truchot St. Peter Port Guernsey GY1 4AE |

KEY INFORMATION

The following is a summary of certain information appearing elsewhere in this document. This summary is qualified in its entirety by and should be read in conjunction with the more detailed information appearing elsewhere in this document. This summary does not contain all the information that is important to investors or that potential investors should consider before subscribing for Placing Shares. In particular you should consider carefully the factors set forth under the heading “Risk Factors” in Part 1 of this document.

Business

London & Stamford is a newly formed closed-ended investment company incorporated in Guernsey. The Company is provided with investment advisory and property management services by LSI Management, which has a highly experienced Management Team. LSI Management’s principal partners are Raymond Mould, Patrick Vaughan and Humphrey Price. They have been involved in a number of listed and unlisted property companies and funds for over 30 years, including Arlington and Pillar. The Company was established on 1 October 2007 in order to exploit real estate opportunities that the Directors consider will arise over the next few years in what they consider to be an increasingly uncertain property market. The Board of the Company comprises seven non-executive directors, three of whom are the Principals.

The Company intends to invest in commercial property, including office, retail and industrial real estate assets, principally in the UK and will also consider opportunities overseas, where the Directors consider the opportunity exists to extract above-average returns for Shareholders. The Company will be an active investor and intends to implement strategies to enhance the quality and value of acquired assets and improve annual rental values.

On 30 October 2007 the Company acquired LSIL and its subsidiaries by means of a share-for-share exchange from the Principals, Jeremy Bishop, Stewart Little and GEPT, pursuant to the Share Exchange Agreement. The Principals considered it appropriate to consolidate their existing investment property interests as part of the Group and, following the Acquisition, the Group will represent the Principals’ exclusive commercial property holding vehicle, excluding the premises occupied by the Property Adviser which is separately held by the Principals. On 30 October 2007, the net asset value of LSIL was approximately £37.5 million, mainly comprising of property assets valued at £76.6 million, debt of £38.7 million and other assets and liabilities of £0.4 million (net credit).

On Admission, the Company aims to raise £247.5 million by way of the Placing (approximately £238.0 million net of expenses) from institutional and other investors, of which certain members of the Management Team, GEPT and Rupert Evans will be investing approximately £18.1 million. The level of gearing will be governed by careful consideration of the cost of borrowing and the ability to mitigate the risk of interest rate increases. Based on current market conditions, the Directors intend that the Group’s level of borrowings will be between 60 and 70 per cent. of the gross value of its real estate assets. However, the Company’s Articles do not contain any borrowing limits.

Experience in property investment

The Company will be advised by the highly experienced Management Team among whom the Principals have been involved principally in the UK property market since 1970 and have a record of anticipating and exploiting opportunities that arise from cycles in the property market. The Principals have been involved in a number of listed and unlisted property companies and funds during this period, including Arlington and Pillar.

The Principals’ initial vehicle, Arlington, was set up in 1976. Following further rounds of fundraising, Arlington was floated in May 1986. The business was sold to British Aerospace in August 1989 for £278 million, with the Principals remaining for three years thereafter in a joint management capacity. Whilst at Arlington, they developed the concept of business parks (two storey, composite-use business buildings on highly landscaped out-of-town sites) in the UK real estate market. Arlington was the largest developer of business parks in the UK when it was sold to British Aerospace. During the time Arlington was listed on the London Stock Exchange, it provided investors with average total returns of approximately 45 per cent. per annum.

The Principals established their next listed property company, Pillar, in early 1991 when the UK property market was in recession. Pillar was floated in 1994 and sold to British Land in July 2005 for £811 million, by which stage the company was recognised as the leading investment manager/owner of retail parks in the UK with over 5.96 million square feet owned or under management. Under the stewardship of the Principals, Pillar achieved average total annual returns for its shareholders of approximately 22 per cent. during the 10 year period from 31 December 1994 to 31 December 2004, which was significantly higher than the average returns of the FTSE 350 Real Estate sector of 11.9 per cent. during the corresponding period.

Management Approach

Current market conditions

Commercial property yields in the UK are currently lower than they have been in recent times. Although they were fairly low, but aligned to the cost of capital 18 months ago, when money was also cheaper than today, the Principals consider that the property market has now reached an unsustainable point as interest rates have risen and yields have fallen to today's levels.

In the past, such a position was sometimes justified by good prospects for rental growth and in some locations, such as the West End, this may still be the case. Generally, however, the Principals consider that it is not so. Rents are quite sluggish outside of a few limited areas. Such a rental market does not support initial yields below 5 per cent. with borrowing and margin costs of over 6.25 per cent. The Principals believe that commercial property yields, therefore, are likely to rise.

Investment case

Notwithstanding the aforementioned market conditions, the Principals see considerable merit in raising new funds for commercial property investment today.

The Principals consider that for experienced professionals, such as the Management Team, opportunities still exist to add value in the current market. The Initial Portfolio assembled by LSIL in this market environment is an example that value can be found, which does not depend on continuing yield shift or exceptional rental growth to provide satisfactory returns.

Furthermore, the Principals believe that the combination of the rising cost of money, high gearing, and diminishing margins could cause selling pressure from which better value is expected to emerge. Therefore, by raising funds now, London & Stamford will be able to take advantage of opportunities in the current market and will be well placed to capitalise on the correction that the Principals anticipate in the property market.

Property Adviser

LSI Management will provide property advisory services to the Group pursuant to the Property Advisory Agreement. LSI Management is authorised and regulated by the FSA to carry on certain regulated activities, including advising upon and arranging deals in investments. LSI Management is an English limited liability partnership registered under the Limited Liability Partnerships Act 2000, whose business is to provide investment advisory and property management services. At the date of this document, the members of LSI Management include the Management Team and GEAM L&S Management Investor (Scotland), a limited partnership registered in Scotland under the Limited Partnerships Act 1907 and controlled by GEPT.

Under the Property Advisory Agreement, the Property Adviser will be entitled to a basic fee and a performance fee together with reasonable expenses incurred by it in the performance of its duties. The basic fee is payable quarterly in advance at an annual rate of 1.75 per cent. of the net asset value of the Group. The performance fee is payable at a rate equal to 20 per cent. of Shareholder returns beyond a hurdle return of at least 10 per cent. and will be subject to certain retention and claw-back provisions of which further details are provided in Parts 2 and 7 of this document.

Lock-In Arrangements

Pursuant to the Placing Agreement, each Director who is also a Principal has agreed to comply with lock-in and 'orderly marketing' arrangements, the details of which are set out in paragraph 11.1 of Part 7 of this document. In addition, GEPT and Rupert Evans have each agreed to comply with similar lock-in and 'orderly marketing' arrangements.

PLACING STATISTICS

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|--|----------------|
| Placing Price | 100 pence |
| Number of Ordinary Shares in issue at the date of this document | 37,500,000 |
| Number of Placing Shares to be placed on behalf of the Company | 247,500,000 |
| Number of Ordinary Shares in issue on Admission | 285,000,000 |
| Market capitalisation at the Placing Price immediately following Admission | £285.0 million |
| Percentage of Enlarged Issued Share Capital subject to the Placing | 86.8 per cent. |
| Gross proceeds of the Placing available to the Company | £247.5 million |
| Estimated net proceeds of the Placing available to the Company | £238.0 million |
| Estimated initial pro forma net asset value per issued Ordinary Share | 97 pence |

EXPECTED TIMETABLE

| | |
|--|------------------|
| Admission and dealings in the Ordinary Shares to commence on AIM | 7 November 2007 |
| CREST accounts credited | 7 November 2007 |
| Despatch of definitive share certificates (where applicable) by | 21 November 2007 |

PART 1

RISK FACTORS

Investment in the Company carries a degree of risk. Potential investors should consider carefully the following risk factors in relation to the Company and the Ordinary Shares. The following risk factors are not an exhaustive list and potential investors should review this document carefully and in its entirety and consult with their professional advisers before making an application for Ordinary Shares. An investment in the Company is subject to a number of risk factors, in part because of the nature of the property market. The Company's targeted investors are European financial institutions or their investment and capital management companies with a mandate to invest in commercial real estate. Also, to a limited extent, high net worth individuals deemed and confirmed to act as professional investors may be targeted. The paragraphs below set out what the Directors believe to be the principal risks involved in an investment in the Company but are not the only risks relating to the Group or an investment in the Company and are not intended to be presented in any order of priority. There may be additional risks that the Group does not currently consider to be material or of which it is not aware which may also have an adverse affect upon the Group.

Potential Shareholders should seek their own tax advice as to the consequences of owning Ordinary Shares as well as receiving returns from the Company. Tax commentary in this document is provided for information only and no representation or warranty, express or implied, is given to Shareholders in any jurisdiction as to the tax consequences of their acquiring, owning or disposing of any shares in the Company and none of the Company, the Directors, KBC Peel Hunt, the Property Adviser or any other person will be responsible for any tax consequences for any such Shareholders.

Volatility in share price and liquidity, admission to AIM

Admission to AIM does not guarantee that there will be a liquid market for Ordinary Shares. An active public market for Ordinary Shares may not develop or be sustained after Admission and an investment in Ordinary Shares may be difficult to realise. The market price of the Ordinary Shares may fall below the price at which Ordinary Shares are placed under the Placing. Investment in shares traded on AIM is perceived to involve a higher degree of risk and to be less liquid than investment in companies whose shares are listed on the UK Official List and traded on the main market of the London Stock Exchange. No application is being made for an admission of the Company's securities to the UK Official List and the AIM Rules are less demanding than those relating to such Official List.

General

The market value of, and the income derived from, the Ordinary Shares can fluctuate. The price of Ordinary Shares and the income from them can go down as well as up. The market value of the Ordinary Shares, as well as being affected by their net asset value, also takes into account their dividend yield and prevailing interest rates. As such, the market value of an Ordinary Share may vary considerably from its underlying net asset value. Investors may not get back the full value of their investment.

The Company was recently formed and there can be no guarantee that the investment objectives of the Group will be met. The results of the Group's operations will depend on many factors, including, but not limited to, the availability of opportunities for the acquisition of assets, the level and volatility of interest rates, readily accessible funding alternatives, conditions in the financial markets and general economic conditions.

The performance of many of the Group's investments may depend to a significant extent upon the performance of the Property Adviser. Past performance of the Principals with respect to other companies and funds cannot guarantee the future performance of the Property Adviser or the Group. There can be no guarantee that the Group will have the same opportunities to invest in assets that generate similar returns to such other companies and funds. Further, differences between the structure, term and investment objectives and policies of the Group and the other companies and funds, including different performance-related fee arrangements, may affect their respective returns.

There is no guarantee that dividends in respect of any periods will be paid. If there were to be a change to the basis on which dividends could be paid by the Company under Guernsey Law, this could have a negative effect on the Company's ability to pay dividends.

Borrowings

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Property Portfolio falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such fall on the net revenue of the Company and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders.

Borrowings are likely to be secured over the Group's property assets. In the event that a borrower defaults under the terms of any borrowing agreements entered into, the lender concerned may seize title to such assets by enforcing their security. Repayment of borrowings will rank ahead of Shareholders' entitlements to the return of any capital invested.

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

Under the terms of the BoS Facility Agreement, the details of which are set out in paragraph 11.3 of Part 7 of this document, if the Property Adviser ceases to be the primary property adviser to LSI (Investments) Limited and London & Stamford Investments Limited, and the Company does not, within 30 days, appoint a replacement property adviser acceptable to Bank of Scotland PLC, then the facility will immediately become repayable in full and the commitment reduced to zero.

Tax

The levels of and reliefs from taxation may change, adversely affecting the financial prospects of the Group and/or the returns payable to Shareholders. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors.

Tax risks include, but are not limited to:

- the Acquisition having been structured with regard to existing United Kingdom and Guernsey laws and practices relating to taxation. If such laws, their interpretation or related practices were to change, the taxation treatment accorded to the Acquisition may also change and render the Group liable to additional taxation;
- the risk that the Company's central management and control is conducted in the UK, allowing the UK Revenue & Customs to argue that the Company should be subject to UK corporation tax;
- transfer pricing risk in relation to any transactions between related parties that are not conducted on an arm's length basis. This could involve an adjustment to the tax result for entities involved to take account of arm's length pricing;
- the risk that the tax laws in jurisdictions in which the Company and its subsidiaries have, or will have, a taxable presence could change to impose a tax liability where there previously was none; and
- risks for investors, including in relation to sections 739 and 740 of the Income and Corporation Taxes Act 1988 and Section 13 Taxation of the Chargeable Gains Act 1992 for UK resident investors (see Part 7, paragraph 10).

If under Guernsey Law there were to be a change to the basis on which dividends could be paid by Guernsey companies, this could have a negative effect on the Company's ability to pay dividends.

Property

The valuation of a property is generally a matter of the valuer's opinion and may fluctuate up or down from time to time. There is no assurance that the valuation of a property will reflect the actual sale price even where such sale occurs shortly after the relevant valuation date. The Valuation Reports are made on the basis of certain assumptions which may not prove to reflect the true position.

The performance of the Group could be adversely affected by a downturn in the property market in terms of capital value or a weakening of rental yields. In the event of a default by a tenant or during any other void period, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs.

Rental income and the market value for properties are generally affected by overall conditions in the local economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises.

The Group's ability to implement its strategy and achieve its desired returns may be limited by the Property Adviser's ability to identify suitable properties for acquisition by the Group. In addition, the Group may, in acquiring suitable properties, face significant competition from other investors, including competitors who may have greater resources. Competition in the property market may lead to prices for properties identified by the Property Adviser as suitable for acquisition by the Group being driven up through competing bids by other potential purchasers. Accordingly, the existence and extent of such competition may have a material adverse effect on the Group's ability to acquire properties at satisfactory prices and otherwise on satisfactory terms.

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. Similarly, rent reviews may not result in rental income from any property being received at such property's then estimated rental value. In addition, certain significant expenditures, including operating expenses, must be met by the owner even when a property is vacant.

Any change to the laws and regulations relating to the relevant property markets may have an adverse effect on the capital value of the Property Portfolio and/or the rental income of the Property Portfolio.

Investments in property are relatively illiquid and more difficult to realise than equities or bonds.

Forward looking statements

This document contains certain statements regarding the Company's business strategy, plans and objectives that are or may be deemed to be forward-looking statements, including without limitation, statements containing the words "believes", "anticipates", "intends", "plans", "estimates", "aims", "expects" or, in each case, their negative or other variations or comparable terminology. Such statements involve risk and uncertainty because they relate to future events and circumstances, and there are accordingly a number of factors which might cause actual results and performance to differ materially from those expressed or implied by such statements.

PART 2

INFORMATION ON THE GROUP

Business

London & Stamford is a newly formed closed-ended investment company incorporated in Guernsey. The Company is provided with investment advisory and property management services by LSI Management, which has a highly experienced Management Team. LSI Management's principal partners are Raymond Mould, Patrick Vaughan and Humphrey Price. They have been involved in a number of listed and unlisted property companies and funds for over 30 years, including Arlington and Pillar. The Company was established on 1 October 2007 in order to exploit real estate opportunities that the Directors consider will arise over the next few years in what they consider to be an increasingly uncertain property market. The Board of the Company comprises seven non-executive directors, three of whom are the Principals.

The Company intends to invest in commercial property, including office, retail and industrial real estate assets, principally in the UK and will also consider opportunities overseas, where the Directors consider the opportunity exists to extract above-average returns for Shareholders. The Company will be an active investor and intends to implement strategies to enhance the quality and value of acquired assets and improve annual rental values.

The Management Team has a record of anticipating and exploiting opportunities that arise from cycles in the property market as well as proven expertise in investment, trading and development. Under the stewardship of the Principals, Pillar achieved average total annual returns for its shareholders of approximately 22 per cent. during the 10 year period from 31 December 1994 (the end of the calendar year Pillar was floated) to 31 December 2004 (shortly before Pillar was sold to British Land), which was significantly higher than the average returns of the FTSE 350 Real Estate sector of 11.9 per cent. during the corresponding period. The Directors believe that the experience and reputation of the Management Team will be a key factor in the future performance of the Company.

On 30 October 2007 the Company acquired LSIL and its subsidiaries by means of a share-for-share exchange from the Principals, Jeremy Bishop, Stewart Little and GEPT, pursuant to the Share Exchange Agreement. The Principals considered it appropriate to consolidate their existing investment property interests as part of the Group and, following the Acquisition, the Group will represent the Principals' exclusive commercial property holding vehicle, excluding the premises occupied by the Property Adviser which is separately held by the Principals. On 30 October 2007, the net asset value of LSIL was approximately £37.5 million, mainly comprising of property assets valued at £76.6 million, debt of £38.7 million and other assets and liabilities of £0.4 million (net credit). The Share Exchange Agreement contains claw-back provisions which will take effect if a value enhancement condition is not satisfied by 31 December 2007. Further details in respect of the property assets acquired through the Acquisition (the "Initial Portfolio") are provided in Parts 4 and 5 of this document and details of the Share Exchange Agreement are set out in paragraph 11.7 of Part 7 of this document.

On Admission, the Company aims to raise £247.5 million by way of the Placing (approximately £238.0 million net of expenses) from institutional and other investors, of which certain members of the Management Team, GEPT and Rupert Evans will be investing approximately £18.1 million. The level of gearing will be governed by careful consideration of the cost of borrowing and the ability to mitigate the risk of interest rate increases. Based on current market conditions, the Directors intend that the Group's level of borrowings will be between 60 and 70 per cent. of the gross value of its real estate assets. The Group has reached agreement with Bank of Scotland PLC on the terms of a £150 million revolving credit facility. Details of the BoS Facility Agreement are set out in paragraph 11.3 of Part 7 of this document. Details of additional facilities are set out in paragraphs 11.4 to 11.6 of Part 7 of this document. The Directors consider the principal amount of its debt facilities could be increased, if required, to the target level of gearing, but will continue to operate on a prudent basis. The Company's Articles do not contain any borrowing limits.

Competitive Strengths

Experience in property investment

The Company will be advised by the highly experienced Management Team among whom the Principals have been involved principally in the UK property market since 1970 and have a record of anticipating and exploiting opportunities that arise from cycles in the property market. The Principals have been involved in a number of listed and unlisted property companies and funds during this period, including Arlington and Pillar.

The Principals' initial vehicle, Arlington, was set up in 1976. Following further rounds of fundraising, Arlington was floated in May 1986. The business was sold to British Aerospace in 1989 for £278 million, with the Principals remaining for three years thereafter in a joint management capacity. Whilst at Arlington, they developed the concept of business parks (two storey, composite-use business buildings on highly landscaped out-of-town sites) in the UK real estate market. Arlington was the largest developer of business parks in the UK when it was sold to British Aerospace. During the time Arlington was listed on the London Stock Exchange, it provided investors with average total returns of approximately 45 per cent. per annum.

The Principals established their next listed property company, Pillar, in early 1991 when the UK property market was in recession. At that time interest rates ranged between 12.5 and 14.0 per cent, property rental values had begun a steady decline and liquidity in the property market was poor but characterised by quality assets being offered cheaply by forced sellers. Pillar's management believed that significant investment opportunities would arise from the depressed state of the property market and tailored Pillar's strategy to take advantage of these in ways which reduced risk for its investors. Financial backing was initially provided by British Aerospace, through Arlington, Electra Kingsway and GEPT. The market capitalisation of Pillar was £170 million when the company was floated in 1994, with further investment capital of approximately £87 million raised subsequently.

In 2005, Pillar was recognised as the leading investment manager/owner of retail parks in the UK with over 5.96 million square feet owned or under management. Pillar was bought by British Land for £811 million in July 2005, having provided investors with consistent, above-market returns over an investment timeframe of more than 10 years. During Pillar's time as a public company, capital and income of approximately £438 million was returned to shareholders. Pillar achieved average total annual returns for investors of approximately 22 per cent. during the 10 year period to 31 December 2004, which was significantly higher than the average returns of the FTSE 350 Real Estate sector of 11.9 per cent.

Whilst at Pillar, the Principals developed the use of offshore funds for the purposes of property investments, recognising the benefits of the offshore model in terms of leverage, tax efficiency and reporting.

The first of these funds, Hercules Unit Trust ("HUT"), was created in September 2000 as a closed-ended Jersey property unit trust to invest in properties in major retail warehouse or shopping park locations in the United Kingdom. HUT's objective was to creatively and actively manage the retail park assets to achieve rental and capital growth above the benchmarked targets whilst not exposing its investors to speculative risk. In April 2005, HUT was recognised as the UK's largest specialist property unit trust. When Pillar was acquired by British Land in July 2005, HUT had a property portfolio valued at £2,627 million.

Pillar also co-founded with Caisse de dépôt et placement du Québec and Schroder Property Unit Trust a specialist City property fund, the City of London Property Unit Trust ("CLOUT"). CLOUT underwrote the bid by Pillar to acquire Wates City of London plc in February 2001. Some of the buildings within the portfolio were sold off, and the City Point tower was completed and fully let, eventually to be sold in 2006. Two material developments came out of the portfolio at Austral House, which was pre-let as the new headquarters of Legal & General and pre-sold to an institutional owner, and Basinghall Street, which was sold as a turnkey for owner occupation as the new headquarters of Standard Chartered Bank. These developments are now completing on schedule. Pillar, in partnership with GEPT, also owned the LIFFE building at Cannon Bridge and carried out the development of Christchurch Court, the first major element of the development of Paternoster Square. At the time of the British Land takeover, CLOUT's portfolio was valued at approximately £582 million.

Pillar Retail Europark Fund was launched in March 2004 following a three year period establishing an on-the-ground presence and relationships with key developers, agents and retailers throughout the Eurozone. It was formed as a seven-year closed-end Luxembourg based fund investing in out of town retail parks in continental Europe. At the time of the British Land take over the fund's portfolio was valued at approximately €240 million.

