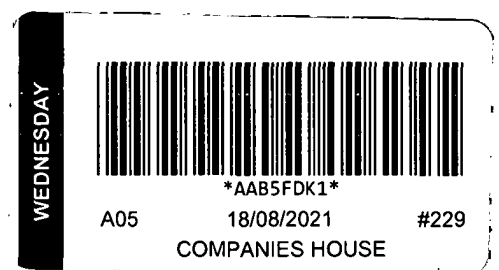


Company Registration No. 03539331

LSI (Investments) Limited

**Unaudited Annual Report and Financial
Statements**

For the year ended 31 March 2021



LSI (Investments) Limited

Unaudited annual report and financial statements for the year ended 31 March 2021

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LSI (Investments) Limited

Unaudited annual report and financial statements for the year ended 31 March 2021

Company information

Directors

Martin McGann
Mark Stirling
Andrew Jones
Valentine Beresford

Company Secretary

Jadzia Duzniak

Registered Office

1 Curzon Street
London
W1J 5HB

LSI (Investments) Limited

Directors' report

The directors present their report with the unaudited financial statements for the year ended 31 March 2021.

Small companies note

The Company qualifies as a small company under section 382 of the Companies Act 2006 and accordingly has not produced a Strategic report. In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Business review and principal activities

The principal activity of the Company is property investment. The directors do not anticipate any significant change in the principal activity in the foreseeable future.

The Company owns an investment property in Campbell Road, Stoke on Trent.

The Company is a wholly owned subsidiary of LondonMetric Property Plc and part of the LondonMetric Property Plc group ("the Group").

Going concern

The accounts have been prepared on a going concern basis. The Company is in a net asset position but has net current liabilities. The Company's parent, LondonMetric Property Plc, has confirmed its continuing financial support by way of an intercompany loan to be provided as and when required and therefore the directors consider the Company is in a position to meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months following the approval of these financial statements.

Results and dividends

The results for the Company show a pre-tax profit of £2,031,480 (2019/20: profit £927,252). Dividends of £957,405 (2019/20: £1,381,752) were paid during the year. The Company has net assets of £18,477,691 (2019/20: £15,483,816) and amounts owing to group companies of £10,801,272 (2019/20: £12,224,319).

Directors

The present directors of the Company all of whom served throughout the year and subsequently, unless otherwise stated, are as shown on page 1.

None of the directors have a service agreement with the Company and they are not entitled to any compensation on termination of appointment or sale of the Company by the Group.

The Group has arranged insurance cover in respect of legal action against its directors, which include the directors of the Company.

Audit exemption taken for the year ended 31 March 2021

The Company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Act, as disclosed on pages 174 to 175 of LondonMetric Property Plc Annual Report and Accounts 2021. The ultimate holding company and controlling party is LondonMetric Property Plc.

On behalf of the Board



Martin McGann
Director

15 July 2021

LSI (Investments) Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

LSI (Investments) Limited

Profit and loss account Year ended 31 March 2021

	Notes	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Gross rental income		1,409,172	803,666
Property operating expenses		(4,243)	(450,508)
Net rental income		1,404,929	353,158
Profit on revaluation of investment property	5	1,030,528	917,555
Operating profit		2,435,457	1,270,713
Finance costs	3	(403,977)	(343,461)
Profit before tax		2,031,480	927,252
Tax	4	-	-
Profit after tax		2,031,480	927,252

All activities during the current and prior year are derived from continuing operations.

There are no other items of comprehensive income or expense in the current or prior year and therefore no statement of comprehensive income is shown.

The notes on pages 7 to 14 form part of these financial statements.