Hercules Income Fund was created in September 2004 as a Jersey-based property unit trust to invest in smaller UK retail parks and clusters of retail park property, as a key sub-sector of the UK retail warehouse market. In June 2005, shortly before the British Land transaction, its portfolio was valued at approximately £114 million.

Existing relationships

The Directors believe that LSI Management's extensive network of contacts in the property and financial markets may provide access to many opportunities before they become widely available. This, combined with the considerable experience of the Management Team, should enable the Group to identify and execute investment and trading opportunities in the future.

Access to capital resources

Following Admission the Group will have available funds to acquire additional property interests. The Directors believe that this available capital, and further draw-down under the existing and proposed debt facilities that the Group expects to finalise after Admission, should allow the Company to move quickly to complete transactions, which can be a competitive advantage.

Alignment of interests of Shareholders, the Management Team and GEPT

The Management Team and GEPT will have a significant equity interest in the Company on Admission, representing 4.42 per cent. and 14.92 per cent., respectively, of the Enlarged Issued Share Capital. Neither the Management Team nor GEPT will be selling any shares in the Placing. By virtue of these holdings, the Directors believe that there should be a strong alignment of economic interests between the Management Team, GEPT and the Shareholders.

Management Approach

Current market conditions

The Principals consider the property market today is a more complicated place to invest than has been the case for a number of years. In the last four decades, there have been downturns in property values, about every 10 years. 1973, 1982 and 1991 saw years of general collapse, 2003 saw a more specific collapse affecting rental values and increases in vacant space in the City and Central London office markets.

In the period before the turn of this century, the property market was very dependent on short term interest rates. When interest rates rose, for whatever reason, whether or not connected to property, the cash flow of property owners suffered, and in some circumstances, sales were forced. Since the downturn in 1991, capital markets have developed a number of products which allow hedging of interest rates, and provide longer term fixed rate borrowing. This has now become commonplace.

Furthermore, the Principals consider that the property investment market has changed its shape considerably in the last 10 years. From a position where the market was almost entirely made up of listed property companies and long established institutions, especially life insurance companies and pension funds, today there are many new market participants, such as offshore trusts, REITs and hosts of players managing pooled investments in property.

The Principals believe that these two factors – more sophisticated financing and new investment players – have led to an unprecedented combination of increases in property investment capital and easier credit availability, which has weakened the relationship between the costs of capital and the yield on property.

Yields are lower than they have been in recent times. Although they were fairly low, but aligned to the cost of capital 18 months ago, when money was also cheaper than today, the Principals consider that the property market has now reached an unsustainable point as interest rates have risen and yields have fallen to today's levels.

In the past, such a position was sometimes justified by good prospects for rental growth and in some locations, such as the West End, this may still be the case. Generally, however, the Principals consider that it is not so. Rents are quite sluggish outside of a few limited areas. Such a rental market does not support initial yields below 5 per cent. with borrowing and margin costs of over 6.25 per cent., which may be forced higher still by anti-inflation measures. The Principals believe that commercial property yields, therefore, are likely to rise.

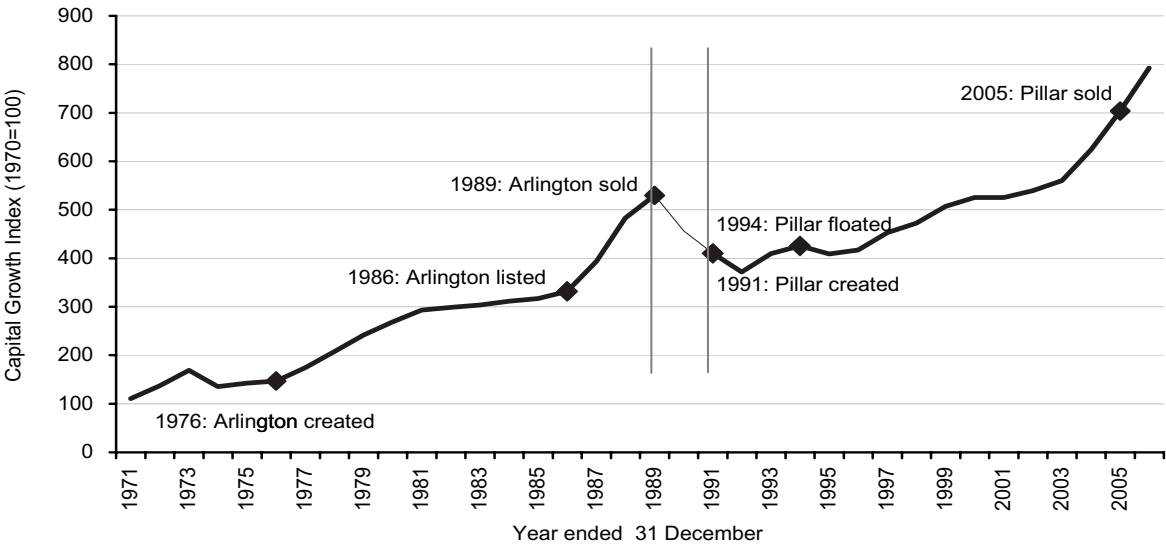
Investment case

Notwithstanding the aforementioned market conditions, the Principals see considerable merit in raising new funds for commercial property investment today.

The Principals consider that for experienced professionals, such as the Management Team, opportunities still exist to add value in the current market. The Initial Portfolio assembled by LSIL in this market environment is an example that value can be found, which does not depend on continuing yield shift or exceptional rental growth to provide satisfactory returns.

Furthermore, the Principals believe that the combination of the rising cost of money, high gearing, and diminishing margins could cause selling pressure from which better value is expected to emerge. Therefore, by raising funds now, London & Stamford will be able to take advantage of opportunities in the current market and will be well placed to capitalise on the correction that the Principals anticipate in the property market.

The Principals are highly experienced and their track record shows that they have been very successful in reading and working the cycle in the UK property market for more than 30 years, as illustrated by the graph below. They are committed to London & Stamford as Shareholders and as Directors. Pursuant to the Property Advisory Agreement and following the Acquisition, the Group will represent the Principals’ exclusive commercial property holding vehicle, excluding the premises from which the Property Adviser operates.



Source: IPD UK Long Term Indices

Investment Objective, Policy and Strategy

When yields are at a level offering fair value to the cost of capital, the Management Team intends to adopt a proactive approach aimed at maximising the value of the portfolio and ensuring that the balance of the portfolio is maintained throughout the investment timeframe.

When this happens, London & Stamford aims to establish an investment portfolio of institutional quality. Central to this strategy is management’s strict selection criteria which will be applied in assessing investment opportunities.

Properties will be considered and evaluated to identify potential for value enhancement as a result of physical improvements, lease restructurings, optimising tenant mix or new build opportunities. LSI Management will work closely with existing tenants with regard to such issues to ensure that the Group understands the demands of tenants in order to anticipate and benefit from future requirements.

The Directors further intend, based on recommendations received from the Property Adviser, to identify latent potential in the portfolio and realise value, by making sales, when investments have fulfilled expectations or no longer meet the Group's performance criteria or investment needs.

The Directors believe that the Property Adviser's experience in active management of commercial real estate assets will enable the Group to meet its principal objective of achieving above-average returns for Shareholders.

Except for in exceptional circumstances, the Company will not change materially its principal investment objectives and policies as set out in this document without the consent of a majority of Shareholders.

Use of Proceeds and Borrowings

The Company intends to use the net proceeds of the Placing for future real estate investments principally in the UK and also overseas. The Company's growth will be funded through the net proceeds of the Placing, any funds drawn down under the existing investment facilities and through additional debt facilities that the Group expects to finalise after Admission.

On Admission, the Group will have in place initial committed debt facilities of up to £177.0 million, of which approximately £38.7 million has been drawn down as at 30 October 2007 – comprising committed secured facilities arranged by Bank of Scotland in an aggregate principal amount of £165 million (of which approximately £26.7 was drawn down as at 30 October 2007) and a committed secured facility of €17.3 million (£12.0 million) arranged by Eurohypo AG (which was fully drawn down as at 30 October 2007). Further details in relation to these facilities are set out in paragraph 11.3 to 11.6 inclusive of Part 7 of this document.

The level of gearing will be governed by careful consideration of the cost of borrowing and the ability to mitigate the risk of interest rate increases. Based on current market conditions, the Directors intend that the Company will put in place long term facilities to allow for borrowings of between 60 and 70 per cent. of the gross asset value of the Group.

The Directors consider that the principal amount of its debt facilities could be increased, if required, to these levels of gearing, but will continue to operate on a prudent basis. The Company's Articles do not contain any borrowing limits.

Tax Efficiency

The effective Group tax rate on the transfer of LSIL under the Company will be equal to the current effective tax rate of LSIL, being nil, since LSIL has carried forward tax losses. The future effective tax rate will depend on which tax jurisdictions the portfolio of investments are located in, and how those investments are held. For example, the Directors currently intend that future UK property acquisitions will be held by a series of Guernsey Unit Trusts which the effective tax rate on net taxable income from UK property at 20 per cent. which is the UK rate of tax for non-resident landlords. European properties other than the UK are likely to be held through the Netherlands, and, depending on the jurisdiction of the property, this is likely to reduce the effective tax rate further.

Further details in respect of the Company's tax profile are set out in paragraph 10 of Part 7.

Dividends

It is the intention of the Directors that the Company will pay dividends from surplus income to the extent that such income is distributable. Where opportunities exist that fit the Group's investment criteria, the Group may reinvest disposal proceeds. There can be no guarantee as to the amount of any dividend payable by the Company. Dividends may give rise to a liability to tax for Shareholders and potential investors should read the information set out in paragraph 10 of Part 7.

After Admission, the Directors intend to make an application to the Royal Court of Guernsey to cancel all of the share premium account arising on the issue of the Ordinary Shares so as to create a distributable reserve which will be available to cover distributions to Shareholders, should the Directors consider this to be appropriate. This distributable reserve should enable the Company to pay a dividend prior to the profits generated by the Group's portfolio being recognised as distributable by the Company.

Net Asset Value

The following information has been prepared for illustrative purposes only to provide information about the Placing and the Acquisition and because of its nature may not give a true reflection of the financial position of the Company.

The Directors estimate that the pro forma net asset value of the Group immediately following Admission will be approximately £275.5 million. On the basis that 285,000,000 Ordinary Shares will be in issue at the time, this represents an estimated net asset value per Ordinary Share of 97 pence.

Net placing proceeds represents the proceeds from the placing of £247.5 million (comprising 247,500,000 Ordinary Shares at 100 pence per share) less estimated expenses of £9.5 million.

The purchase consideration and net asset value for LSIL was £37.5 million and has been satisfied by the issue of 37,500,000 Ordinary Shares at 100 pence per Ordinary Share, as set out in paragraph 11.7 of Part 7. The net asset value comprised property assets valued at £76.6 million, debt of £38.7 million and other assets and liabilities of £0.4 million (net credit). No fair value adjustments have been incorporated in determining the net assets of the Group for the purposes of the pro forma statement.

Investments are valued in accordance with the Company's accounting policies and in compliance with The Royal Institute of Chartered Surveyors' "Appraisal and Valuation Manual" adopted as necessary to reflect individual market considerations and practices. It should be noted that actual proceeds from the disposal of any individual investment in the portfolio will inevitably depend upon market and economic conditions prevailing at the time and may be greater or lesser than the net asset value of the relevant investment.

Accounting Policies

The audited accounts of the Group will be prepared under IFRS. Under IFRS, the Group will prepare an income statement which, unlike a statement of total returns, does not differentiate between revenue and capital and also includes net realised and unrealised investment gains.

The Directors have adopted the option that exists within IFRS to carry investment property at its fair value.

A summary of the material accounting policies to be adopted by the Company is set out in Section C of Part 6 of this document.

Shareholder Information

The Company's annual report and accounts will be prepared up to 31 March each year and it is expected that copies will be sent to Shareholders in the following July. Shareholders will also receive an unaudited interim report covering the six months to 30 September each year, expected to be despatched in December. The first financial report that Shareholders will receive will be the annual report and accounts for the period from incorporation of the Company to 31 March 2008, which it is anticipated will be circulated to shareholders in July 2008.

The Company's net asset value per Ordinary Share will be calculated half yearly, as at 31 March and 30 September in each year, and published at the same time as the corresponding preliminary or interim results.

The Directors may temporarily suspend the determination of the net asset value per Ordinary Share in the event that:

- (i) the principal market or exchange on which a material portion of the investments of the Company are dealt in is closed (except for ordinary weekend and holiday closing) or dealings are substantially restricted or suspended; and/or
- (ii) there exists any state of affairs as a result of which disposal of investments by the Company is not reasonably practicable, or determination of net asset value is impossible, or disposal of investments by the Company might seriously prejudice its Shareholders; and/or
- (iii) a breakdown occurs in the means of communication normally employed in the valuation of investments or if for any other reason the Directors are of the opinion that the value of any significant investment cannot reasonably be promptly and accurately ascertained; and/or
- (iv) the conversion and remittance of funds involved in the realisation or acquisition of investments (whether actual or hypothetical for valuation purposes) could not in the opinion of the Directors be carried out at normal rates of exchange without undue delay; and/or
- (v) in any other circumstances if in the opinion of the Directors the interests of the Shareholders would otherwise be materially prejudiced.

If the calculation of the net asset value is suspended, all reasonable steps will be taken to bring this period of suspension to an end as soon as possible. Details of each valuation, and of any suspension in the making of such valuations, will be announced by the Company to the London Stock Exchange through a Regulatory Information Service approved by the FSA.

CB Richard Ellis has been appointed by the Company to provide semi-annual independent valuations of the assets of the Company.

In addition, the aforementioned information will be published on the Company's website.

Regulatory Status

The Company is a Registered Closed-ended Investment Fund formed pursuant to the framework introduced by the guidance document issued by the Guernsey Financial Services Commission (the "Commission") dated February 2007. The Commission in granting its consent has relied upon specific warranties provided by the Administrator. Shares in the Company may not be offered directly to the public (meaning any person not regulated under any of Guernsey's financial services regulatory laws) within Guernsey.

Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance, 1959 as amended has been obtained to the issue of shares and raising of funds as described in this document. Application was made under the Commission's framework relating to Registered Closed-ended Investment Funds. Under this framework neither the Commission nor the States of Guernsey Policy Council have reviewed this document but have instead relied on specific warranties provided by the Administrator. Neither the Commission nor the States of Guernsey Policy Council takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

The Property Adviser is authorised and regulated by the FSA to carry on certain regulated activities, including advising upon and arranging deals in investments.

Investment Restrictions

The Company has adopted the following investment restrictions which it intends to comply with unless it gives notice otherwise:

- (i) not more than 20 per cent. of its gross assets will be invested in, either directly or indirectly, or lent to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates); or
- (ii) not more than 20 per cent. of its gross assets will be invested in one or more collective investment undertakings which may invest in excess of 20 per cent. of its gross assets in other collective investment undertakings (open-end and/or closed-end type); or
- (iii) not more than 20 per cent. of its gross assets will be exposed to the creditworthiness or solvency of any one counterparty (including its subsidiaries or affiliates); or
- (iv) not more than 40 per cent. of its gross assets will be invested in another collective investment undertaking; or
- (v) the Company will not invest directly in physical commodities.

The Company will announce via a Regulatory Information Service (i) any change to the investment restrictions with which it intends to comply from time to time, and (ii) any breach of the investment restrictions adopted by (or otherwise applying to) the Company from time to time.

Details of Placing and Admission

KBC Peel Hunt, as agent for the Company, has conditionally placed 247,500,000 Placing Shares with investors at 100 pence per share of which 439,000 have been placed with certain members of the Management Team, 17,200,000 with GEPT and 500,000 with Rupert Evans. The Placing is conditional, *inter alia*, upon Admission occurring by 7 November 2007, or such later time as KBC Peel Hunt may determine.

The Placing is intended to raise £247.5 million for the Company, before expenses. After the expenses of the Placing and Admission, estimated in total at £9.5 million (excluding VAT), the Placing is intended to raise £238.0 million.

It is expected that the proceeds of the Placing will be received by the Company on 7 November 2007. It is expected that the appropriate stock accounts of placees will be credited with the Placing Shares comprising their Placing participation with effect from 7 November 2007. In the case of placees requesting Placing Shares in certificated form, it is expected that certificates in respect of the Placing Shares will be despatched by post, within 14 days of the date of Admission.

Further details of the Placing Agreement are set out in paragraph 11.1 of Part 7.

CREST

The Articles permit the Company to issue shares in uncertificated form. The Ordinary Shares are eligible for CREST settlement. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant shareholder so wishes. CREST is a voluntary system and shareholders who wish to receive and retain share certificates will be able to do so.

Risk Factors

Your attention is drawn to the Risk Factors set out in Part 1 of this document.

Further Information

Your attention is drawn to the additional information in Parts 3 to 7 of this document.

PART 3

CORPORATE STRUCTURE AND MANAGEMENT

Group Structure

The Company is a newly formed closed-end Guernsey registered company. It is intended that the Company will have a life of at least seven years and one month from Admission. The Directors intend to propose that the Shareholders vote in the 12 months following the fifth anniversary of the date of Admission on whether or not to liquidate the Company in the 12 months following the seventh anniversary of the date of Admission. If the Shareholders vote to liquidate the Company, the Company will not be liquidated earlier than seven years and one month from Admission. If the Shareholders vote not to liquidate the Company, there will not be any recourse for dissenting Shareholders to redeem their shares.

The Group will invest in commercial property, including office, retail and industrial real estate assets, principally in the UK and will also consider opportunities overseas. The Group will acquire such assets through subsidiaries of the Company. The current members of the Group are set in paragraph 1.4 of Part 7 below. There is no minimum time before the Company must make an investment. Prospective investors should also note the Proposed Disposals described in paragraph 11.10 of Part 7 below.

Directors

The Directors, all of whom are non-executive, are responsible for the determination of the investment policy of the Company and its overall supervision. The Directors are as follows:

Raymond Mould (Non-executive Chairman), aged 66, qualified as a solicitor in 1964 and in 1976 was a co-founder of Arlington, of which he became chairman in 1990. He was a director of British Aerospace from 1991 to 1992. Mr Mould was instrumental in the establishment of Pillar in 1991 and became its chairman in 1994, a position he held until 2005 when Pillar was sold to British Land. He currently serves as non-executive chairman of Arena Leisure plc.

Patrick Vaughan (Non-executive Director) aged 60, was a co-founder of Arlington in 1976 and of Pillar in 1991. He was chief executive of Arlington from 1990 to 1993 and of Pillar from 1994 to 2005. Mr Vaughan also served as an executive director of British Land from July 2005 to July 2006.

Humphrey Price (Non-executive Director) aged 65, was finance director of Arlington from 1983 to 1992, following which he was chief executive of Arlington Property Holdings Limited. He was a director of Pillar from its formation in 1991, finance director from 1993 until 2004 and resigned from Pillar's board in 2005 when Pillar was sold to British Land.

Richard Crowder (Non-executive Director), aged 57, holds a range of directorships and consultancy appointments. Having worked as an investment manager with Ivory & Sime in Edinburgh and as a head of investment research with W.I. Carr in the Far East, he undertook a wide range of responsibilities for Schroders in London and the Far East, culminating in the role of managing director for Schroders' Singapore associate. Having then worked as chairman of Smith New Court Far East and director of Smith New Court Plc, Mr Crowder was the founding managing director of Schroders' Channel Islands subsidiary from 1991 until he became a non-executive director in 2000. Mr Crowder is a member of the Securities and Investment Institute and he resides in Guernsey.

Lewis Grant (Non-executive Director) aged 57, is a former director of the Royal Bank of Canada Trustees Limited and a former partner of Ernst & Young, Jersey. Mr Grant was admitted a Member of The Institute of Chartered Accountants of Scotland in 1976 and he resides in Jersey.

Rupert Evans (Non-executive Director) aged 69, is a Guernsey Advocate. He was a partner in the firm of Ozannes between 1982 and 2003 and is now a consultant to that firm. Mr Evans is a resident of Guernsey and is also a non-executive director of a number of other investment companies.

Patrick Firth (Non-executive Director) aged 45, has been managing director of Butterfield Fund Services (Guernsey) Limited, since 2002. He qualified as a chartered accountant with KPMG in 1990 and is a member of the Securities & Investment Institute. Mr Firth joined Rothschild Asset Management

(C.I.) Limited in 1992, where he assumed responsibility for the fund administration team. On the acquisition of the company by BISYS Fund Services in February 1999, Mr Firth became Head of Operations and subsequently managing director before moving to Butterfield. He is also a director of a number of offshore funds and management companies and is a resident of Guernsey.

Lock-In Arrangements

Pursuant to the Placing Agreement, each Director who is also a Principal has agreed to comply with lock-in and 'orderly marketing' arrangements, the details of which are set out in paragraph 11.1 of Part 7 of this document. In addition, GEPT and Rupert Evans have each agreed to comply with similar lock-in and 'orderly marketing' arrangement.

Corporate Governance

As a Guernsey incorporated AIM-listed company, the Company is not required to comply with the Combined Code. However, it is the Directors' current intention to comply with the main provisions of the Combined Code to the extent they consider appropriate and practicable, taking into account the size, board structure and stage of development of the Company and the nature of its business.

The Board will establish an audit committee which will initially comprise Lewis Grant, as chairman, Richard Crowder, Patrick Firth and Rupert Evans.

The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

The Company does not intend to create remuneration and nomination committees as the Directors consider that, given the nature and scale of the Group's operations, such committees would not be appropriate. All matters relating to remuneration and nominations will be dealt with by the Board as a whole. The Board will review the remuneration of the Directors and agree the level of non-executive fees once per annum. The Company will take all reasonable steps to ensure that the Directors and any applicable employees will comply with the provisions of the AIM Rules relating to dealing in securities of the Company and has adopted a share dealing code to this effect.

Property Adviser

LSI Management will provide property advisory services to the Group pursuant to the Property Advisory Agreement. Further details in relation to the Property Advisory Agreement are set out in paragraph 11.2 of Part 7 of this document. LSI Management is authorised and regulated by the FSA to carry on certain regulated activities, including advising upon and arranging deals in investments.

LSI Management is an English limited liability partnership registered under the Limited Liability Partnerships Act 2000 on 28 June 2007 and with company number OC329452 whose business is to provide investment advisory and property management services. At the date of this document, the members of LSI Management include the Management Team, details of whom are set out below, and GEAM L&S Management Investor (Scotland), a limited partnership registered in Scotland under the Limited Partnerships Act 1907 and controlled by GEPT.

The Management Team

Raymond Mould, Patrick Vaughan and Humphrey Price, details of whom are set out above under "Directors" are the senior partners of the Property Adviser. In addition to the Principals, the key individuals in the Management Team are:

Stewart Little, aged 34, joined LSIL in July 2006. Prior to this, he spent six years working within Deutsche Bank's real estate asset management business with particular focus on their unitized property sector funds. The role encompassed all sectors of the commercial property market and various projects within their closed ended Ventures Funds. Mr Little began his career at Healey & Baker where he spent six years within their retail agency division.

Jeremy Bishop, aged 37, joined LSIL in October 2006. From 2004 to 2006, he worked for the Pears Group. As a Director of Pears Global Real Estate Investors, he was responsible for establishing the overseas real estate investment and asset management operation, opening an office in Munich and overseeing the acquisition of approximately €300 million of European real estate investments. Prior to his time at Pears, Mr Bishop spent four years at Citigroup structuring real estate co-investment transactions and eight years at Guardian Properties in fund management.

Jadzia Duzniak, aged 40, qualified as a chartered accountant with PricewaterhouseCoopers gaining experience in audit and corporate recovery. Ms Duzniak joined LSIL in April 2007 after over 12 years with Portfolio Holdings Limited initially as financial controller and from 2001 as finance director. Portfolio Holdings Limited was a developer and investor in the UK property market working with a number of high profile partners. Ms Duzniak is experienced in corporate and tax structuring, raising debt finance, project appraisal, financial reporting and management.

Jackie Jessop, aged 38, qualified as a chartered accountant with PricewaterhouseCoopers in 1993. Ms Jessop left in October 1994 to join Pillar's finance team where, for the next 11 years she focussed on group financial accounting and reporting. In the latter years Ms Jessop was responsible for unit trust accounting and reporting. Ms Jessop joined LSIL from British Land (Pillar's owners) in March 2006.

Property Adviser's Fees and Incentivisation

Under the Property Advisory Agreement, the Property Adviser will be entitled to a basic fee and a performance fee together with reasonable expenses incurred by it in the performance of its duties. The terms of the Property Advisory Agreement are summarised below. Further details in relation to the Property Advisory Agreement are set out in paragraph 11.2 of Part 7 of this document.

The basic fee is payable quarterly in advance, at an annual rate of 1.75 per cent. of the net asset value of the Group. The net asset value of the Group for this purpose is determined by reference to the most recent audited consolidated financial statements of the Company, with certain adjustments. Certain of these adjustments only apply during the period ending on 31 March 2008.

The performance fee is payable at a rate equal to 20 per cent. of shareholder returns (being (as a positive amount) any increase in net asset value plus any distributions to shareholders and (as a negative amount) any decrease in net asset value and subscriptions for new shares) beyond a hurdle return of 10 per cent. The net asset value of the Group for this purpose is determined by reference to the most recent audited consolidated financial statements of the Company, with certain adjustments. Certain of these adjustments only apply during the period ending on 31 March 2008 or the first anniversary of the Placing (as the case may be). In calculating the net asset value of the Group for this purpose during the period ending on 31 March 2009, interest earned on cash balances or money market instruments not invested in properties during the 12 months following Admission will be excluded from the net asset value.

The performance fee will be determined contemporaneously with the preparation of the annual audited accounts of the Company. Once ascertained, 50 per cent. of any performance fee earned during the relevant performance fee calculation period will be paid to LSI Management within five days of being determined. The remaining 50 per cent. will be credited to a notional "reserve account" and retained by the Company. In addition, (and whether or not any performance fee is earned and paid in that period), 50 per cent. of the balance of any performance fee retained in the reserve account in respect of previous periods will be paid to LSI Management at such time.

If in any performance fee calculation period, shareholder returns (for the purposes of the performance fee calculation) are negative, or are less than 10 per cent., no performance fee is earned. Further, the reserve account is debited by 20 per cent. of any amount by which shareholder returns are negative. If at the end of any performance fee calculation period, the cumulative shareholder returns exceed the hurdle return of 10 per cent., any debit balance in the reserve account is reset to zero.

Conflicts of Interest

The Property Adviser is required to make full disclosure to the Company of any conflict of interest that may arise in its performance of property advisory services and other duties and obligations to the Company. The Property Advisory Agreement requires that the Property Adviser and those of its

members who devote substantially all their business time and efforts to its activities are not interested (directly or indirectly) in commercial real estate. However, the Company has agreed to permit certain specific investments in commercial real estate held by certain members of the Property Adviser and is entitled to permit further such exceptions at any time. In addition, the following interests will be specifically permitted:

- the interests of certain members of the Property Adviser in the premises from which the Property Adviser operates;
- ownership for investment purposes of securities in any entity whose securities are dealt in on a stock exchange, provided that if part of the business of such entity is commercial real estate investment, the interest of such member of the Property Adviser must not exceed 3 per cent. in nominal value of the units in that entity (or of any class of its securities); and
- interests held in an investment portfolio managed on a discretionary basis.

The Property Advisory Agreement also provides that the Property Adviser and each of its members will be entitled to provide services to any third party that are similar to the services provided by the Property Adviser to the Company, provided that the Property Adviser continues to commit sufficient resources to providing the latter to the Company upon the terms of the Property Advisory Agreement. If the Company reasonably believes that the Property Adviser is not complying with this obligation, the Company is entitled by written notice to the Property Adviser to require the Property Adviser to comply. If, following such notice period, the Company continues reasonably to believe that the Property Adviser is not in compliance, the Company may by further notice require the Property Adviser to cease providing services to the relevant third party. The Property Advisory Agreement provides that the provision of such services to third parties will not constitute a conflict of interest that the Property Adviser is required to disclose to the Company.

The Property Adviser may from time to time provide services to a third party outside the Group, in connection with the acquisition by such third party of an interest in property or an entity holding property in which a member of the Group subsequently acquires an interest. The Company shall be entitled to deduct from the fees payable by the Company to the Property Adviser the same proportion of the fees paid by such third party to the Property Adviser as the proportion of the equity investment made by the Group in such property or entity bears to the aggregate equity investment of all investors in such property or entity.

Further details in relation to the Property Advisory Agreement are set out in paragraph 11.2 of Part 7 of this document.

The Company has adopted a policy in relation to conflicts of interest pursuant to which any Director who is also a member of LSI Management may not vote (or be counted in the quorum) on any resolution of the Board (or a committee thereof) in respect of any matter relating to the enforcement, variation or termination of the Property Advisory Agreement. Paragraph 4 of Part 7 of this document contains details of certain provisions of the Articles relating to conflicts of interest.

PART 4

THE INITIAL PORTFOLIO

1. Valuation

The Initial Portfolio comprises six properties in the United Kingdom and 36 modern, out-of-town retail warehouse units located at 14 sites throughout Belgium.

Unaudited portfolio statement of the Company dated 21 September 2007

| <i>Property</i> | <i>Use</i> | <i>Cost at 31.8.07 £'000</i> | <i>Current annual rent £'000</i> | <i>Market value at 21.9.07 £'000</i> |
|--|----------------------|--------------------------------------|--|--|
| United Kingdom | | | | |
| Campbell Road, Stoke-on-Trent | Industrial warehouse | 11,076 | 914 | 12,220 |
| Elm Park Court & Forest House, Crawley | Offices | 13,486 | 888 | 17,044 |
| Barracks Road, Newcastle-under-Lyme | Retail warehouse | 5,931 | 351 | 10,000 |
| Gillingham Business Park, Kent | Various | 4,725 | — | 4,300 |
| Copse Road, Yeovil | Various | 2,366 | — | 2,420 |
| Glaisdale Parkway, Nottingham | Industrial warehouse | 6,058 | 568* | 9,185 |
| <i>Total United Kingdom</i> | | 43,642 | 2,721 | 55,169 |
| Europe | | | | |
| Belgian retail portfolio | Retail warehouse | 20,318 | 1,453 | 21,415 |
| Total | | 63,960 | 4,174 | 76,584 |

Source: Property costs as at 31 August 2007 are based on unaudited management information; rental and market values in respect of the UK properties are based on the CB Richard Ellis valuation report included in Part 5 of this document, with the exception of the market value for the property at Newcastle-under-Lyme (as noted below); rental values for the Belgian retail portfolio are based on the Jones Lang LaSalle property valuation report included in Part 5 of this document; the market value for the Belgian retail portfolio is based on an estimate by the Directors (as noted below)

* the tenant currently benefits from a rent free period which ends on 23 July 2008

The properties included within the Initial Portfolio were acquired by LSIL and its subsidiaries since April 2006 at a total cost of approximately £64.0 million, including capital expenditure of approximately £1.1 million. The Directors estimate that the combined market value of the properties included in the Initial Portfolio was approximately £76.6 million at 30 October 2007, which represents an increase over the cost of these properties of approximately £12.6 million. This uplift in value has been achieved in part by implementing several value-enhancing strategies by the Management Team and demonstrates their ability to extract above-average returns in increasingly volatile market conditions.

The Share Exchange Agreement assumes that the property at Newcastle-under-Lyme will be sold for £10 million by 31 December 2007, which is higher than the market value reflected in the CB Richard Ellis valuation report included in Part 5 of this document of £6.25 million. The Share Exchange Agreement contains claw-back provisions which will take effect if this assumption is not proven to be correct by 31 December 2007. Further details in respect of the Share Exchange Agreement are set out in paragraph 11.7 of Part 7 of this document.

The market value of the Belgian retail portfolio of £21.4 million reflects the Directors' estimate of the net consideration receivable in respect of the Proposed Disposals. Their estimate is based on: (i) the gross value of the Belgian retail portfolio of €35.8 million as set out in the Jones Lang LaSalle property valuation included in Part 5 of this document; (ii) deferred tax of approximately €4.7 million as per the preliminary consolidated management accounts for LSI Belgium at 30 October 2007; (iii) anticipated selling expenses equal to approximately 1.5 per cent. of the aforementioned market value; and (iv) the exchange rate at the close of business on 25 October 2007, the last practicable date before the finalisation of the Share Exchange Agreement, of €1.4333 per pound sterling, as published by Bloomberg. Further details in respect of the Proposed Disposals are set out in paragraph 11.10 of Part 7 of this document.

2. Tenure

The properties in the United Kingdom are all freehold save for the property at Glaisdale Parkway, Nottingham. This property is currently held on 4 long leases with remaining terms of 108 years, 53 years, 52 years and 50 years. Terms have been agreed for the restructuring of the leases into two new leases covering the whole of the existing site, both leases to be granted for a term of 125 years at a peppercorn rent. The premium payable will be £431,000.

As a percentage of market value 89.3 per cent. of the Belgian retail portfolio are freehold and the remaining 10.7 per cent. leasehold.

3. Lease Length

The average unexpired lease length (weighted based on current annual rent) for the properties at Crawley, Nottingham and Newcastle-under-Lyme are approximately 7.0 years, 14.9 years and 18.1 years, respectively.

The properties at Gillingham and Yeovil are held for development and are currently vacant. The Stoke-on-Trent property will be vacated by the current tenant in December 2007, after which it will be refurbished.

The Directors estimate (based on area) that approximately 5 per cent. of the Belgian retail properties are currently vacant, but subject to contractual rental guarantees provided by the vendor until 2 August 2009. The average unexpired lease length (weighted based on current annual rent) for the remaining Belgian retail properties is approximately 8.1 years.

4. Property Condition

Independent environmental and structural surveys have been undertaken for each of the properties in the UK and on a sample basis for the Belgian retail portfolio. These have been reviewed by the Property Adviser, which considers that the condition of the Initial Portfolio is acceptable having regard to the properties' value, age, use, type and lease terms.

5. Deal Flow

Prospective investors should note the Proposed Disposals described in paragraph 11.10 of Part 7 below. No guarantee is given that the Proposed Disposals will be completed whether prior to or post Admission.

PART 5
VALUATION REPORTS



CB Richard Ellis Limited
Kingsley House
Wimpole Street
London W1G 0RE

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VALUATION

| | |
|-----------------------------|--|
| Report Date | 2 November 2007 |
| Addressee | KBC Peel Hunt Ltd ("KBC") 4th Floor 111 Old Broad Street London EC2N 1PH London and Stamford Property Limited (the "Company") Regency Court Gategny Esplanade St Peter Port Guernsey GY1 3NQ |
| The Properties | As listed in the Schedule of Capital Values set out below. |
| Instruction | To value on the basis of Market Value the Company's freehold and leasehold Properties as at the valuation date in accordance with our agreed Terms of Engagement letter dated 26 July 2007. |
| Valuation Date | 21 September 2007. |
| Capacity of Valuer | External. |
| Purpose of Valuation | We understand that this valuation report and Schedule (the "Valuation Report") are required firstly, to confirm to the directors of the Company the current Market Value of the Properties and secondly, for inclusion in an AIM admission document which investors will rely on in making their decision to invest in the Company. We also understand that this Valuation Report will be relied upon by KBC Peel Hunt Ltd. |
| Market Value | £51,419,000 (FIFTY ONE MILLION FOUR HUNDRED AND NINETEEN THOUSAND POUNDS) exclusive of VAT, as shown in the Schedule of Capital Values set out below. |

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

Special Assumptions

Our Opinion of Market Value is based on the following special Assumptions:

1. In respect of the two properties at Nottingham, that the new head leasehold interests will be documented prior to any onward sale.
2. In respect of the property at Yeovil, that the restrictive covenant will be extinguished prior to any onward sale.

Compliance with Valuation Standards

We believe this departure is justified because it reflects the intentions of the parties. Except insofar as we have not provided the Market Value of The Properties in their existing state, the valuations have been prepared in accordance with The RICS Appraisal and Valuation Standards, Fifth Edition.

Assumptions

The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None.

Valuer

The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Appraisal and Valuation Standards.

Independence

The total fees, including the fee for this assignment, earned by CB Richard Ellis Ltd (or other companies forming part of the same group of companies within the UK) from the Addressee (or other companies forming part of the same group of companies) is less than 5.0 per cent. of the total UK revenues.

Disclosure

The principal signatory of this report has continuously been the signatory of valuations for the same addressee and valuation purpose as this report since 2007. CB Richard Ellis Ltd has continuously been carrying out valuation instructions for the addressee of this report since 2007.

CB Richard Ellis Ltd has carried out Valuation services only on behalf of the addressee for less than 5 years.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards or the incorporation of the special assumptions referred to herein.

Yours faithfully



MICHAEL BRODTMAN FRICS
EXECUTIVE DIRECTOR

For and on behalf of
CB Richard Ellis Ltd

Yours faithfully



JO WINCHESTER MRICS
ASSOCIATE DIRECTOR

For and on behalf of
CB Richard Ellis Ltd

SCHEDULE

| <i>Property Address</i> | <i>Building Size Sq Ft</i> | <i>Vacant %</i> | <i>Market Value Net (rounded)</i> | <i>Total Value £ per Sq Ft</i> | <i>Current Annual Rent</i> | <i>Comments</i> |
|--|--------------------------------|-----------------|---|------------------------------------|------------------------------------|--|
| CRAWLEY, Forest House, Tilgate Forest Business Park (Bard Inc) | (1) 37,500 | 0% | 9,770,000(2) | £420 | (2) £450,000 | Office building in edge of town business park location. An Agreement has been signed whereby London and Stamford Property Ltd will undertake building work to refurbish and extend the premises and Bard Ltd will enter into a new 20-year lease at a rent of £900,000 per annum. Freehold. (1) The floor area will be 37,500 sq ft upon completion of the building works. (2) The Valuation is stated net of outstanding building costs, fees and temporary relocation costs. (3) The rent will rise to £900,000 per annum upon completion of the building works. |
| CRAWLEY, Elm Park Court, Tilgate Forest Business Park (Maple Oak Plc/Mowlem) | 29,105 | 0% | 7,274,000 | £249 | £438,500 | Located adjacent to Forest House above. Building in fair condition. Freehold. |
| NEWCASTLE-UNDER-LYME, Retail Units, Barracks Road | 32,833 | 0% | 6,250,000 | £190 | (3) £351,700 | Consists of a health and fitness unit built to shell and core condition (never occupied) and three retail units in edge of town centre location. Overall buildings in good condition. Part Freehold, Part leasehold. (3) The rent is assumed to rise to £367,700 per annum upon settlement of the outstanding Home Entertainment Group rent review. upon settlement of the outstanding Home Entertainment Group rent review. |
| NOTTINGHAM, Former Crosland Filters Premises, | 133,717 | 0% | 8,675,000 | £65 | (4) £0 | Detached industrial Glaisdale Parkway unit located on industrial estate. Building in good condition. Leasehold. (4) Rent will rise to £568,300 per annum on expiry of the rent free period. |
| STOKE-ON-TRENT, Michelin Factory, Cambell Road | 437,000 | 0% | 12,220,000 | £28 | £914,000 | Detached factory/ depot premises located within close proximity to Junction 15 of the M6. Michelin have exercised their break option effective from 15 December 2007. Refurbishment opportunity. Freehold. |

| <i>Property Address</i> | <i>Building Size Sq Ft</i> | <i>Vacant %</i> | <i>Market Value Net (rounded)</i> | <i>Total Value £ per Sq Ft</i> | <i>Current Annual Rent</i> | <i>Comments</i> |
|---|----------------------------|-----------------|-----------------------------------|--------------------------------|----------------------------|--|
| GILLINGHAM, Development Site at Gillingham Business Park | N/A | 100% | 4,300,000 | N/A | £0 | Cleared development site of 7.8 ac (gross) 6.75 ac (net) in established industrial/business park location. A planning application has recently been submitted for 88,000 sq ft of industrial and 43,000 sq ft of office units. Freehold. |
| NOTTINGHAM, Glaisdale Parkway, Development Site | N/A | 100% | (5) 510,000 | N/A | £0 | Cleared development site of 2.4ac. Detailed planning consent was granted on 5/4/2007 for 47,560 sq ft of small industrial units. Leasehold. (5) Valuation will rise to £940,000 upon completion of new headleasehold interests subject to an outstanding premium of £431,000 payable to Nottingham City Council. |
| YEOVIL, Copse Road, Redevelopment Site | N/A | 100% | (6) 2,420,000 | N/A | £0 | Development site of 5.5 acres. Planning approval has been granted, subject to an outstanding highways condition, for 35,416 sq ft of offices, 19,616 sq ft of trade counter units and 63,359 sq ft (including mezzanines) of industrial units. Freehold. (6) Valuation will rise to £2,500,000 upon completion of documentation to extinguish a restrictive covenant and payment of a premium of £80,000. |
| Total | <u>670,155</u> | | <u>£51,419,000</u> | | <u>£2,154,200</u> | |

SCOPE OF WORK & SOURCES OF INFORMATION

| | |
|-------------------------------------|--|
| Sources of Information | We have carried out our work based upon information supplied to us by London and Stamford Investments Ltd and their professional advisors, as set out within this report, which we have assumed to be correct and comprehensive. |
| The Properties | Our report contains a brief summary of the property details on which our valuation has been based. |
| Inspections | We have inspected the Properties internally between 1 February 2007 and 2 March 2007. |
| Areas | We have not measured the Properties but have relied upon the floor areas provided. |
| Environmental Matters | <p>We have been provided with copies of environmental reports as follows:</p> <p>CRAWLEY – WSP Environmental NEWCASTLE-UNDER-LYME – Waterman Environmental NOTTINGHAM – WSP Environmental STOKE-ON-TRENT – WSP Environmental GILLINGHAM – WSP Environmental YEOVIL – Groundsure</p> <p>We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p> |
| Repair and Condition | <p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.</p> <p>We have seen copies of the following Building Condition Surveys:</p> <p>CRAWLEY – Trident Building Consultancy Ltd NEWCASTLE-UNDER-LYME – Trident Building Consultancy Ltd NOTTINGHAM – WSP Environmental STOKE-ON-TRENT – CB Richard Ellis</p> |
| Town Planning | We have made verbal Planning enquiries only. Information supplied to us by planning officers is given without liability on their part. We cannot, therefore, accept responsibility for incorrect information or for material omissions in the information supplied to us. |
| Titles, Tenures and Lettings | <p>Details of title/tenure under which the Properties are held and of lettings to which they are subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.</p> <p>We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.</p> |

VALUATION ASSUMPTIONS

Capital Values

Each valuation has been prepared on the basis of “Market Value” which is defined as:

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent.

The Properties

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord’s fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants’ fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

- (a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;
- (b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the property. Our valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

- (a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;
- (b) the Properties are free from rot, infestation, structural or latent defect;

- (c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- (d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Planning and Lettings

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Properties are not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the Disability Discrimination Act 1995;
- (f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- (g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- (h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- (i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- (j) where more than 50 per cent. of the floorspace of a property is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted.
- (k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- (l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

London & Stamford Property Limited
Regent Court
Glatigny Esplanade
St Peter Port
Guernsey GY13NQ

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

2 November 2007

Dear Sirs

Valuation of London & Stamford Portfolio

1. Introduction

In accordance with our engagement letter with London & Stamford Property Ltd (the “Company”), we, (JLL), Chartered Surveyors, have considered the properties referred to in the attached schedule (the “Schedule”), in order to advise you of our opinion of the Market Value (as defined below) as at the date of this admission document, of the Company’s freehold or leasehold interests (as appropriate) in each of these properties (the “Properties”). The effective date of the valuation is 21 September 2007.

2. Compliance with Appraisal and Valuation Standards

We confirm that the valuations have been made in accordance with the appropriate sections of the current Practice Statements (“PS”) contained within the RICS Appraisal and Valuation Standards, 5th Edition (the “Red Book”). This is an internationally accepted basis of valuation. Each of the Properties were inspected by JLL between 28th July and 7th August 2007.

3. Status of Valuer and Conflicts of Interest

We confirm that we have undertaken the valuations acting as External Valuers, as defined in the Red Book, qualified for the purpose of the valuation.

4. Purpose of the Valuation Report

We understand that this valuation report and schedule (together, the “Valuation Report”) are required first, to confirm to the Directors of the Company the current Market Value of the Properties and, secondly, for inclusion in an AIM admission document which investors will rely on in making their decision to invest in the Company.

We also understand that this Valuation Report will be relied upon by KBC Peel Hunt Ltd.

5. Basis of Valuation and Net Annual Rent

5.1 Market Value

The value of each of the Properties has been assessed in accordance with the relevant parts of the Red Book. In particular, we have assessed Market Value in accordance with PS 3.2. Under these provisions, the term “Market Value” means “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion”.

In undertaking our valuations on the basis of Market Value we have applied the interpretive commentary which has been settled by the International Valuation Standards Committee and which is included in PS 3.2. The RICS considers that the application of the Market Value definition provides the same result as Open Market Value, a basis of value supported by previous editions of the Red Book.

5.2 Net Annual Rent

The net annual rent for each of the Properties receivable as at July 2007 is referred to in the Schedule. “Net annual rent” is defined for the purposes of this transaction as “the current income or income estimated by the Valuer:

- (i) ignoring any special receipts or deductions arising from the property;
- (ii) excluding value added tax and before taxation (including tax on profits and any allowances for interest on capital or loads); and
- (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent”.

The Schedule also includes the estimated net annual rental value of each of the Properties. The estimated net annual rental value is based on our opinion of the current rental value of each of the Properties. The rental value reflects typical lease terms.

5.3 Taxation and Costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise on disposal.

We have made deductions to reflect normal purchasers’ costs. These reflect the assumed costs associated with the acquisition of the properties (as assets as opposed to through corporate acquisition) expressed as a percentage of the purchase price. The costs adopted in the various jurisdictions are as follows:

| | |
|----------|-------|
| Flanders | 10% |
| Wallonia | 12.5% |

6. Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a “supposition taken to be true” (“assumption”). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a Valuer as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, the Company’s advisers have confirmed that our assumptions are correct so far as they are aware. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

6.1 *Title*

We have not had access to the title deeds of the Properties, though we have had access to the legal due diligence reports. We have assumed that the title is as summarised in the legal due diligence reports and we have assumed that these reports are accurate. However, we have also assumed that the Properties are free from mortgages and charges.

6.2 *Condition of Structure and Services, Deleterious Materials, Plant and Machinery and Goodwill*

We have not been provided with copies of condition surveys. We have made an assumption that the Properties are free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations of any of the Properties. For the purpose of these valuations, unless otherwise informed by the Company's advisers, we have made an assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the sites of the Properties are free from any defect as to foundations. We have made an assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed thereon. We have also made an assumption that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other services, nor have the drains been tested. We have made an assumption that all services to the Properties are functioning satisfactorily.

No allowance has been made in these valuations for any items of plant or machinery not forming part of the normal service installations of the Properties. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Further, no account has been taken in our valuations of any goodwill that may arise from the present occupation of any of the Properties.

It is a condition of JLL or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

6.3 *Environmental Matters*

We have received no environmental reports relating to the Properties. We have assumed that no contamination exists which is sufficient to affect value. If this assumption were to prove invalid, then the value would fall by an unspecified amount.

6.4 *Areas*

We have not measured the Properties but have relied on the areas which have been supplied to us and on measured surveys which have been carried out on certain properties to verify floor areas.

6.5 *Statutory Requirements and Planning*

We have reflected the findings of the legal due diligence reports in relation to local planning and building regulation approvals. We have made a further assumption that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply, save where the due diligence reports indicate otherwise.

6.6 *Leasing*

We have not read copies of the leases or other related documents but have relied on the tenancy summaries provided by the Company's legal advisers for the purposes of our valuation.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made an assumption that the tenants are financially in a position to meet their obligations. Unless otherwise informed by the Company's advisers we have also made an assumption that there are no material arrears of rent or service charges, breaches of covenants, or current or anticipated tenant disputes.

However, our valuation reflects the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

6.7 Information

We have made an assumption that the information the Company and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

7. Valuation

We are of the opinion that the aggregate of the gross values as at the 21st September 2007, of the freehold and leasehold interests in the Properties described in the Schedule, subject to the assumptions and comments in this Valuation Report, is as follows:

€35,790,000

(Thirty Five Million Seven Hundred and Ninety Thousand Euros)

The equivalent Market Value after deduction of transfer duties (see 5.3 above) is as follows:

€31,890,000

(Thirty One Million Eight Hundred and Ninety Thousand Euros)

8. Confidentiality and Disclosure

The contents of this Valuation Report and schedule may be used only for the purpose of this Valuation Report, which is to form part of the admission document for the Company. Before this Valuation Report, or any part thereof, is reproduced or referred to in any other document, circular or statement and before its contents, or any part thereof, are otherwise disclosed orally or otherwise to a third party, the Valuer's written approval as to form and context of such publication or disclosure must first be obtained.

For the avoidance of doubt, such approval is required whether or not JLL are referred to by name and whether or not the contents of our Valuation Report are combined with other reports.

Yours sincerely,



Rod Scrivener

Director

For and on behalf of Jones Lang LaSalle bvba

Properties Held as Investments
Valuation as at 21 September 2007

| <i>Property</i> | <i>Net Annual Rent</i> | <i>Estimated Annual Rent</i> | <i>Gross Value**</i> | <i>Market Value *</i> |
|--|----------------------------|----------------------------------|----------------------|-----------------------|
| Rue Basse Campagne, Herstal 4040, Belgium | 154,110 € | 158,400 € | 3,770,000 € | 3,430,000 € |
| Quai d'Arona, Huy 4500, Belgium | 146,083 € | 148,500 € | 2,070,000 € | 1,840,000 € |
| Rue de Neuville, Philippeville 5600, Belgium | 97,166 € | 97,200 € | 1,510,000 € | 1,340,000 € |
| Avenue Reine Astrid, Spa 4900, Belgium | 60,227 € | 59,900 € | 5,710,000 € | 5,080,000 € |
| Route de Charlemagne, Couvin 5660, Belgium | 95,801 € | 96,200 € | 2,580,000 € | 2,300,000 € |
| Rue du 28 juin, Courcelles 6180, Belgium | 127,000 € | 129,400 € | 2,430,000 € | 2,160,000 € |
| Route de Landen, Hannut 4280, Belgium | 379,354 € | 424,400 € | 3,690,000 € | 3,280,000 € |
| Avenue des Heros Leuzois, Leuze 7900, Belgium | 228,617 € | 240,800 € | 1,210,000 € | 1,080,000 € |
| Rue du Pont du Nil, Morlanwelz 7140, Belgium | 294,139 € | 288,100 € | 4,640,000 € | 4,120,000 € |
| Chaussée du Roeulx, Soignes 7060, Belgium | 31,008 € | 32,300 € | 1,580,000 € | 1,390,000 € |
| Boulevard Pasteur, Seraing 4100, Belgium | 73,711 € | 74,000 € | 1,190,000 € | 1,060,000 € |
| Liersesteenweg, Aarschot 3200, Belgium | 219,652 € | 223,080 € | 500,000 € | 450,000 € |
| Rue de Tournai, Leuze-en-Hainaut 7900, Belgium | 74,621 € | 76,100 € | 970,000 € | 860,000 € |
| Rue du Pont Demeur, Tubize 1480, Belgium | 230,157 € | 238,200 € | 3,940,000 € | 3,500,000 € |
| Total | <u>2,211,646 €</u> | <u>2,286,580 €</u> | <u>35,790,000 €</u> | <u>31,890,000 €</u> |

* Market Value reflects the deduction of normal market purchasers costs for an asset sale. These are 10 per cent. in Flanders and 12.5 per cent. in Brussels and Wallonia.

** Rounded to the nearest hundred thousands.

PART 6
FINANCIAL INFORMATION

Section A: Financial Information on the Company



The Directors
London & Stamford Property Limited
Regency Court
Gategny Esplanade
St Peter Port GY1 3NQ
Guernsey

BDO Stoy Hayward LLP
Emerald House
East Street
Epsom
Surrey KT17 1HS

2 November 2007

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

Dear Sirs

London & Stamford Property Limited (the “Company”)

Introduction

We report on the financial information set out in Section B of Part 6 of the admission document dated 2 November 2007 of the Company (the “Admission Document”). This financial information has been prepared on the basis of the accounting policies set out in note 1 to the financial information in Section B of Part 6 of the Admission Document.

This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

As described in Section B of Part 6 of the Admission Document, the directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with applicable law and International Financial Reporting Standards (“IFRSs”) as adopted by the European Union.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the date stated in accordance with the basis of preparation set out in note 1 to the financial information and has been prepared in accordance with applicable IFRSs as described in note 1 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

Section B: Financial Information on the Company

Responsibility

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

Balance sheet as at 1 October 2007

| | <i>As at 1 October 2007 £</i> |
|-------------------------------|---------------------------------------|
| Current assets | |
| Cash | 2 |
| Total assets | 2 |
| Equity | |
| Issued share capital (note 2) | — |
| Share premium account | 2 |
| Total equity (note 2) | 2 |

Notes to the financial information

1 **Accounting policies**

Basis of preparation

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

The Company was incorporated as London & Stamford Property Limited on 1 October 2007.

2 **Share capital**

| | <i>As at 1 October 2007 £</i> |
|--|---------------------------------------|
| Authorised | |
| 500,000,000 ordinary shares of 10 pence each | 50,000,000 |
| Allotted, called up and fully paid | |
| Ordinary shares of 10 pence each | — |

The Company was incorporated with authorised share capital represented by 500,000,000 ordinary shares of 10 pence each. On incorporation two ordinary shares of 10 pence each were issued for cash at a subscription price of £1 per ordinary share.

3 **Post balance sheet events**

LSI Management LLP (“LSI Management”) is a related party of the Company. Messrs Mould, Price and Vaughan are members of LSI Management and will be directors and shareholders in the Company following the sale of London & Stamford Investments Limited (“LSIL”) to the Company.

On 30 October 2007 the Company entered into a Share Exchange Agreement pursuant to which the Company acquired London & Stamford Investments Limited for £37.5 million settled by issuing 37,500,000 shares at £1 per share and whose key terms are set out in paragraph 11.7 of Part 7 of this document.

The Company has entered into the Property Advisory Agreement with LSI Management (the key terms of which are set out in paragraph 11.2 of Part 7 of this document).

Section C: Principal Accounting Policies to be Adopted by the Company

Statement of Compliance

The consolidated financial statements will be prepared in accordance with the International Financial Reporting Standards (“IFRS’s”) adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

Basis of Preparation

The financial statements will be presented in sterling. They will be prepared on the historical cost basis except that investment and development properties and derivative financial instruments will be stated at fair value.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Management believes that the estimates and associated assumptions used in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated.

Revisions to accounting estimates will be recognised in the period in which the estimate is revised if the revision affects only that period. If the revision affects both current and future periods, the change is recognised over those periods.

Basis of Consolidation

Subsidiaries

The consolidated accounts will include the accounts of the Company and all subsidiaries (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 will be 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 acquisition method is used.

Joint ventures

Joint ventures will be those entities over whose activities the Group has joint control, established by contractual agreement.

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

Accounting practices of subsidiaries and joint ventures which differ from Group accounting policies are adjusted on consolidation.

Goodwill

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

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

Where the fair value of the assets, liabilities and contingent liabilities acquired will be greater than the cost, the excess, will be recognised immediately in the income statement.

Fixtures, Fittings and Equipment

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation will be charged to the income statements evenly over the estimated useful lives of the assets at the following rates:

| | |
|-----------------------|-------------------------------|
| Fixtures and fittings | - 10% per annum straight line |
| Computer Equipment | - 25% per annum straight line |

Property Portfolio

Investment properties

Investment properties will be externally valued on an open market basis at the balance sheet date and will be recorded at valuation.

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

Development properties

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

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

Depreciation

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

Tenant leases

Management will exercise judgement in considering the potential transfer of the risks and rewards of ownership in accordance with IAS 17 Leases for all properties leased to tenants and will determine that such leases are operating leases.

Head leases

Where an investment property is held under a head lease it will be initially recognised as an asset as the sum of the premium paid on acquisition and the present value of minimum ground rent payments. The corresponding rent liability to the head leaseholder will be included in the balance sheet as a finance lease obligation.

Net rental income and property trading income

Revenue will comprise rental income and income received from the sale of trading properties.

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

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

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

Lease incentives and costs associated with entering into tenant leases will be amortised over the period to the first break option or, if the probability that the break option will be exercised is considered low, over the lease term.

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

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

Surplus on sale of investment and development properties

Surpluses on sales of investment and development properties will be calculated by reference to the carrying value at the previous balance sheet date, adjusted for subsequent capital expenditure.

Financial Instruments

Financial assets and financial liabilities will be recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables will be measured initially at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts will be recognised in profit or loss when there is objective evidence that the asset is impaired.

Equity instruments

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

Borrowings, Interest and Derivatives

Borrowings

Bank borrowings will be initially recognized at the fair value net of any transaction costs directly attributable to the issue of the instrument and subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Derivative financial instruments

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

Derivative financial instruments will be recognised initially at fair value, which will equate to cost and subsequently remeasured at fair value, with changes in fair value being included in the income statement, except that a gain or loss on the portion of an instrument that will qualify as an effective hedge will be recognised directly in the hedging reserve. Any ineffective portion will be recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents will comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash equivalents will be limited to instruments with a maturity of less than three months, which are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value.

Finance costs

Finance costs will include interest payable on borrowings, net of interest capitalised, finance costs amortised and changes in the fair value of derivative financial instruments.

Interest receivable

Interest receivable will comprise interest receivable on funds invested.

Capitalisation of interest

Interest will be capitalised if it is directly attributable to the acquisition, construction or production of development properties or the redevelopment of investment properties. Capitalisation will commence when the activities to develop the property start and continue until the property is substantially ready for its intended use. Capitalised interest will be calculated with reference to the actual rate payable on borrowings for development purposes or, for that part of the development cost financed out of general funds, to the average rate.

Provisions

A provision will be recognised in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions will be measured at the Directors' best estimate of the expenditure required to settle that obligation at the balance sheet date, and will be discounted to present value if the effect is material.

Dividends

Dividends on equity shares will be recognised when they become legally payable. In the case of interim dividends, this will be when paid. In the case of final dividends, this will be when approved by the shareholders at the AGM.

Tax

Tax will be included in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable 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 the amounts used for tax purposes.

The following differences will not be provided for:

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

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

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

Tax Status of the Company and its subsidiaries

The Company has obtained exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that they are exempt from Guernsey taxation on income arising outside Guernsey and on bank interest receivable in Guernsey. The Company is therefore only liable to a fixed fee of £600 per annum. The Directors intend to conduct the Group's affairs such that they continue to remain eligible for exemption.

The Group's properties will be held in various subsidiaries and associates, the majority of which will be subject to UK Income tax. In each instance any tax due is computed after deduction of debt financing costs and other allowances as appropriate.

Foreign Currency

Foreign currency transactions

Transactions in foreign currencies will be translated into sterling at exchange rates approximating to the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date will be translated to sterling at the exchange rate ruling at that date and, unless they relate to the hedging of the net investment in foreign operations, differences arising on translation will be recognised in the income statement.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, will be translated into sterling at the exchange rates ruling at the balance sheet date. The operating income and expenses of foreign operations will be translated into sterling at the average exchange rate for the period.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations will be taken to the translation reserve. They will be released to the income statement upon disposal of the foreign operation.

Employee Benefits

Pension contributions

Payments to the personal pension schemes of certain employees and Directors will be charged as an expense in the consolidated income statement as they fall due.

PART 7

ADDITIONAL INFORMATION

1. Incorporation and Principal Activities

- 1.1 The Company was incorporated on 1 October 2007 as London & Stamford Property Limited with registered number 47816 with limited liability in Guernsey under the Companies Laws as a closed-ended investment company.
- 1.2 The Company's registered office and principal place of business is 2nd floor, Regency Court, Glatigny Esplanade, St Peter Port, Guernsey GY1 3NQ (telephone number +44 (0)1481 720 321).
- 1.3 The liability of the members of the Company is limited.
- 1.4 The Company has 10 subsidiaries, details of which are set out below:

| <i>Name</i> | <i>Date and place of incorporation</i> | <i>Authorised share capital</i> | <i>Issued share capital</i> | <i>Nature of business</i> | <i>% shares held by the Company</i> |
|---------------------------------------|--|---------------------------------|---|-----------------------------|-------------------------------------|
| London & Stamford Investments Limited | 27/06/2005 England and Wales | 1,000 shares of £1.00 each | 2 shares of £1.00 each | Property Investment Company | 100 |
| LSI (Investments) Limited | 02/04/1998 England and Wales | 1,000 shares of £1.00 each | 2 shares of £1.00 each | Property Investment Company | 100 (indirect) |
| LSI Developments Limited | 03/05/2006 England and Wales | 1,000 shares of £1.00 each | 1 share of £1.00 | Property Investment Company | 100 (indirect) |
| Clearstage Limited | 04/04/2006 England and Wales | 1,000 shares of £1.00 each | 1 share of £1.00 | Property Investment Company | 100 (indirect) |
| LSI Bruton Limited | 20/03/2006 England and Wales | 100 shares of £1.00 each | 1 share of £1.00 | Property Investment Company | 100 (indirect) |
| LSI Europe Limited | 11/07/2006 England & Wales | 1,000 shares of £1.00 each | 1,000 shares of £1.00 each | Property Investment Company | 100 (indirect) |
| LSI Belgium Limited | 11/07/2006 England and Wales | 1,000 shares of £1.00 each | 1,000 shares of £1.00 | Property Investment Company | 100 (indirect) |
| LSI Retail NV | 06/02/1992 Belgium | — | The registered capital is Euro 198,400 represented by 800 registered shares without par value | Property Investment Company | 100 (indirect) |
| LSI Projects NV | 21/09/2000 Belgium | — | The registered capital is Euro 100,000 represented by 1,000 registered shares without par value | Property Investment Company | 100 (indirect) |

| <i>Name</i> | <i>Date and place of incorporation</i> | <i>Authorised share capital</i> | <i>Issued share capital</i> | <i>Nature of business</i> | <i>% shares held by the Company</i> |
|-------------|--|---------------------------------|--|-----------------------------|-------------------------------------|
| Immatov NV | 02/06/1989 Belgium | — | The registered capital is Euro 62,000 represented by 125 registered shares without par value | Property Investment Company | 100 (indirect) |

2. Share Capital

2.1 At incorporation the authorised share capital of the Company was £50 million divided into 500 million Ordinary Shares of 10 pence each, of which two Ordinary Shares were issued as subscriber shares to the two subscribers to the Memorandum of Association and the Articles. Neither the Companies Laws nor the Articles impose pre-emption rights on the issue of new shares. Accordingly, at incorporation, the Directors were generally and unconditionally authorised to allot securities in the Company up to the authorised but unissued share capital of the Company and such power was not limited in duration.

2.2 The authorised and issued share capital of the Company at the date of this document is as follows:

| | <i>Authorised</i> | | <i>Issued (fully paid)</i> | |
|-----------------|-------------------|------------|----------------------------|-----------|
| | <i>Number</i> | <i>£</i> | <i>Number</i> | <i>£</i> |
| Ordinary Shares | 500,000,000 | 50,000,000 | 37,500,000 | 3,750,000 |

2.3 Immediately following the Placing and Admission, the authorised and issued share capital of the Company is expected to be as follows:

| | <i>Authorised</i> | | <i>Issued (fully paid)</i> | |
|-----------------|-------------------|------------|----------------------------|------------|
| | <i>Number</i> | <i>£</i> | <i>Number</i> | <i>£</i> |
| Ordinary Shares | 500,000,000 | 50,000,000 | 285,000,000 | 28,500,000 |

2.4 On Admission all the issued Ordinary Shares will rank *pari passu* in all respects.

2.5 The liability of Shareholders is limited to the amount payable in respect of Ordinary Shares held.

2.6 The Ordinary Shares carry the right to vote at general meetings, to dividends, and to the surplus assets of the Company on a winding-up.

2.7 Save pursuant to the Placing and the Share Exchange Agreement, since the date of incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.

2.8 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

2.9 The minimum subscription for the purpose of section 29 of the Companies (Guernsey) Law, 1994 as amended shall be 2 Ordinary Shares.

3. Memorandum of Association

The Memorandum of Association of the Company provides that the objects of the Company include carrying on business as an investment company. The objects of the Company are set out in full in clause 3 of the Memorandum of Association.

4. Articles of Association

The Articles contain, *inter alia*, provisions to the following effect:

4.1 *Voting rights*

Members have the right to receive notice of, and to vote at, general meetings of the Company. Each member who is present in person or by proxy at a general meeting has one vote on a show of hands and, on a poll, every such member has one vote in respect of each share held.

4.2 *Transfer of shares*

The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of CREST.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share which is not fully paid or on which the Company has a lien, provided, in the case of a listed share that this would not prevent dealings in the share from taking place on an open and proper basis. In addition, the Directors may refuse to register a transfer of shares unless:

- (i) it is in respect of only one class of shares;
- (ii) it is in favour of a single transferee or not more than four joint transferees; and
- (iii) in the case of certificated shares, it is delivered for registration to the Company's registered office or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in regulations issued for this purpose under Guernsey Law or such as may otherwise from time to time be adopted by the Board on behalf of the Company in circumstances permitted by the London Stock Exchange and the rules of any relevant system and practices of the operator, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

If the Board refuses to register the transfer of a share it shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.

The registration of transfers may be suspended at such time and for such periods (not exceeding 30 days in any one year) as the Board may decide and either generally or in respect of a particular class of share provided that the Board may not suspend the registration of transfers of any participating security without the consent of the operator of the relevant system.

4.3 *Compulsory transfer of shares*

A person who becomes aware that he is holding or owning a Prohibited Share must disclose this fact to the Company and transfer such Prohibited Share to another person in circumstances where such Prohibited Share will cease to be a Prohibited Share.

The Directors shall give written notice to the holder of any share in the Company which appears to the Directors to be a Prohibited Share requiring such holder within 21 days of receipt of such notice, or such extended time as the Directors consider reasonable (the "**Transfer Period**") to transfer (and/or procure the disposal of interests in) such Prohibited Share to another person such that it will cease to be a Prohibited Share.

From the date of such notice until registration of such a transfer or a transfer arranged by the Directors as referred to below, the Prohibited Share will not confer any right on the holder (a) to attend or vote at general meetings of the Company and of any class of shareholders and those rights will vest in the chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion; or (b) to any dividend or other distribution of the Company, including on any winding-up.

If the notice is not complied with within the Transfer Period to the satisfaction of the Directors, the Directors shall arrange for the Company (as agent for the holders of interests in such Prohibited Share), to sell the Prohibited Share to another person, at the best price reasonably obtainable, in circumstances where the Prohibited Share will cease to be a Prohibited Share. The holders of interests in such Prohibited Share shall be deemed to consent to such sale absolutely and shall be bound to provide all reasonable assistance to the Company and the Directors in connection with such sale as the same shall require, including the surrender to the Company of any relevant share certificate. The net proceeds of sale shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate.

4.4 ***Return of capital on a winding up***

If the Company should be wound up the liquidator may with the authority of a special resolution, divide amongst the members in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division should be carried out as between the members or different classes of members.

4.5 ***Dividends and other distributions***

- (i) The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Board. No dividend shall be paid otherwise than out of the profits of the business of the Company.
- (ii) The Directors may at any time declare and pay such interim dividends as appear to be justified by the position of the Company.
- (iii) No dividend or other amount payable to any Shareholder shall bear interest against the Company.
- (iv) All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and shall revert to the Company.

4.6 ***Alteration of share capital***

- (i) The Company may by ordinary resolution increase the share capital by such sum to be divided into shares of such amount as the resolution prescribes.
- (ii) The Company may from time to time, subject to the provisions of the Companies Laws, purchase its own shares (including any redeemable shares) in any manner authorised by the Companies Laws.
- (iii) Any shares that are purchased by the Company in accordance with the Companies (Purchase of Own Shares) Ordinance, 1998 and out of distributable profits may be held by the Company as Treasury Shares.
- (iv) The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the Memorandum of Association; cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish its authorised share capital accordingly; convert all or any fully paid-up shares into stock and reconvert that stock into paid-up shares of any denomination; and convert its fully paid shares expressed in one currency into shares expressed in a different currency.
- (v) The Company may by special resolution reduce its share capital, any redemption reserve fund or any stated capital account in any manner permitted by the Companies Laws.

4.7 *Directors – powers and duties of the Board*

- (i) Save as mentioned below, a Director may not vote (or be counted in the quorum) on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest in shares or debentures or other securities of the Company).
- (ii) A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
 - (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to participate;
 - (d) a contract, arrangement, transaction or proposal concerning any other company in which he (and any persons connected with him) is interested, directly or indirectly, as an officer, creditor or shareholder or otherwise if he does not to his knowledge hold an interest in shares representing 1 per cent. or more of any class of the equity share capital of any such company (or of any third party company through which his interest is derived) or of the voting rights of such company;
 - (e) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; and
 - (f) a contract, arrangement, transaction or proposal for the purchase or maintenance of any insurance policy for the benefit of the Director or persons including the Directors.
- (iii) Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (iv) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the Company or in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

4.8 *Directors – remuneration*

- (i) The Directors shall be entitled to receive by way of fees for their services such sum as the Board shall determine provided that the aggregate amount of such fees, shall not exceed £200,000 in any financial year (or such greater sum as may be determined from time to time by ordinary resolution of the Company). The Directors shall also be entitled to be paid all reasonable out-of-pocket expenses properly incurred by them in attending general meetings, Board or committee meetings or otherwise in connection with the performance of their duties.
- (ii) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to remuneration and otherwise as the Directors may determine.

4.9 *General meetings*

- (i) Not less than 14 days' notice specifying the time and place of any general meeting and specifying also in the case of any special business the general nature of the business to be transacted shall be given by notice sent by post to such members as are entitled to receive

notices provided that, with the consent in writing of all the members entitled to receive notices of such meeting, a meeting may be convened by shorter notice or at no notice and in any manner they think fit.

- (ii) In every notice there shall appear a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend or vote instead of him and that a proxy need not be a member.
- (iii) The accidental omission to give notice of any meeting to or the non-receipt of such notice by any member shall not invalidate any resolution passed or proceeding at any meeting.

4.10 ***Power to require disclosure of interests in shares***

The Directors may serve notice on any member requiring that member to disclose to the Company the identity of any person other than the member who has an interest in the shares held by the member and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors shall determine.

If any member is in default in supplying to the Company the information required by the Company within the prescribed period, the Directors in their absolute discretion may at any time thereafter serve a direction notice on the member. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the “default shares”) and any other shares held by the member, the member shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may additionally direct that dividends on such shares will be retained by the Company (without any liability of the Company to pay interest) and that no transfer of the shares (other than a transfer authorised under the Articles) shall be registered unless the member is not himself in default in supplying the information and when presented for registration the transfer is accompanied by a certificate stating that the member is satisfied that no person in default is interested in any shares the subject of the transfer.

4.11 ***Transparency Directive***

(i) Where a person either:-

- (a) to his knowledge acquires a material interest in shares, or increases his interest in shares, or ceases to be interested in shares in which he was previously interested; or
- (b) becomes aware that he has acquired a material interest in shares, or that he has increased his interest in shares, or that he has ceased to be interested in shares in which he was previously interested; or
- (c) acquires, increases or reduces the voting rights at general meetings of the Company which he holds as a shareholder or controls through his direct or indirect holding of financial instruments linked to shares in the Company or a combination of such holdings;

then, if the aggregate number of shares in which he has a material interest is equal to, or more than, 3 per cent. of the number of shares in issue, or is increased above the number previously notified to the Company, or if the percentage of voting rights (described in (c) above) reaches, exceeds or falls below 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent., he shall be obliged, without delay, to make a notification to the Company of such fact and the Company shall enter the details of such notice upon the register of interested parties kept for such purposes and shall make such announcement or disclosure of such notification as may be required by the rules of any stock exchange or securities exchange or market on which the shares are listed or admitted to trading.

- (ii) A “material interest” is any interest other than an interest which a person authorised to manage investments belonging to another has by virtue of having the management of such investments under an agreement in or evidenced in writing.

4.12 **Borrowing**

The Directors may exercise all and any powers of the Company to borrow money or to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property or assets and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party.

4.13 **Register of Shareholders**

The Company shall keep the register at its registered office, in accordance with the Companies Laws.

5. **Mandatory bids**

The City Code on Takeovers and Mergers will apply to the Company from Admission and will do so for so long as its place of central management and control is in Guernsey. Under Rule 9 of that Code, if:

- (a) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the shares by the acquiror or its concert parties during the previous 12 months.

6. **Directors**

6.1 **Interests in Ordinary Shares**

The interests of the Directors in Ordinary Shares as at the date of this document, all of which are beneficial, are as follows:

Ordinary Shares

| <i>Directors:</i> | <i>Before Admission</i> | | <i>On Admission</i> | |
|-------------------|-------------------------------|---|-------------------------------|--|
| | <i>No. of Ordinary Shares</i> | <i>Percentage of issued share capital</i> | <i>No. of Ordinary Shares</i> | <i>Percentage of Enlarged Issued Share Capital</i> |
| Raymond Mould* | 5,294,130 | 14.12% | 5,294,130 | 1.86% |
| Patrick Vaughan*# | 5,294,130 | 14.12% | 5,488,130 | 1.93% |
| Humphrey Price* | 1,176,473 | 3.14% | 1,176,473 | 0.41% |
| Rupert Evans | — | — | 500,000 | 0.18% |

* Subject to the claw-back provisions in the Share Exchange Agreement set out in paragraph 11.7 in Part 7 of this document.

In addition to the interests in Ordinary Shares shown in the table above, Patrick Vaughan is a trustee of certain trusts that will together be interested in 333,000 Placing Shares on Admission.

6.2 *Directorships*

The Directors currently hold the following directorships and partnerships, other than in the Company, and have held the following directorships and partnerships within the five years prior to the publication of this document:

| | <i>Current directorships and partnerships</i> | <i>Former directorships and partnerships in last five years</i> |
|----------------|---|--|
| Humphrey Price | Clearstage Limited Half Moon Partners LLP Immatov NV London & Stamford Investments Limited LSI (Investments) Limited LSI Belgium Limited LSI Bruton Limited LSI Developments Limited LSI Europe Limited LSI Management LLP LSI Projects NV LSI Retail NV | 35 Basinghall Street First Limited 35 Basinghall Street Limited 35 Basinghall Street Second Limited Arlimmo S.A. Auchinlea One Limited Auchinlea Two Limited BL European Holdings Limited British Land Fund Management Limited British Land Hercules Limited British Land Hercules No.1 Limited British Land Hercules No.3 Limited British Land Hercules No.4 Limited British Land HIF Limited British Land Investment Management Limited British Land Offices Limited British Land Offices No.1 Limited British Land Property Advisers Limited Bruton Cork Investments Limited Buyunite Limited Champneys Citypoint Limited City Place House Limited Cricklewood Regeneration Limited Dinwell Limited Dreamclose Limited Edgecool Limited Fibblings Limited Gallions Reach Limited Grantchester Nominees (Torbay 1) Limited Grantchester Nominees (Torbay 2) Limited Grantchester Nominees (Wren Torquay 1) Limited Grantchester Nominees (Wren Torquay 2) Limited Great Western (General Partner) Limited Great Western (Nominee) Limited Great Western General Partner (Holdings) Limited Hercules Property Uk Limited Ivorydell Limited Ivoryhill Limited Jetbloom Limited Lansdowne SGPS S.A. Number 80 Cheapside Limited Pardev (Broadway) Limited Pardev (Churchlee) Limited Pardev (Luton) Limited Pardev (Weston Favell) Limited Parinv (Bilston) Limited Parinv Northern Limited Pillar (Beckton) Limited Pillar (Birstall) Limited Pillar (Cricklewood) Limited Pillar (Dartford) Limited Pillar (Fulham) Limited Pillar (Kirkcaldy) Limited Pillar (Preston) Limited Pillar (York) Limited Pillar Auchinlea Limited Pillar Beaucaire S.A.S. Pillar Bilbao S.L. |

*Current directorships
and partnerships*

*Former directorships and
partnerships in last five years*

Pillar Brent Cross Limited
Pillar Broadway Limited
Pillar Cheetham Hill Limited
Pillar City Plc
Pillar Dartford No.1 Limited
Pillar Denton Limited
Pillar Developments Limited
Pillar Estates Limited
Pillar Estates No.2 Limited
Pillar Europe Management Limited
Pillar Farnborough Limited
Pillar Fort Limited
Pillar Fulham No 2 Limited
Pillar Gallions Reach Limited
Pillar Getafe S.L.
Pillar Glasgow 1 Limited
Pillar Glasgow 2 Limited
Pillar Glasgow 3 Limited
Pillar Hercules No.2 Limited
Pillar Kinnaird Limited
Pillar Leisure Limited
Pillarlux Arlon S.A.
Pillarlux Beaucaire S.A.
Pillarlux Holdings S.A.
Pillarlux Holdings 2 S.A.
Pillarlux Sintra S.A.
Pillar Nanterre S.A.S.
Pillar Navile S.p.A.
Pillar Netherlands B.V.
Pillar Netherlands 2 B.V.
Pillar Netherlands 3 B.V.
Pillar Northern Limited
Pillar Nugent Limited
Pillar Parks Limited
Pillar Projects Limited
Pillar Property Developments Limited
Pillar Property Group Limited
Pillar Property Investments Limited
Pillar Retail No.1 Limited
Pillar Retail Parks Limited
Pillar Speke Limited
Pillar Wimbledon Limited
Pillarcaisse (Banbury) Limited
Pillarcaisse Management Limited
Pillarman Limited
Pillarstore Limited
Pillarstore No. 3 Limited
PREF Management S.A.
Sintra Retail Park-Parques
Commercials S.A.
Vintners' Place Limited
W.H. (Cannon Street) Limited
Wates City Development
Management Limited
Wates City of London
Properties Limited
Wates City Point First Limited
Wates City Point Limited
Wates City Point Second Limited
Wates City Property
Management Limited
Wavegrange Limited
WK (Austral House) First Limited
WK (Austral House) Limited
WK (Austral House) Second Limited
WK Holdings Limited

| | <i>Current directorships and partnerships</i> | <i>Former directorships and partnerships in last five years</i> |
|---------------|---|---|
| Raymond Mould | Arena Leisure Plc Clearstage Limited FF & P Russia Real Estate Limited FF & P Russia Real Estate Development Limited Half Moon Partners LLP Immatov NV London & Stamford Investments Limited LSI (Investments) Limited LSI Belgium Limited LSI Bruton Limited LSI Developments Limited LSI Europe Limited Miltons Shoot Limited LSI Management LLP LSI Projects NV LSI Retail NV | Aldenhold Limited Arena Online Services Limited Arlimmo S. A. Auchinlea One Limited Auchinlea Two Limited BL European Holdings Limited British Land Fund Management Limited British Land Hercules Limited British Land Hercules No.1 Limited British Land Hercules No.3 Limited British Land Hercules No.4 Limited British Land HIF Limited British Land Offices Limited British Land Offices No.1 Limited British Land Property Advisers Limited Bruton Cork Investments Limited Cricklewood Regeneration Limited Dinwell Limited Diomedes Property No. 1 Limited Diomedes Property No. 2 Limited Edgecool Limited Hercules Property UK Limited Ivorydell Limited Ivoryhill Limited Jetbloom Limited JPMorgan Overseas Investment Trust Plc Lansdowne SGPS SA Pardev (Broadway) Limited Pardev (Churchlee) Limited Pardev (Luton) Limited Pardev (Weston Favell) Limited Parinv (Bilston) Limited Parinv Northern Limited Pillar (Beckton) Limited Pillar (Birstall) Limited Pillar (Cricklewood) Limited Pillar (Dartford) Limited Pillar (Fulham) Limited Pillar (Kirkcaldy) Limited Pillar (Preston) Limited Pillar (York) Limited Pillar Auchinlea Limited Pillar Beaucaire SAS Pillar Bilbao SA Pillar Brent Cross Limited Pillar Broadway Limited Pillar Cheetham Hill Limited Pillar City Plc Pillar Dartford No.1 Limited Pillar Denton Limited Pillar Developments Limited Pillar Estates Limited Pillar Estates No.2 Limited Pillar Europe Management Limited Pillar Fort Limited Pillar Fulham No 2 Limited Pillar Getafe SL Pillar Glasgow 1 Limited Pillar Glasgow 2 Limited Pillar Glasgow 3 Limited Pillar Hercules No.2 Limited Pillar Kinnaird Limited Pillar Leisure Limited Pillar Nanterre SAS Pillar Navile SpA Pillar Netherlands 2 VB Pillar Netherlands 3 BV |

*Current directorships
and partnerships*

*Former directorships and
partnerships in last five years*

| | | |
|-----------------|---|---|
| | | Pillar Netherlands BV Pillar Northern Limited Pillar Nugent Limited Pillar Parks Limited Pillar Projects Limited Pillar Property Developments Limited Pillar Property Group Limited Pillar Property Investments Limited Pillar Retail No.1 Limited Pillar Retail Parks Limited Pillar Speke Limited Pillarcaisse Management Limited Pillarlux Arlon SA Pillarlux Beaucaire SA Pillarlux Holdings 2 SA Pillarlux Holdings SA Pillarlux Sintra SA Pillarman Limited Pillarstore Limited Pillarstore No. 3 Limited PREF Management Co S.A. Sintra Retail Park-Parques Commercials S.A. The Doncaster Racecourse Management Company Limited |
| Patrick Vaughan | Half Moon Partners LLP London & Stamford Investments Limited LSI (Investments) Limited LSI Belgium Limited LSI Bruton Limited LSI Developments Limited LSI Europe Limited Valderrama S.A. LSI Management LLP | British Land Company Public Limited Company (The) British Land Fund Management Limited British Land Hercules No.4 Limited British Land Hif Limited British Land Offices Limited Bruton Cork Investments Limited Hercules Property UK Limited Pardev (Broadway) Limited Pardev (Churchlee) Limited Pardev (Luton) Limited Parinv Northern Limited Pillar (Dartford) Limited Pillar (Preston) Limited Pillar City Plc Pillar Developments Limited Pillar Hercules No.2 Limited Pillar Kinnaird Limited Pillar Parks Limited Pillar Projects Limited Pillar Property Group Limited Pillar Retail No.1 Limited Pillar Retail Parks Limited Pillar Speke Limited Pillarstore Limited Rigphone Limited The British Land Corporation Limited |
| Richard Crowder | Absolute Alpha Fund PCC Ltd Affinity Partners Ltd Allblue Fund Limited Asia Direct Limited Bracken Partners Investments Channel Islands Limited Consulta Alternative Strategy Fund PCC Limited Consulta Canadian Energy Fund Consulta Capital Fund PCC Limited Consulta CI Ltd Consulta Collateral Fund PCC Limited Consulta High Yield Fund PCC Limited Consulta Technology Fund FCM Asia-Pacific Fund Limited | Absolute Alpha Nominees Limited BC Property Holdings Limited Consulta Hedge Funds Limited Consulta Hedge (Holding) One Limited Consulta Hedge (Holding) Two Limited Consulta Hedge (Holding) Three Limited Consulta Hedge (Holding) Four Limited Consulta Hedge (Holding) Five Limited Consulta Hedge (Holding) Six Limited Consulta Hedge (Holding) Seven Limited Consulta Hedge (Disposal) One Limited Consulta Emerging Markets Debt Fund Electricity Producers Insurance Company Ltd Electricity Producers Insurance Company (Bermuda) Limited |

*Current directorships
and partnerships*

FCM Asia-Pacific Master Fund Limited
FCM European Frontier Fund Limited
FCM European Frontier Master Fund Limited
FCM European Opportunities Fund Limited
FCM European Opportunities Master Fund Limited
FCM Funds Public Limited Company
FCM Global Emerging Opportunities Fund Limited
FCM Global Emerging Opportunities Master Fund Limited
FCM Japan Kachi Master Fund Limited
FCM Japan Kachi Fund Limited
FF&P Alternative Strategy Income PCC Limited
FF&P Global Property Fund PCC Limited
FF&P Enhanced Opportunities Fund PCC Limited
FF&P Russia Real Estate Limited
FF&P Russia Real Estate Development Limited
FF&P Venture Funds PCC Limited
FRM Access Fund Limited
FRM Manufactured Alpha Fund SPC
FRM Manufactured Alpha Master Fund SPC
Jupiter Insurance Limited
Morley Alternative Investment Strategy Fund PCC Limited
Mysia Investments Limited
Olivant Limited
Pantheon Asia Fund II Limited
Pantheon Asia Fund III Limited
Pantheon Asia Fund IV Limited
Pantheon Asia Fund V Limited
Pantheon Asia Fund Limited
Pantheon Europe Fund IV Limited
PEURO V GP Limited
Pantheon International Participations Plc
Royal London Asset Management C.I. Limited
Rufford & Ralston PCC Limited
Samos Investments Limited
Schroder Property Managers (Jersey) Limited
Schroders C.I. Limited
Consulta Alternative Strategy Holdings Limited
Consulta Capital Holdings Limited
Consulta Collateral Holdings Limited
Consulta High Yield Holdings Limited
FF&P Enhanced Opportunities Subsidiary Limited
Royal London Custody Services C.I. Limited
Alster Limited
Horos Limited
Prelude Limited
Four Leaf Clover (Jersey) Limited
Vincitas Limited
Veritas Limited
One Forty Five Limited
Englehall Limited
PLMS Limited
Depth (Bermuda) Ltd

*Former directorships and
partnerships in last five years*

Exeter Equity Growth & Income Fund Ltd
Exeter Securities (Guernsey) Limited
Exeter Smaller Companies Income Fund Limited
Exeter Smaller Companies Income Fund Securities Limited
FF&P Venture Funds II Limited
Four Leaf Clover Limited
FRM International Limited
FRM Investment Management Limited
Gartmore Multi-Funds PCC Limited
Govett Asian Income & Growth Fund Limited
HedgeFirst Limited
Hinton Insurance Limited
Multi Risk Limited, Malta
Parkmead Special Situations Energy Fund
PIP Securities Limited
Prosperco Investment Management Limited
Prosperco New Century (Guernsey) Limited
Prosperco Small Cap (Guernsey) Limited
Royal London Property Investment Company Ltd
Royal London Property Portfolio Limited
Rutherford Indemnity Limited
Thomas & Dessain Limited
US Growth & Income Fund Limited
Vodafone Insurance Company Limited
Vodafone Malta
Xavex Income 1 Limited

*Current directorships
and partnerships*

Pur (Bermuda) Ltd
Stee (Bermuda) Ltd
Vest (Bermuda) Ltd
Greenford (Bermuda) Ltd
Gold Hawk (Bermuda) Ltd
Friar (Bermuda) Ltd
Felix (Bermuda) Ltd
Chateaufneuf (Bermuda) Ltd
Burnt Oak Holdings (Bermuda) Ltd
Tio (Bermuda) Ltd
Stowe Holdings (Bermuda) Ltd
Somana (Bermuda) Ltd
Width Holdings (Bermuda) Ltd
Breadth Holdings (Bermuda) Ltd
Hexagon Investments (Bermuda) Ltd
Procida (Bermuda) Ltd
Hillingdon (Bermuda) Ltd
Fervida (Bermuda) Ltd
Flavida (Bermuda) Ltd
C Seventy Two C Limited
B Sixty Four B Limited
B Eighty C limited
B Eighty D Limited
B Eighty E Limited
B Eighty F Limited
B Eighty A (Bermuda) Limited
B Eighty B (Bermuda) Limited
C Eighty Three C (Bermuda) Limited
C Eighty Three D (Bermuda) Limited
H Fifty Eight A (Bermuda) Limited
H Fifty Eight B (Bermuda) Limited
H Fifty Eight C (Bermuda) Limited
H Fifty Eight D (Bermuda) Limited
M Fifty Eight (Bermuda) Limited

*Former directorships and
partnerships in last five years*

Lewis Grant

FF&P Alternative Strategy PCC Limited
FF&P Global Property Fund PCC Limited
FF&P Russia Real Estate Limited
FF&P Russia Real Estate Development
Limited
FF&P Venture Funds PCC Limited
Kiskadee Limited
Glendevon Limited
Noirmont Holdings Limited

Abacus Adv and Marketing (J) Limited
Abacus Holdings 2002 Limited
Accelt Company Ltd
Acorn Jersey Four Limited
Acorn Jersey One Limited
Acorn Jersey Three Limited
Acorn Jersey Two Limited
Aidan Limited
Alball Limited
Alpmeed Limited
Anna Catrina A Limited
Anna Catrina C Limited
Applied Technology Limited
Ashrama Limited
Associated Pacific Bulk Carrs
Astric Limited
Auto Chen Bros. Limited
A.W. Investments (Jersey) Ltd
Aysgarth Limited
Azur Air Ltd
Balata Investments Limited
Bannis Limited
Bapton Limited
Baulah Maritime Corporation
Biddeford International Corp.
Blomfield Trustees (Jersey) Limited
Bookmap Limited
Briar Services Limited
Brightways Limited
Brittlestar Holdings Limited
Bromfield Investment Company Limited

*Current directorships
and partnerships*

*Former directorships and
partnerships in last five years*

Cacique Investments Limited
Calvaro Investments Limited
Canonbury Investors Limited
Canyon Property Limited
Cardmasters Limited
Carrefour Holdings Limited
Chab Limited
Chamlang Limited
Chapleton Limited
Charter Employment Services Ltd
Charterhouse Buy-Out Fund Inv
Charwelton Invs Ltd
Clarendon Limited
Computalog (Jersey) Limited
Conamore Limited
Conholt Investments Limited
Crown Capital Limited
Dalecrest Holdings Limited
Damor Investments Limited
Daro Investments Limited
DCB Services Limited
Delford Limited
Delfury Investments Limited
Demoiselle Limited
Devonbury Investors Limited
Digerati Productions Limited
Dormer Services Limited
Drake Investments Limited
Eastmead Limited
Eikkon Limited
EM Resources Limited
Esprit Libre Limited
European & Pacific Hldgs Ltd
European Entertainment Cons.
Excanco Trading & Development Ltd
Facts International Inc.
Feniton Limited
Ferrante Corporation
FF&P Venture Funds II Limited
Finsbury Limited
Fintona International Limited
Five Holdings Limited
Flatley Limited
Flexim Investment Corporation
Foreign Lands Inc.
Forest Trading Agency Limited
Gallinule Limited
Garth A Limited
Garth C Limited
General Agencies Limited
George A Limited
George C Limited
Greten Trustees Limited
Grove Properties Limited
Guy A Limited
Guy C Limited
Haftkel Limited
Helianthus Limited
Hemja Investments Limited
Highland African Mining Co Ltd
Highland African Ventures Limited
Highland Oil Company Limited
Highland Star Invs Ltd
Highland Ventures Limited
Hightops Gold Limited
Homcare HCI North Intrl Ltd
HPH Limited

*Current directorships
and partnerships*

*Former directorships and
partnerships in last five years*

Icenic Limited
Infinite Investments Limited
Injectiles Limited
Inlane Limited
Interlect Enterprises Limited
Isabij Limited
Isolde Limited
Itako Limited
Jagmi Investments Limited
Jana Ruth A Limited
Jana Ruth C Limited
Jiflex Investment Corporation
Jobapt Ltd
John Brown & Co.
Karakoram Limited
Keats Limited
Kerslake Limited
Kilford Limited
Kippen Limited
Kram Investments Ltd.
Lanmoor Limited
Lanpro Services Limited
Lanus Limited
Larus Maritime Corporation
Laser Limited
Lavender Limited
LB Ventures Limited
Les Belles Trois Limited
Leven Holdings Limited
License Training (Jersey) Limited
Limerash Holdings Limited
Lomond Holdings Limited
The London Pentince Limited
Lucy Co Investments Group Ltd
Lul Limited
Maidenhair Limited
Marabou Investments Limited
Margrave Limited
Masefield Holdings Limited
Mayril Limited
Mead Limited
Meijnderswijck Limited
Melody Search Limited
Menesonic Limited
Mercia Finance Limited
Mistle Investments Limited
Mondec Limited
Muscatana Holdings Limited
Nationsbank Intl Tst (Jsy) Ltd
Nemo Maritime Corporation
Newhold Limited
Nivels Development Limited
Nuptse Limited
O A Overseas (C.I.) Limited
Oiram Holdings Limited
Omna Investments Limited
Orpe Limited
Paeonii Limited
Parallax Management Limited
Parel Limited
Patarin Limited
Paternoster Fund Admin Ltd
Paternoster Nominees Limited
Paternoster Secretaries Ltd
Pedant Limited
Peerless Limited
Pereira Limited

*Current directorships
and partnerships*

*Former directorships and
partnerships in last five years*

Perfect Search Limited
Portia Investments Limited
Pratt Investments Limited
Qail International Limited
Quathlamba Limited
Ratazzi Properties Limited
RBC Regent Strategy Fund Limited
RBC Trustees Ltd
RBC Trust Co (Jersey)
Regent Capital Trust Corp Ltd
Regent Fund Managers Limited
The Regent Trust Company Limited
Renascent Investments Limited
Rhodora Limited
Ring Investments (C.I.) Limited
Robberg Limited
Rock Finance Corporation Limited
Rodbir International Limited
Roland Investments Inc.
Romer Investments Limited
Rosehill Management Inc
Rubidium Limited
Rydon Holdings Limited
Samara International Limited
Sameta Investments Limited
Sandarid Limited
Sanpin Investments Limited
Sapphire Developments Ltd
Savannah Investments Limited
Selenium Holdings Limited
Sheet Pile Jersey Limited
Shenora Limited
Shetwood Inc.
Siena U S Property Holdings LLC
Sisken Limited
Skyray Limited
Smile-Stone Ltd
Songphonic Limited
Sophia Mary A Limited
Sophia Mary C Limited
The Spanish Flipper Limited
Speranza Limited
Spice Wheel Limited
Stalactite Investments Limited
Stargide Limited
Suaimhneas Limited
Sunshine Overseas Limited
Taif Holdings Corporation
Tamarix Limited
Thames Int'l Fund Mangers S.A.
Tiriwell International Limited
Torilis Investments Limited
Torque Investments Limited
Trafford Properties Limited
Treasure Drive Limited
Trimoulet Investments Limited
Tristan Investments Ltd
Tudor Grove Limited
Turret Properties Limited
Tyroll Investments Holdings Ltd
Unicorn Holdings Limited
Variona Limited
Vasco Real Estate Limited
Vasco Real Estate 2 Limited
Vasco Real Estate 3 Limited
Veja Properties Limited
Venda Holdings Limited

*Current directorships
and partnerships*

*Former directorships and
partnerships in last five years*

Rupert Evans

Assicurazioni Generali (Insurance Managers) Ltd
BMO (Channel Islands) Limited
Barb Corporation
Bear Stearns Global Growth Fund Limited (formerly Eagle & Dominion Euro American Growth Fund Ltd)
Bear Stearns Global Growth Master Fund Limited²
Caldwell Associates Ltd
Cassone Limited
Cayzer Continuation PCC Limited
C & G Channel Islands Ltd
Challenger Investments Limited
Consulta Alternative Strategy Fund PCC Ltd
Consulta Alternative Strategy Holdings Limited
Consulta (Channel Islands) Ltd
Consulta Canadian Energy Fund Ltd
Consulta Capital Fund PCC Ltd
Consulta Capital Holdings Limited
Consulta Collateral Fund PCC Limited
Consulta Collateral Holdings Limited
Consulta Emerging Markets Debt Fund Limited
Consulta High Yield Fund PCC Limited
Consulta High Yield Holdings Limited
Consulta Trust Company (Channel Islands) Limited
Dawn (Guernsey) Limited
FF & P Alternative Strategy PCC Limited
FF & P Alternative Strategy Income Subsidiary Limited
FF & P Asset Management (Guernsey) Limited
FF & P Asset Management (Cayman) Limited
FF & P Global Property Fund PCC Limited
FF & P Russia Real Estate Limited
FF & P Russia Real Estate Development Limited
FF & P Venture Fund PCC Limited
FF & P World Equities Fund Limited
First Apollo Limited
First Gemini Limited
Hope Investments Limited
HSBC Private Bank (Guernsey) Limited
Impkemix Trustee Ltd
Investec Bank (Channel Islands) Limited
Japan Special Opportunities Limited

Aviva Funds International Limited
BC Property Holdings Limited
Brock Holdings Limited
BC Property Securities Limited
Caledonia Realisation Limited
Consulta Smaller Companies Fund Limited (IVL)
Consulta Hedge (Holding) One Limited
Consulta Hedge (Holding) Two Limited
Consulta Hedge (Holding) Three Limited
Consulta Hedge (Holding) Four Limited
Consulta Hedge (Disposal) Limited
Consulta Hedge Funds Limited
Consulta Technology Fund Limited
Courtil Holdings Ltd
CTC (Guernsey) Limited
Doric Limited
Dragon (Guernsey) Limited
FF & P (Guernsey) Limited
FF & P Venture Fund II Limited
Guinness Flight Trustees SARL
Home Investments Limited
HSBC Republic Reinsurance (Guernsey) Limited
Indochina Asset Management Limited
Ionic Limited
Invesco GT Asset Management Nominees Limited
Invesco International (Guernsey) Limited
Jomer (Guernsey) Trustees Ltd
JT Limited
Lazard Fund Managers (Guernsey) Limited
Legis BVI Limited
Legis Group BVI Limited
Legis Insurance Services Limited
Legis International Management Limited
Legis Maritime Services Limited
Legis Nominees Limited
Legis UK Limited
Merrill Lynch Investment Managers (Channel Islands) Limited
Morley Investment Alternative Strategy Fund
New Star UK Hedge Fund
Nomos Trustees Limited
Norton Waverley (Guernsey) Limited
Oryx Fund Limited
First Ovalap Limited
Second Ovalap Limited
Third Ovalap Limited
Fourth Ovalap Limited
Fifth Ovalap Limited
Sixth Ovalap Limited
Ovalap Nominees Limited
Ozannes Securities Limited
Paragon Asset Management Limited

*Current directorships
and partnerships*

Lapco Limited
Legis Corporate Services Limited
Legis Group Limited
Legis Trust Limited
Leonardo Investments Limited
Lundie Limited
Maersk Offshore (Guernsey) Limited
Master Capital Fund Limited
Monitor Fund Ltd
New Star Asset Management (Guernsey)
Limited
New Star Gemini Liquidfunds
GP (Cayman) Limited
New Star Multi Strategy Fund Limited
New Star Multi Strategy Master Hedge
Fund Limited
New Star UK Gemini Liquidfunds Limited
Nippon Growth Fund Limited
North American Banks Fund Limited
Norton Waverley Insurance PCC Limited
NS Limited
NS Two Limited
Number One Limited
Olivant Limited
Oryx International Growth Fund Ltd
Ovaco Limited
Personal Holdings Limited
Property Income & Growth Fund Limited
PIG Fund Gloucester SPV Limited
PIG Fund Guildford SPV Limited
PIG Fund Winchester SPV Limited
PIG Fund Weymouth SPV Limited
PIG Fund Lynchford SPV Limited
PIG Fund Farnborough SPV Limited
PIG Fund Horsham SPV Limited
PIG Fund Poole SPV Limited
Prospect Asset Management (CI) Ltd
Prospect Japan Fund Limited
Rocknest (Guernsey) Limited
Second Apollo Limited
Second Gemini Limited
Sturdza Strategic Management Limited
(formerly Strategic Management Limited)
Strategic Euro Multi Hedge Limited
Strategic Evarich Japan Fund Limited
Strategic Evarich USD Holdings Limited
Strategic Fixed Income Opportunities
Limited
Strategic Fund Limited2
Strategic Global Opportunities Euro Holdings
Limited
Strategic Multi Hedge Fund Limited
Strategic Star Euro Holdings Limited
Strategic Star Limited2
Strategic US Opportunities Fund Limited
The Global High Yield Bond Trust Limited
Towers Perrin Eagle Star Share Plan
Services (Guernsey) Limited
WP Holdings Limited
Windward Overseas Limited

*Former directorships and
partnerships in last five years*

Painewebber Trust Co (Guernsey) Ltd
Pharmacia & Upjohn Company Limited
Property Income & Growth Fund Cheltenham
SPY Limited
Property Income & Growth Fund
Frimley SPY Limited
Raintree Global Finance Limited
SB Insurance Limited
SCM Limited
Southwark Investments Limited
Thame Insurance Company Limited
The Slovenian Fund Management Co (Guernsey)
Limited
The 450 Wirefree Systems Fund Limited
Underhill Company Limited
W2 Limited
Whittorne Holdings Limited
(All liquidations members' voluntary
liquidations)
Partner in Ozannes

| | <i>Current directorships and partnerships</i> | <i>Former directorships and partnerships in last five years</i> |
|---------------|--|--|
| Patrick Firth | Butterfield Corporate Nominees Limited Butterfield Fund Services (Guernsey) Limited Cardona Lloyd Hedge Portfolio Limited Cardona Lloyd Limited Deephaven Event Fund Ltd Deephaven Global Convertibles Select Opportunities Fund Ltd Deephaven Market Neutral Fund Ltd EuroDekania Limited Global Industrial Investments Limited Grosvenor Short Selling Fund, Ltd Grosvenor US Hedged Equity Specialists Fund Ltd Grosvenor Venture Firms Ltd Grosvenor Venture Funds Ltd Guernsey Portfolios PCC Limited Halsfield Limited JPMorgan Progressive Multi-Strategy Fund Limited Linesey Limited Maple Leaf Canada Fund Limited Moneda Latin American Fund PCC Limited Olivant Limited Porton Capital Technology Funds Professional Investor Fund PCC Limited (The) Rosebank Management Limited Rufford & Ralston PCC Limited (formerly King Street Fund PCC Limited (The)) Saltus (Channel Islands) Limited Sierra GP Limited Star Asia Finance, Limited Stratos Ventures General Partner 1 Limited T2 Income Fund Limited Victoria Capital PCC Limited Waveland Partners, Ltd | Blackfish Capital Fund I SPC Blackfish Capital (Master) Fund I SPC Cardona Lloyd (Guernsey) Limited CBI Finance Limited Deephaven Credit Opportunities Fund Ltd Deephaven Long/Short Equity Fund Ltd FF&P Russia Real Estate Adviser Holdings Limited FF&P Russia Real Estate Advisers Limited FF&P Russia Real Estate Development Limited Investment Fund Services Limited Merchbanc Management (Guernsey) Limited Royal London Property Investment Company Limited Royal London Property Portfolio Limited Thornhill Premium Fund Limited Blackfish Capital Fund I SPC Blackfish Capital (Master) Fund I SPC Cardona Lloyd (Guernsey) Limited CBI Finance Limited Deephaven Credit Opportunities Fund Ltd Deephaven Long/Short Equity Fund Ltd FF&P Russia Real Estate Adviser Holdings Limited FF&P Russia Real Estate Advisers Limited FF&P Russia Real Estate Development Limited Investment Fund Services Limited Merchbanc Management (Guernsey) Limited Royal London Property Investment Company Limited Royal London Property Portfolio Limited Thornhill Premium Fund Limited |

6.3 *Receiverships and Liquidations*

Save as disclosed in this document, none of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) been declared bankrupt or entered into an individual voluntary arrangement;
- (c) save as is detailed in paragraph 6.4 below, been a director with an executive function of any company at the time or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;
- (d) been a partner in a partnership at the time of, or within twelve months preceding, any compulsory liquidation, administration or partnership voluntary arrangement of any such partnership;
- (e) had his assets the subject of any receivership or has been a partner of a partnership at the time of or within the twelve months preceding, any assets thereof being the subject of a receivership; or
- (f) been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.4 Patrick Firth was a director of Cardona Lloyd (Guernsey) Limited, which in accordance with section 78 B of the Companies Laws was placed into Voluntary Liquidation following a shareholders' special resolution dated 1 February 2007. Cardona Lloyd (Guernsey) Limited was liquidated on 1 June 2007.

6.5 ***Terms of Appointment***

Each of the Directors has countersigned a non-executive appointment letter pursuant to which they have been appointed for an initial term of one year commencing on 30 October 2007 and ending on the first anniversary of Admission. The Board may invite each of the Directors to serve for an additional period.

Each of Rupert Evans, Richard Crowder, Lewis Grant and Patrick Firth receives a director's fee of £40,000 per annum and has agreed a minimum time commitment of two days per month. In addition, Lewis Grant will receive a fee of £5,000 per annum as chairman of the audit committee. Neither of Raymond Mould, Patrick Vaughan nor Humphrey Price are entitled to a director's fee. Each of the Directors has agreed to give not less than three months' notice should he wish to resign prior to expiry of his term of appointment. In addition to the powers of removal conferred by the Articles, the Company may request that the Director resigns by giving the Director one months' prior notice.

None of the Directors currently has a service contract with the Company or with any of its subsidiaries.

The Directors shall be subject to retirement by rotation.

6.6 ***Estimate of Remuneration***

The aggregate of the remuneration payable and benefits in kind (including pension contributions) to be granted by the Group to the Directors under the arrangements in force at the date of this document is estimated to be approximately £165,000 per annum.

6.7 ***Lock-In Arrangements***

Pursuant to the Placing Agreement, each Director who is also a Principal has agreed to comply with lock-in and 'orderly marketing' arrangements, the details of which are set out in paragraph 11.1 of this Part 7. In addition, GEPT and Rupert Evans have each agreed to comply with similar lock-in and 'orderly marketing' arrangements.

7. Substantial Shareholders

Other than the holdings of the Directors, which are set out in paragraph 6 above, the Directors are aware of the following persons who, as at the date of this document, were interested, directly or indirectly, in 3 per cent. or more of the Company's capital:

| | <i>Before Admission</i> | | <i>On Admission</i> | |
|---------------------------|-------------------------------|---|-------------------------------|--|
| | <i>No. of Ordinary Shares</i> | <i>Percentage of issued share capital</i> | <i>No. of Ordinary Shares</i> | <i>Percentage of Enlarged Issued Share Capital</i> |
| GE Asset Management Inc.* | 25,335,267 | 67.56% | 42,535,267 | 14.92% |

* Subject to the claw-back provisions in the Share Exchange Agreement set out in paragraph 11.7 in Part 7 of this document.

8. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will be sufficient for its present requirements, that is for at least the twelve months from the date of Admission.

9. Legal and Arbitration Proceedings

Save as disclosed in this document, the Company is not, or has not been, engaged in any governmental, legal or arbitration proceedings and, so far as the Directors are aware, there are no such proceedings pending or threatened against or being brought by the Company, which are having or may have or have had during the twelve months preceding the date of this document a significant effect on the Company's financial position.

10. Taxation

The information below, which is of a general nature only and which relates only to United Kingdom and Guernsey taxation, is applicable to the Company and its subsidiaries and to persons who are resident or ordinarily resident in the United Kingdom (except where indicated) and who hold Ordinary Shares as an investment. It is based on existing law and practice as at the date of this document and is subject to subsequent changes therein. Any change in the tax status of the Company or its subsidiaries or in taxation legislation in Guernsey or the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company or its subsidiaries or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post-tax returns to Shareholders. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

10.1 *The Company*

UK Taxation

It is the intention of the Directors that the affairs of the Company will be conducted so that the Company will not itself (as opposed to its subsidiaries) be subject to tax in the UK. It is the intention that the central management and control of the Company will only be in Guernsey and the Company will not carry out any trade in the United Kingdom (whether or not through a permanent establishment situated there). Any trade in the United Kingdom will be carried out by subsidiaries of the Company. Therefore the Company will not be resident in the United Kingdom for taxation purposes. On this basis the Company should not be liable to United Kingdom tax on its income and gains, although any of its subsidiaries resident in the UK or with UK property may well be subject to UK taxation on their income and gains.

Guernsey Taxation

The Company will elect to be an exempt company for Guernsey tax purposes which means that non-Guernsey sourced income and any Guernsey bank deposit interest is not subject to Guernsey income tax and there is no requirement to withhold Guernsey income tax on any interest paid. The States of Guernsey have agreed to abolish exempt status for the majority of companies with effect from 1 January 2008 and to introduce a zero rate of tax for companies carrying on all activities except a few specified types of regulated banking business. The legislation has not yet been enacted but it is not expected that the legislation will impose a Guernsey tax charge on the Company where previously there was none.

Currently there is no requirement for companies in Guernsey to deduct Guernsey tax from dividend payments. However it is likely from 1 January 2008 that Guernsey companies, possibly only those that do not have exempt status, will be required to account for tax on distributions or deemed distributions made to Guernsey-resident Shareholders. It is not expected that there will be a withholding tax charge on Shareholders not resident in Guernsey.

Guernsey currently does not levy taxes upon capital gains (with the exception of a dwellings profit tax), capital inheritances, gifts, sales or turnover, nor are there any estate duties, save for a fee for the grant of probate or letters of administration.

Document duty is payable on the creation or increase of authorised share capital at the rate of one half of one per cent. of the nominal value of the authorised share capital of a company incorporated in Guernsey up to a maximum of £5,000 in the lifetime of the Company. No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of shares.

10.2 *Investors*

UK Shareholders

The taxation of Shareholders depends on their circumstances and the following comments are intended as a general guide and may not necessarily apply once a Shareholder's specific circumstances are taken into account.

The following statements relate to a Shareholder who acquires and holds Ordinary Shares as an investment:

- (a) Individual Shareholders who are resident or ordinarily resident in the UK for tax purposes will be subject to taxation in the UK on dividends paid by the Company. Such a Shareholder will not be entitled to a tax credit in the UK on the dividends received from the Company. Therefore, the dividend will result in a tax liability for such a Shareholder.

The amount of the Shareholder's tax liability on the dividend income will depend on the individual Shareholder's marginal tax rate. Those Shareholders who are liable to income tax at the starting or basic rates will be liable to income tax at the dividend ordinary rate, currently 10 per cent. of the dividend paid. Those Shareholders who are liable to income tax at the higher rate, would be subject to income tax at the dividend upper rate, currently 32.5 per cent. of the dividend paid.

- (b) The Company should not be an offshore fund for the purposes of the provisions of Chapter V Part XVII of the Income and Corporation Taxes Act 1988 as the Company is not a "Collective Investment Scheme" within the meaning of sections 235 and 236 of the Financial Services and Markets Act 2000, as amended by section 756A of that Act.

- (c) Individual Shareholders or those not otherwise subject to Corporation tax who are resident or ordinarily resident in the UK for tax purposes will be subject to capital gains tax on the sale of their Ordinary Shares in the Company. No indexation allowance will be available to such Shareholders. Individual Shareholders are entitled to an annual exemption for capital gains. The exemption limit for the 2007-2008 tax year is £9,200.

- (d) The attention of persons resident or ordinarily resident in the United Kingdom for taxation purposes (and, if individuals, who are also domiciled in the UK for taxation purposes) is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 ("section 13"). Section 13 could be material to any such person who has an interest in the Company as a "participator" for UK taxation purposes (which includes an investor) at a time when any gain accrues to the Company or a subsidiary which constitutes a chargeable gain for those purposes if, at the time the Company is controlled by five or fewer persons so that, if the Company were resident in the UK for taxation purposes, it would be a "close company" for those purposes. In determining whether the Company is controlled by five or fewer persons, the interests of "connected" persons are aggregated and counted as those of one person. Generally, if the Company is a "close company", its capital gains are apportioned among the participators in the Company and taxed in their hands if they are UK taxpayers. These rules do not apply to non-UK domiciled persons. There is an exception for any person that does not have a greater than 10 per cent. interest in the Company. The provisions of section 13 could, if applied, result in any such person who is a "participator" in the Company being treated for the purposes of UK taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person's proportionate interest in the Company as a "participator".

- (e) Individual Shareholders who are resident or ordinarily resident in the UK but not domiciled in the UK will only be liable to UK capital gains tax to the extent that any gains on the Ordinary Shares are remitted to the UK.

- (f) Individual Shareholders who are resident or ordinarily resident in the UK should consider the provisions of section 739 and 740 of the Taxes Act 1988 which can make such individuals liable to tax on the income of the Company (before any deduction for interest) in certain circumstances.

- (g) A corporate Shareholder who is resident in the UK and who, together with connected investors, is entitled to at least 25 per cent. of the share capital of the Company should consider the provisions of the controlled foreign companies legislation in sections 747 to 756 of the Taxes Act 1988.

Non-UK shareholders

Shareholders who are not resident or ordinarily resident in the UK and do not carry on a trade or profession or vocation through a branch or permanent establishment in the UK through which the Ordinary Shares are held will not normally be liable to tax in the UK on income or gains from Ordinary Shares or the disposal of Ordinary Shares.

11. Material Contracts

Set out below is a summary of each material contract entered into by the Company other than those entered into in the ordinary course of business, to which the issuer or any member of the Group is a party, within the two years immediately preceding the date of this document:

11.1 *Placing Agreement*

Under the Placing Agreement dated 2 November 2007 between the Company, each Director who is a Principal (each a “Principal Director”), the Property Adviser and KBC Peel Hunt:

- (a) KBC Peel Hunt has agreed to act as the Company’s nominated adviser for the purpose of the AIM Rules in relation to Admission and the Placing (“the AIM Flotation”) and to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price;
- (b) the Company has agreed to pay the costs of the AIM Flotation, has given certain warranties to KBC Peel Hunt as to accuracy of the information in this document and certain other matters concerning the Company and the Group and has given an indemnity to KBC Peel Hunt and its affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the AIM Flotation;
- (c) the Company has agreed, subject to the Placing Agreement becoming unconditional, to allot and issue the Placing Shares to the persons procured by KBC Peel Hunt to subscribe them under the Placing and to pay KBC Peel Hunt a placing commission of 3 per cent. (1.5 per cent. on certain Placees introduced by the Company) (assuming that all the Placing Shares are subscribed by the persons to whom they have been provisionally allocated for the purposes of the Placing in accordance with their allocations);
- (d) the Property Adviser has given certain warranties to KBC Peel Hunt relating to itself and an indemnity to KBC Peel Hunt and its affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the AIM Flotation;
- (e) each Principal Director has given certain warranties to KBC Peel Hunt relating to the Group and himself, a “lock-in” undertaking to KBC Peel Hunt and the Company not to dispose of Ordinary Shares before the first anniversary of Admission, subject to exceptions permitted by rule 7 in the AIM Rules (which applies to the Company as a newly formed company), and an “orderly marketing” undertaking to KBC Peel Hunt and the Company not to dispose of Ordinary Shares between the first and second anniversaries of Admission or at any time afterwards for so long as KBC Peel Hunt remains nominated adviser or broker to the Company for the purposes of the AIM Rules, other than through KBC Peel Hunt and subject to various other exceptions;
- (f) exceptions to the orderly marketing undertakings referred to above apply:
 - (i) where the disposal of Ordinary Shares is to be made pursuant to an acceptance of a takeover offer for the Company or of any offer by the Company to purchase its own shares which is made on identical terms to all its shareholders or pursuant to a scheme of arrangement or liquidation (or equivalent) under the Companies Laws; and
 - (ii) to a sale of Ordinary Shares arising on the exercise of a right to subscribe such shares under an open offer or rights issue by the Company, provided the exercise is made in respect of a larger number of shares than those so sold, and the number sold is no more than is necessary to make such exercise (taking into account such sale) a self-financing

transaction, to a disposal by a Principal Director to his spouse or to a family trust or by his personal representatives to whomever the shares concerned are specifically bequeathed or to a member of his close family, to a disposal to any company or fund controlled by the Principal Director concerned that has agreed to bound by the same orderly marketing provisions, and to any transfer of Ordinary Shares pursuant to the Share Exchange Agreement (as set out in paragraph 11.7.3 of Part 7);

- (g) references to “Ordinary Shares” in relation to the lock-in and orderly marketing undertakings referred to above include (i) interests in Ordinary Shares and (ii) derivatives and other financial products whose value is wholly or mainly determined by reference to the market price or value of an Ordinary Share;
- (h) the warranties and indemnity given by the Company or (as the case may be) the Property Adviser and the warranties, lock-in and orderly marketing undertakings given by each Principal Director referred to above are all of a customary nature for this type of an agreement;
- (i) KBC Peel Hunt’s obligations are conditional on Admission occurring by 9.00 am on 7 November 2007 (or by no later than 5.00 p.m. on such later date, being no later than 30 November 2007, as the Company and KBC Peel Hunt may agree) and on the fulfilment, or waiver by KBC Peel Hunt, of certain procedural and other customary conditions; and
- (j) KBC Peel Hunt has the right to terminate the Placing Agreement prior to Admission in the event of any breach by the Company or the Property Adviser or any Principal Director of any of their respective obligations or warranties which KBC Peel Hunt considers to be material and in certain force majeure circumstances. If the Placing Agreement is terminated, the Placing will not proceed and no shares will be issued under the Placing.

11.2 *Property Advisory Agreement*

11.2.1 LSI Management and the Company entered into the Property Advisory Agreement on 30 October 2007, pursuant to which LSI Management is to provide property advisory services to the Group. Among the services to be provided to the Group, the Property Adviser is required to provide day-to-day operational property management of the Property Portfolio, as well as services in connection with:

- (a) identifying and investigating the availability for purchase by the Group of property;
- (b) sales and lettings of property; and
- (c) the development and refurbishment of property.

The Property Adviser is required to provide regular reports to the Company, including its recommendations as to any of the above activities. The Property Adviser is further required to make available all expertise and knowledge necessary to the performance of the services and to perform the services faithfully and diligently. The Property Adviser has also agreed to devote as much time and attention to the performance of its responsibilities as is necessary to fulfil its obligations under the Property Advisory Agreement.

11.2.2 Details of the fees to be paid by the Group to the Property Adviser pursuant to the Property Advisory Agreement are set out in Part 3 of this document under the heading “Property Adviser’s Fees and Incentivisation”. Details of the provisions of the Property Advisory Agreement in relation to conflicts of interest are set out in Part 3 of this document under the heading “Conflicts of Interest”.

11.2.3 The intention of the Property Adviser and the Company is that the Property Advisory Agreement shall remain in force for at least seven years, unless terminated earlier due to, *inter alia*, negative financial performance of the Company (shareholder returns that are negative or more than 5 per cent. below the prevailing FTSE 350 Real Estate Total Return Index for two successive performance fee calculation periods, excluding the initial period), insolvency of the Property Adviser, material breach by the Property

Adviser, loss of required regulatory authorisation or failure by the Company to pay fees to the Property Adviser. After five years, the Property Advisory Agreement is terminable by the Property Adviser on two years' notice.

11.3 *BoS Facility Agreement*

- 11.3.1 On 30 October 2007, LSIL and LSI (Investments) Limited (a wholly owned subsidiary of LSIL) (the “**Original Borrowers**”) entered into an English law governed facility agreement (the “**BoS Facility Agreement**”) with Bank of Scotland PLC as arranger, agent, security trustee and original lender.
- 11.3.2 The £150 million revolving credit facility (the “**BoS Facility**”) established pursuant to the BoS Facility Agreement will be made available to the Original Borrowers and any additional borrowers (together the “**Borrowers**”) for the purpose, amongst other things, of (a) refinancing the properties comprising the Initial Portfolio and of financing the acquisition and development of any additional properties (together the “**Properties**”); and (b) repayment of the Revolving Credit Facility described in paragraph 11.5 below.
- 11.3.3 The BoS Facility will be available up to and including the fifth anniversary of the first drawdown, unless extended pursuant to the terms of the BoS Facility Agreement for a further two years. Repayment must be made in full on either the fifth or seventh anniversary, as the case may be.
- 11.3.4 The following are prepayment events under the BoS Facility:
- (a) LSI Management ceases to be property adviser to the Company, and the Company does not appoint a replacement property adviser acceptable to the agent within 30 days;
 - (b) any Property is disposed of, in which event the relevant Borrower must prepay loans in an amount equal to 60 per cent. of the market value of that Property as set out in the initial valuation;
 - (c) any material part of a Property is damaged or destroyed and reinstatement works have not commenced within two years, in which event the relevant Borrower shall prepay loans in an amount equal to 60 per cent. of the market value (or if partial destruction, a proportional part thereof) of that Property as set out in the initial valuation; and
 - (d) compulsory purchase of any Property occurs which has a material adverse effect, in which event the relevant Borrower shall prepay loans in an amount equal to 60 per cent. of the market value of that Property (or if part only of a Property is compulsorily purchased, a proportional part thereof) as set out in the initial valuation.
- 11.3.5 Accrued interest on each loan advanced under the BoS Facility will be payable quarterly.
- 11.3.6 The obligations of each Borrower under the BoS Facility will be cross-guaranteed by each other Borrower.
- 11.3.7 The Borrowers will enter into security agreements with Bank of Scotland PLC as security trustee pursuant to which security interests will be granted over the Properties and the Borrowers' other assets to secure their obligations under the BoS Facility Agreement.
- 11.3.8 The BoS Facility Agreement will contain representations, warranties, covenants and property covenants given by the Borrowers in favor of the finance parties.
- 11.3.9 The events of default in the BoS Facility Agreement include, but are not limited to, non-payment, breach of other obligations, material adverse effect, cross-acceleration and insolvency.

- 11.3.10 The Borrowers' consent is required for an assignment or transfer by an existing lender under the Facility, unless the assignment or transfer is to another existing lender or an affiliate of an existing lender or an event of default is continuing. The Borrowers will be deemed to have given their consent five Business Days after the request unless consent is refused by the Borrowers within that time.
- 11.3.11 An assignment or transfer by an existing lender:
- (a) must be in a minimum amount of £25 million or the lender's total participation, if less;
 - (b) must be subject to the existing lender, if it is not assigning or transferring the whole of its participation in the Facility, retaining a participation of not less than £25,000,000;
 - (c) must result in there being no more than three Lenders; and
 - (d) made to a financial institution:
 - (i) having a long term credit rating of at least A+ by Standard & Poor's or at least A1 by Moody's;
 - (ii) incorporated in an OECD Member Country; and
 - (iii) in a Qualifying Lender for tax purposes (as defined in the BoS Facility Agreement).
- 11.3.12 If a lender does not respond to a request for a waiver, consent or amendment within 15 Business Days of such communication such lender's participation will be excluded in determining whether the necessary percentage in favour of such consent, waiver or amendment has been achieved.
- 11.3.13 Any lender that seeks to make a claim in respect of increased costs, tax gross-up or tax indemnity may be required by the Borrowers to transfer its full participation to an affiliate or to another facility office.
- 11.3.14. The Borrowers shall enter into and maintain hedging agreements for the purpose of hedging the Borrowers' obligations to pay interest in respect of loans drawn under the BoS Facility in respect of not less than 50 per cent. of such at any time.

11.4 *Development Facility*

- 11.4.1 On 17 April 2007 a facility letter in relation to a £15,000,000 property development revolving credit facility (the "**Development Facility**") was entered into between Bank of Scotland and LSI Developments Limited ("**LSI Developments**"), a wholly owned subsidiary of LSIL.
- 11.4.2 The purpose of the Development Facility is to finance the acquisition and development of properties in Yeovil, Nottingham and Gillingham (the "**Development Properties**").
- 11.4.3 The Development Facility is drawn down by way of advance, subject to Bank of Scotland being satisfied in relation to several conditions, which include no event of default existing.
- 11.4.4 Each advance must be repaid on the last business day of the interest period relating to such advance, and is then available for redrawing in accordance with the drawdown conditions.
- 11.4.5 The Development Facility will terminate on the date falling 24 months after the date on which it was entered into, when all amounts outstanding become immediately repayable.
- 11.4.6 LSI Developments has entered into an amendment (the "**Amendment**") of the Development Facility, which Amendment will become effective contemporaneously with the Placing.

Among other things, the Amendment:

- (a) eliminates the requirement for named members of the management team which comprises the Principals to remain employees or directors of LSI Developments; and

- (b) provides that it will be a mandatory prepayment event if LSI Management ceases to be property adviser to the Company without a replacement property adviser acceptable to Bank of Scotland (acting reasonably) being appointed within 30 days.

11.4.7 LSI Developments is obliged to use the net proceeds of sale of units in excess of £250,000 to prepay and cancel advances under the Development Facility.

11.4.8 LSI Developments has entered into security agreements with the Bank of Scotland pursuant to which security interests were granted over the Development Properties and its other assets as security for its obligations under the Development Facility.

11.5 *LSIL Bank of Scotland Revolving Credit Facility*

11.5.1 On 11 May 2006 a facility letter in relation to a revolving credit facility (the “**Revolving Credit Facility**”) was entered into between LSIL and Bank of Scotland. The current size of the Revolving Credit Facility is £30,000,000. It is proposed that the Revolving Credit Facility will be refinanced with the proceeds of the BoS Facility Agreement and will thereafter be cancelled.

11.5.2 The Revolving Credit Facility was, amongst other things, made available (i) to finance the acquisition of property in Stoke by LSIL, (ii) to finance or refinance the acquisition of additional property (together with the property in Stoke, the “**Properties**”), and (iii) for general working capital purposes.

11.5.3 The Revolving Credit Facility was originally available until the date falling 364 days after the date on which it was entered into, but the availability period has subsequently been extended twice, most recently to extend the availability period to 31 December 2007 when all advances thereunder become immediately repayable unless otherwise agreed in writing by the Bank of Scotland.

Each advance is repayable on the interest payment date relating to such advance and is available for re-drawing in accordance with the drawdown conditions.

11.5.4 Voluntary prepayment is permitted with seven Business Days’ notice in writing to the Bank of Scotland and voluntary cancellation is permitted with five Business Days’ notice in writing to the Bank of Scotland. In each case, any amount prepaid or cancelled must be in a minimum amount of £250,000 and in integral multiples of £25,000 (or the balance, if less).

11.5.5 It is a mandatory prepayment event in the event of:

- (a) a sale of the business and assets of LSIL and its subsidiaries (the “**LSIL Group**”) to any person outside the LSIL Group;
- (b) a listing on any recognised stock or investment exchange of any shares in LSIL or its subsidiaries which hold any Property (“**Relevant Subsidiaries**”); or
- (c) a change of control other than to specified entities, such as the holding company of LSIL.

Any amount cancelled or prepaid pursuant to the above conditions is not available for redrawing.

11.5.6 The Revolving Credit Facility is unsecured unless a default occurs, which includes but is not limited to non payment, breach of other obligations, breach of financial covenants and insolvency.

Any Relevant Subsidiaries acquired or incorporated after the date the Revolving Credit Facility was entered into shall enter into such guarantee documentation as the Bank of Scotland may require as security for all liabilities owing and due to the Bank of Scotland, in each case in compliance with the financial assistance requirements set out in the Companies Act 1985.

11.6 *Eurohypo Facility*

- 11.6.1 On 2 August 2006 LSI Belgium Limited (“**LSI Belgium**”) entered into a facility agreement in relation to a term loan facility in the amount of €17,262,800 with Eurohypo AG, London Branch (“**Eurohypo**”) as arranger, lender, hedging counterparty and facility agent (the “**Eurohypo Facility**”).
- 11.6.2 The Eurohypo Facility was made available to finance the costs of the acquisition of a Belgian company (now LSI Retail NV) and its subsidiaries, and to refinance all their debt and related expenses.
- 11.6.3 LSIL Belgium has entered into an amendment (the “**Amendment**”) of the Eurohypo Facility, which Amendment became effective on 7 August 2007. Among other things, the Amendment reflects the structural re-organisation occurring as a result of (i) the incorporation of the Company, (ii) LSI Belgium becoming a direct subsidiary of LSIL, and (iii) both LSI Belgium and LSIL becoming subsidiaries of the Company.
- 11.6.4 The Eurohypo Facility will terminate on the fifth anniversary of the date on which it was entered into.
- 11.6.5 LSIL has created security over the shares in LSI Belgium in favour of Eurohypo. LSI Belgium and its subsidiaries have entered into security agreements with Eurohypo pursuant to which security interests were granted over their property and assets as security for all obligations under the Eurohypo Facility.
- 11.6.6 LSI Belgium entered into a subordinated loan for an amount of €10,503,836 with LSI Europe Limited dated on or around 3 August 2006 (the “**Original Subordinated Loan**”). In connection with the structural re-organisation, the Original Subordinated Loan has been repaid and a new subordinated loan in an amount of €15,000,000 was advanced by LSIL to LSI Belgium on 7 August 2007 (the “**New Subordinated Loan**”). The New Subordinated Loan is subordinate to amounts owed to the lenders under the Eurohypo Facility, as described in a subordination deed entered into between LSI Belgium, LSIL and Eurohypo and dated 7 August 2007.
- 11.6.7 The Eurohypo Facility will be repaid in the event LSE Belgium and/or LSI Retail NV completes the Proposed Disposals described in paragraph 11.10 of Part 7, whether prior to or post Admission.

11.7 *Share Exchange Agreement*

- 11.7.1 On 30 October 2007 the Company entered into a share exchange agreement with the Principals, Jeremy Bishop, Stewart Little and GEPT to acquire LSIL and its subsidiaries.
- 11.7.2 LSIL was transferred for a value of £37.5 million.
- 11.7.3 The transfer value of LSIL includes a sum attributable to the future satisfaction of the value enhancement strategy in place in respect of the property at Barracks Road, Newcastle-under-Lyme (the “**Condition**”) (the “**Maximum Transfer Value**”). If the Condition is not satisfied by 31 December 2007, the Principals and GEPT will be required to either (i) pay to the Company a sum equivalent to the difference in value between the Maximum Transfer Value as adjusted to reflect either (a) the net proceeds resulting from the satisfaction of the condition or (b) if the condition is not satisfied, a valuation of the property at Barracks Road, Newcastle-under-Lyme equal to £6,250,000 (the “**Settlement Transfer Value**”) in respect of the additional shares received pursuant to the Share Exchange Agreement or (ii) to sell to the Company for a nominal sum those shares which represent, in value, the difference between the Maximum Transfer Value and the Settlement Transfer Value.

- 11.7.4 The Share Exchange Agreement contains provisions terminating the existing shareholders agreement which governs the terms and conditions on which the subscribers to LSIL invested in LSIL and provisions for the management and administration of LSIL's affairs.

11.8 *Administration Agreement*

- 11.8.1 The Company has entered into an Administration Agreement with Butterfield Fund Services (Guernsey) Limited (the "**Administrator**") whereby the Company appoints the Administrator to act as administrator, secretary and perform certain accounting services in relation to the Company with effect from the date of Admission.
- 11.8.2 For these services the Company will pay the Administrator an annual fee based upon time spent, subject to a minimum fee of £12,500 payable quarterly in arrears. In addition a set up fee based on time spent will be payable subject to a minimum of £7,500. The Administrator shall be entitled to receive additional fees for the provision of other supplemental services and for reasonable out-of-pocket expenses properly incurred by the Administrator in carrying out its duties.
- 11.8.3 The Administration Agreement contains an indemnity in favour of the Administrator for any costs incurred by it in the performance of its duties save where due to its own negligence or wilful default.
- 11.8.4 The Administration Agreement is terminable by either party on not less than 90 days' notice save in certain limited circumstances in which case the Administration Agreement may be terminated with immediate effect.

11.9 *Offshore Registrar Agreement*

- 11.9.1 The Company has entered into an offshore registrar agreement with Capita Registrars (Guernsey) Limited ("Registrar") whereby the Company appoints the Registrar to act as registrar of its offshore register of members with effect from the date of Admission.
- 11.9.2 Fees are payable by the Company to the Registrar quarterly in arrears. The initial fee structure consists mainly of (i) a charge of £2.00 per shareholder account per annum, subject to a minimum annual charge of £5,500; (ii) CREST transfers charged at £0.20 per transfer and non-CREST transfers charged at £0.75 per transfer; (iii) a charge of £2,000 per annum for the maintenance of the register of members in Guernsey and the provision of a UK transfer agent and; (iv) Web Portal access charged at £500 per annum. Additional fees are charged for other supplemental services. The initial fee arrangements can be revised by the Registrar once in each calendar year, unless a change in the law requires an earlier revision of fees.
- 11.9.3 The Registrar's liability under the offshore registrar agreement is limited to the lesser of (i) £1,000,000 or; (ii) an amount equal to ten times the total annual fee payable to the Registrar under the offshore registrar agreement.
- 11.9.4 The offshore registrar agreement can be terminated (i) upon the expiry of not less than three months' notice given by the Company to the Registrar, such notice to expire no earlier than the first anniversary of the date of the Offshore Registrar Agreement; (ii) upon the expiry of not less than three months' notice of termination given by the Registrar to the Company; (iii) immediately on notice of either party in the case of liquidation (or other insolvency events) or material breach of the Offshore Registrar Agreement or; (iv) immediately on notice by the Company if the Registrar ceases to be able to act as a registrar under applicable law.

11.10 *Memorandum of Understanding in Respect of Proposed Disposals of Subsidiaries*

- 11.10.1 LSI Belgium and its wholly-owned subsidiaries have entered into a memorandum of understanding (the "**MoU**") with a real estate investment company (the "**Investor**") pursuant to which the Investor may acquire the entire issued share capital of LSI Retail

NV and its wholly-owned subsidiaries LSI Projects NV and Immatov NV at arm's length (the "**Proposed Disposals**"). Pursuant to the MoU, LSI Belgium and LSI Projects NV have granted the Investor a period of exclusivity for the purposes of carrying out due diligence and signing binding sale and purchase agreements in respect of the Proposed Disposals.

11.10.2 If LSI Belgium and LSI Retail NV were to sign binding sale and purchase agreements in respect of the Proposed Disposals prior to Admission, these would constitute material contracts for the Group, further details of which would be disclosed in this paragraph 11.10.

11.10.3 No guarantee is given that LSI Belgium and/or LSI Retail NV will complete the Proposed Disposals whether prior to or post Admission.

12. Other Information

12.1 Jones Lang LaSalle of 10 rue Montoyer, 1000 Brussels, Belgium, has given and not withdrawn its written consent to the inclusion of its report on the Company set out in Part 5 of this document in the form and context in which it appears and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules. Jones Lang LaSalle has no material interest in the Company.

12.2 CB Richard Ellis of St. Martin's Court, 10 Paternoster Row, London EC4M 7HP, has given and not withdrawn its written consent to the inclusion of its report on the Company set out in Part 5 of this document in the form and context in which it appears and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules. CB Richard Ellis has no material interest in the Company.

12.3 BDO Stoy Hayward LLP of Emerald House, East Street, Epsom KT17 1HS, has given and not withdrawn its written consent to the inclusion of its report on the Company set out in Section A of Part 6 of this document in the form and context in which it appears and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules. BDO Stoy Hayward LLP has no material interest in the Company.

12.4 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for there to be dealings in the Ordinary Shares.

12.5 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has (i) received, directly or indirectly, from the Company within the 12 months preceding the date of this document or (ii) entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:

- (a) fees totalling £10,000 or more; or
- (b) securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
- (c) any other benefit with a value of £10,000 or more on the date of Admission.

12.6 The Company's nominated adviser and broker is KBC Peel Hunt, whose principal place of business is 111 Old Broad Street, London EC2N 1PH.

12.7 The accounting reference date of the Company is 31 March.

12.8 The total costs and expenses in relation to Admission and the Placing (including registration and London Stock Exchange fees, printing, advertising and distribution costs, legal, accounting, corporate finance and public relations fees and expenses) are payable by the Company and (assuming subscription in full) are estimated to amount to approximately £9.5 million, excluding value added tax.

12.9 It is expected that definitive share certificates will be despatched by first class post on 21 November 2007. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 7 November 2007. No temporary documents of title will be issued.

- 12.10 Save as disclosed in this document, there have been no significant changes in the financial or trading position of the Company since its incorporation.
- 12.11 The graph on page 19 of this document has been sourced from Investment Property Databank (IPD) - an independent research company with company number 1879480 and registered address at 1 St John's Lane, London, EC1M 4BL, England. To the extent that information in this document has been sourced from IPD or any other third party, it has been accurately reproduced and so far as the Company is aware and able to ascertain from the information published by IPD or that third party (as relevant), no facts have been omitted which would render the reproduced information inaccurate or misleading.

13. Availability of this document

Copies of this document will be available to the public free of charge from the registered office of the Company, at 2nd Floor, Regency Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 3NQ, and from the offices of KBC Peel Hunt, at 4th Floor, 111 Old Broad Street, London EC2N 1PH, during normal office hours, Saturdays and Sundays excepted, from the date of this document until the date which is one month following Admission.

2 November 2007

APPENDIX

TERMS AND CONDITIONS OF THE PLACING FOR INVITED PLACEES ONLY – IMPORTANT INFORMATION

1. Eligible Participants

This document, including the terms and conditions of the Placing set out in this Appendix, is directed only at (i) persons (“FSMA Qualified Investors”) who are both “qualified investors” as referred to at section 86(7) of the Financial Services and Markets Act 2000 (“FSMA”) and are persons at or to whom any private communication relating to the Company that is a “financial promotion” (as such term is used in relation to FSMA) may lawfully be issued, directed or otherwise communicated without the need for it to be approved, made or directed by an “authorised person” as referred to in FSMA and (ii) certain other persons with whom KBC Peel Hunt has communicated previously in relation to the Placing.

In this Appendix “Placee” means any person who is or becomes committed to acquire Placing Shares under the Placing.

Members of the public are not eligible to take part in the Placing.

2. Overseas jurisdictions

The distribution of this document and/or issue of ordinary shares pursuant to the Placing or otherwise in certain jurisdictions outside the United Kingdom may be restricted by law. Persons who seek to participate in the Placing must inform themselves about and observe any such restrictions. In particular, this document does not constitute an offer to sell or issue or the solicitation of an offer to buy ordinary shares in the United States, Canada, Japan or Australia or in any other jurisdiction in which such offer or solicitation is or would be unlawful.

Subject to certain exceptions, the Ordinary Shares may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S. KBC Peel Hunt may arrange for the offer and sale of Ordinary Shares in the United States only to persons who are “Qualified Institutional Buyers”, (as defined in Rule 144A) in a private placement transaction not involving a public offering.

The Company has agreed that, for so long as any of the Ordinary Shares are “restricted securities” (as defined in Rule 144 under the Securities Act), if it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2b thereunder, it will provide to any seller or prospective purchaser of the Ordinary Shares the information specified in Rule 144A(d)(4).

Further, as described in paragraph 4.3 (“Compulsory transfer of shares”) of Part 7 of this document, prospective investors who are “benefit plan investors” within the meaning of Section 3(42) of ERISA must, if they become aware that they are holding or owning (directly or indirectly) Prohibited Shares, disclose this fact to the Company and transfer such shares to another person in circumstances where the shares will cease to be classified as Prohibited Shares.

Any US persons acquiring Ordinary Shares shall be required to execute and deliver a purchaser’s letter, setting out, among other things, the transfer restrictions applicable to the Ordinary Shares they purchase, in a form satisfactory to the Company.

3. Placing

KBC Peel Hunt is arranging the Placing as agent for and on behalf of the Company. KBC Peel Hunt will determine in its absolute discretion the extent of each Placee’s participation in the Placing, which will not necessarily be the same for each Placee. No commissions will be paid to or by Placees in respect of their agreement to acquire any Placing Shares.

Each Placee will be required to pay to KBC Peel Hunt, on the Company’s behalf, the Placing Price for each Placing Share agreed to be acquired by it under the Placing in accordance with the terms set out in this Appendix. Each Placee’s obligation to acquire and pay for Placing Shares under the

Placing will be owed to each of KBC Peel Hunt and the Company. Each Placee will be deemed to have read this Appendix in its entirety. To the fullest extent permitted by law and applicable FSA rules, neither KBC Peel Hunt nor any other KBC Person shall have any liability to Placees or to any person other than the Company in respect of the Placing.

4. Participation and settlement

Participation in the Placing is only available to persons who are invited to participate in it by KBC Peel Hunt.

A Placee's commitment to acquire a fixed number of Placing Shares under the Placing will be agreed orally with KBC Peel Hunt. Such agreement will constitute a legally binding commitment on such Placee's part to acquire that number of Placing Shares at the Placing Price on the terms and conditions set out or referred to in this Appendix and subject to the Company's Memorandum and Articles of Association. After such agreement is entered into a written confirmation will be dispatched to the Placee by KBC Peel Hunt confirming (i) the number of Placing Shares that such Placee has agreed to acquire, (ii) the aggregate amount such Placee will be required to pay for those Placing Shares and (iii) settlement instructions. It is expected that such written confirmations will be despatched by the date on which this document is published and that the "trade date" for settlement purposes will be 5 November 2007 and the "settlement date" will be 7 November 2007.

A settlement instruction form will accompany each written confirmation and, on receipt, should be completed and returned to Jamie Reynolds at KBC Peel Hunt by fax on 020 7972 0112 as soon as possible, and by no later than 3.00 p.m. on 2 November 2007.

Settlement of transactions in the Placing Shares (ISIN: GG00B1Z5TP40; SEDOL: B1Z5TP4) will take place within the CREST system, subject to certain exceptions, on a "delivery versus payment" (or "DVP") basis. Placees should settle against CREST ID: 546. KBC Peel Hunt reserves the right to require settlement for and delivery of any Placing Shares to any Placees by such other means that it deems appropriate if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this Appendix or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

A Placee whose Placing Shares are to be delivered to a custodian or settlement agent should ensure that the written confirmation is copied and delivered immediately to the appropriate person within that organisation.

5. No Prospectus

No prospectus has been or will be submitted for approval by the FSA in relation to the Placing or the Placing Shares. Placees' commitments in respect of Placing Shares will be made solely on the basis of the information contained in this document and on the terms contained in it.

6. Placing Shares

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing ordinary shares in issue on Admission.

Application will be made for the admission of the Ordinary Shares, including the Placing Shares, to trading on AIM. It is expected that Admission will take place, and dealings in the Placing Shares will commence, on 7 November 2007.

7. Placing Agreement

KBC Peel Hunt has agreed, on the terms and subject to the conditions set out in the Placing Agreement, to use its reasonable endeavours as agent of the Company to procure persons to acquire all the Placing Shares at the Placing Price.

8. Placing conditions

The Placing is conditional, *inter alia*, on (i) the Placing Agreement not being terminated in accordance with its terms, (ii) Admission taking place not later than 8.00 a.m. on 7 November 2007, and (iii) the Placing Agreement becoming unconditional in all other respects.

KBC Peel Hunt reserves the right (with the agreement of the Company) to waive or extend the time and or date for the fulfilment of any of the conditions in the Placing Agreement to a time no later than 5.00 p.m. on 30 November 2007 (“the Long Stop Date”).

If any condition in the Placing Agreement is not fulfilled or waived by KBC Peel Hunt by the relevant time, the Placing will lapse and each Placee’s rights and obligations pursuant to the Placing shall cease and terminate at such time.

The Placing Agreement may be terminated by KBC Peel Hunt at any time prior to Admission in certain circumstances including, *inter alia*, following a material breach of the Placing Agreement by the Company or the occurrence of certain *force majeure* events. The exercise of any right of termination pursuant to the Placing Agreement, any waiver of any condition in the Placing Agreement and any decision by KBC Peel Hunt whether or not to extend the time for satisfaction of any condition in the Placing Agreement or otherwise in respect of the Placing shall be within KBC Peel Hunt’s absolute discretion. KBC Peel Hunt shall have no liability to any Placee in the event of any such termination, waiver or extension or in respect of any decision whether to exercise any such right of termination, waiver or extension.

The Company will inform each Placee if KBC Peel Hunt’s obligations under the Placing Agreement do not become unconditional by 8.00 a.m. on 7 November 2007, or such later time and date as KBC Peel Hunt may in its absolute discretion determine (being no later than 5.00 p.m. on the Long Stop Date).

9. Payment default

A Placee’s entitlement to receive any Placing Shares will be conditional on KBC Peel Hunt’s receipt of payment by the relevant time to be stated in the written confirmation referred to above, or by such later time and date as KBC Peel Hunt may in its absolute discretion determine. KBC Peel Hunt may, in its absolute discretion, waive such condition, and shall not be liable to any Placee in the event of it deciding whether to waive or not to waive such condition.

If any Placee fails to make such payment by the required time for any Placing Shares (1) the Company may release itself (if it decides, at its absolute discretion, to do so) and will be released from all obligations it may have to allot and/or issue any such Placing Shares to such Placee or at its direction which are then unallotted and/or unissued, (2) the Company may exercise all rights of lien, forfeiture and set-off over and in respect of any such Placing Shares to the fullest extent permitted under its articles of association or otherwise by law and to the extent that such Placee then has any interest in or rights in respect of any such shares, (3) the Company or, as applicable, KBC Peel Hunt may sell (and each of them is irrevocably authorised by such Placee to do so) all or any of such shares on such Placee’s behalf and then retain from the proceeds, for the account and benefit of the Company or, where applicable, KBC Peel Hunt (i) any amount up to the total amount due to it as, or in respect of, subscription monies, or as interest on such monies, for any Placing Shares, (ii) any amount required to cover any stamp duty or stamp duty reserve tax arising on the sale, and (iii) any amount required to cover dealing costs and/or commissions necessarily or reasonably incurred by it in respect of such sale, and (4) such Placee shall remain liable to the Company and to KBC Peel Hunt for the full amount of any losses and of any costs which it may suffer or incur as a result of it (i) not receiving payment in full for such Placing Shares by the required time, and/or (ii) the sale of any such Placing Shares to any other person at whatever price and on whatever terms are actually obtained for such sale by or for it. Interest may be charged in respect of payments not received by KBC Peel Hunt for value by the required time referred to above at the rate of two percentage points above the base rate of Barclays Bank plc.

10. Placees’ warranties and undertakings to the Company and KBC Peel Hunt

By agreeing with KBC Peel Hunt to acquire Placing Shares under the Placing a Placee will irrevocably acknowledge and confirm and warrant and undertake to, and agree with, each of the Company and KBC Peel Hunt, in each case as a fundamental term of such Placee’s application for Placing Shares and of the Company’s obligation to allot and/or issue any Placing Shares to it or at its direction, that:

- (a) it agrees to and accepts all the terms set out in this Appendix and all other terms relating to the Placing set out in this document;

- (b) its rights and obligations in respect of the Placing will terminate only in the circumstances described in this Appendix and will not be capable of rescission or termination by it in any circumstances;
- (c) the contents of this document, which has been issued by the Company, are the responsibility of the Company and of those persons who are stated in it as having accepted responsibility for such contents, and of no other persons;
- (d) it has not been, and will not be, given any warranty or representation in relation to the Placing Shares or to the Company or to any other member of its Group in connection with the Placing, other than any representation made in this document (for which the only person(s) responsible to it is or are the person(s) stated in this document as having accepted responsibility for such representation);
- (e) it has not relied on any representation or warranty in reaching its decision to acquire Placing Shares under the Placing, save as given or made by the Company as referred to in the previous paragraph;
- (f) it is not a customer of KBC Peel Hunt in relation to the Placings and KBC Peel Hunt is not acting for it in connection with the Placing and will not be responsible to it in respect of the Placing for providing protections afforded to its customers;
- (g) it has not been, and will not be, given any warranty or representation by any KBC Person in relation to any Placing Shares or the Company or any other member of its Group;
- (h) it will pay the full amount at the Placing Price as and when required in respect of all Placing Shares allocated to it in accordance with such terms and will do all things necessary on its part to ensure that payment for such shares and their delivery to it or at its direction is completed in accordance with the standing CREST instructions (or, where applicable, standing certificated settlement instructions) that it has in place with KBC Peel Hunt or puts in place with KBC Peel Hunt with its agreement;
- (i) it is entitled to acquire Placing Shares under the laws of all relevant jurisdictions which apply to it and it has complied, and will fully comply, with all such laws (including where applicable, the Anti-Terrorism, Crime and Security Act 2001, the Proceeds of Crime Act 2002, and the Money Laundering Regulations 2003) and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such acquisition, and it will provide promptly to KBC Peel Hunt such evidence, if any, as to the identity or location or legal status of any person which KBC Peel Hunt may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by KBC Peel Hunt on the basis that any failure by it to do so may result in the number of Placing Shares that are to be allotted and/or issued to it or at its direction pursuant to the Placing being reduced to such number, or to nil, as KBC Peel Hunt may decide at its sole discretion;
- (j) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (“FSMA”) with respect to anything done or to be done by it in relation to any Placing Shares in, from or otherwise involving the United Kingdom and it has not made or communicated or caused to be made or communicated, and it will not make or communicate or cause to be made or communicated, any “financial promotion” in relation to Placing Shares in contravention of section 21 of FSMA;
- (k) it is a FSMA Qualified Investor or it is otherwise a person at or to whom any private communication relating to the Company that is a “financial promotion” (as such term is used in relation to FSMA) may lawfully be issued, directed or otherwise communicated without the need for it to be approved, made or directed by an “authorised person” as referred to in FSMA;
- (l) it is acting as principal only in respect of the Placing or, if it is acting for any other person in respect of the Placing (1) it is duly authorised to do so, (2) it is and remains liable to the Company and/or KBC Peel Hunt for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person), (3) it is both an “authorised person” for the purposes of FSMA and a “qualified investor” as defined at Article 2.1(e)(i) of Directive 2003/71/EC (known as the Prospectus Directive) acting as agent for such person,

- and (4) such person is either (i) a FSMA Qualified Investor or (ii) its “client” (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to him;
- (m) nothing has been done or will be done by it in relation to the Placing or to any Placing Shares that has resulted or will result in any person being required to publish a prospectus in relation to the Company or to any ordinary shares in accordance with FSMA or the UK Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the European Economic Area;
 - (n) it is not, and are not acting in relation to the Placing as nominee or agent for, a person who is or may be liable to stamp duty or stamp duty reserve tax in respect of any agreement to acquire (or any acquisition of) shares or other securities at a rate in excess of 0.5 per cent. (including, without limitation, under sections 67, 70, 93 or 96 of the Finance Act 1986 concerning depositary receipts and clearance services), and the allocation, allotment, issue and/or delivery to it, or any person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any such section;
 - (o) it will not treat any Placing Shares in any manner that would contravene any legislation applicable in any territory or jurisdiction and no aspect of its participation in the Placing will contravene any legislation applicable in any territory or jurisdiction in any respect or cause the Company or KBC Peel Hunt to contravene any such legislation in any respect;
 - (p) (applicable terms and expressions used in this paragraph have the meanings that they have in Regulation S) (1) none of the Placing Shares has been or will be registered under the Securities Act, (2) none of the Placing Shares may be offered or sold, directly or indirectly, into the United States or to, or for the account or benefit of, any US Person except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act;
 - (q) KBC Peel Hunt may (at its absolute discretion) satisfy its obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any other KBC Person or any person associated with any KBC Person to do so;
 - (r) time is of the essence as regards its obligations under this Appendix;
 - (s) this Appendix and any contract which may be entered into between it and KBC Peel Hunt and/or the Company pursuant to it or the Placing shall be governed by and construed in accordance with the laws of England, for which purpose it submits to the exclusive jurisdiction of the courts of England and Wales as regards any claim, dispute, or matter arising out of or relating to this Appendix or such contract, except that each of the Company and KBC Peel Hunt shall have the right to bring enforcement proceedings in respect of any judgement obtained against such Placee in the courts of England and Wales in the courts of any other relevant jurisdiction;
 - (t) each right or remedy of the Company or KBC Peel Hunt provided for in this Appendix is in addition to any other right or remedy which is available to such person and the exercise of any such right or remedy in whole or in part shall not preclude the subsequent exercise of any such right or remedy;
 - (u) any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to KBC Peel Hunt;
 - (v) nothing in this Appendix shall exclude any liability of any person for fraud on its part and all times and dates in this Appendix are subject to amendment at the discretion of KBC Peel Hunt except that in no circumstances will the date scheduled for Admission be later than the Long Stop Date; and
 - (w) none of its rights or obligations in respect of the Placing is conditional on any other person agreeing to acquire any Placing Shares under the Placing and no failure by any other Placee to meet any of its obligations in respect of the Placing shall effect any of its obligations in respect of the Placing.