LSI (Investments) Limited

Balance sheet As at 31 March 2021

	Notes	31 March 2021 £	31 March 2020 £
Non-current assets			
Investment property	5	29,800,000	28,200,000
Total non-current assets		29,800,000	28,200,000
Current assets			
Trade and other receivables	6	-	14,683
Total current assets		-	14,683
Total assets		29,800,000	28,214,683
Current liabilities			
Trade and other payables	7	(521,037)	(506,548)
Total current liabilities		(521,037)	(506,548)
Total assets less current liabilities		29,278,963	27,708,135
Non-current liabilities			
Amounts owing to Group undertakings	8	(10,801,272)	(12,224,319)
Total liabilities		(11,322,309)	(12,730,867)
Net assets		18,477,691	15,483,816
Equity			
Share capital	9	16,545,101	14,625,301
Retained earnings		1,932,590	858,515
Total equity		18,477,691	15,483,816

For the financial year ending 31 March 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of LSI (Investments) Limited (registered number 03539331) were approved by the Board of Directors and authorised for issue on 15 July 2021 and signed on its behalf by:



Martin McGann
Director

The notes on pages 7 to 14 form part of these financial statements.

LSI (Investments) Limited

Statement of changes in equity Year ended 31 March 2021

	Share capital £	Retained earnings £	Total equity £
At 1 April 2020	14,625,301	858,515	15,483,816
Shares issued at par	1,919,800	-	1,919,800
Profit for the year	-	2,031,480	2,031,480
Dividends paid	-	(957,405)	(957,405)
At 31 March 2021	16,545,101	1,932,590	18,477,691

Year ended 31 March 2020

	Share capital £	Retained earnings £	Total equity £
At 1 April 2019	14,625,301	1,313,015	15,938,316
Profit for the year	-	927,252	927,252
Dividends paid	-	(1,381,752)	(1,381,752)
At 31 March 2020	14,625,301	858,515	15,483,816

The notes on pages 7 to 14 form part of these financial statements.

LSI (Investments) Limited

Notes to the financial statements Year ended 31 March 2021

1. Significant accounting policies

a) General information

LSI (Investments) Limited is a private limited company incorporated in England under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the business review on page 2.

b) Statement of compliance

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash-flow statement, financial instruments, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of LondonMetric Property Plc. The group accounts of LondonMetric Property Plc are available to the public and can be obtained as set out in note 11.

c) Going concern

The financial statements have been prepared on a going concern basis. This is discussed further in the Directors' report on page 2.

d) Basis of preparation

The functional and presentational currency of the Company is sterling. The financial statements are prepared on the historical cost basis except that investment properties are stated at fair value.

The accounting policies have been applied consistently in all material respects except for the adoption of new and revised standards as noted below.

Significant accounting estimates and judgements

The preparation of financial statements in conformity with FRS101 requires directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The accounting policies subject to significant judgements and estimates are as follows:

Significant areas of estimation uncertainty

Property valuations

The valuation of investment properties is a critical part of the Company's performance. The Company carries investment properties at fair value in the balance sheet and engages professionally qualified external valuers to undertake six monthly valuations.

LSI (Investments) Limited

Notes to the financial statements (continued) Year ended 31 March 2021

1. Significant accounting policies (continued)

d) Basis of preparation (continued)

The determination of the fair value of each property requires, to the extent applicable, the use of estimates and assumptions in relation to factors such as estimated rental value and current market yields. In addition, to the extent possible, the valuers make reference to market evidence of transaction prices for similar properties.

The fair value of a development property is determined by using the 'residual method', which deducts all estimated costs necessary to complete the development, together with an allowance for development risk, profit and purchasers' costs, from the fair valuation of the completed property.

The Covid-19 pandemic has led to a heightened degree of uncertainty surrounding property valuations and some real estate markets have experienced lower transactional activity. At the 31 March 2020 valuation date, the valuers included a material uncertainty clause in their valuation report. At 31 March 2021 the valuers considered that there was adequate market evidence upon which to base opinions of value and have not included a material uncertainty clause in their valuation report.

Significant transactions

Some property transactions are large or complex and require judgements to be made on the appropriate accounting treatment. Complexities include conditionality inherent in transactions and other unusual terms and conditions. There is a risk that an inappropriate approach could lead to a misstatement in the financial statements.

e) Property portfolio

i) Investment properties

Investment properties are properties owned or leased by the Company which are held for long term rental income and for capital appreciation. Investment property may include property that is being constructed, developed or redeveloped for future use as an investment property. Investment property is initially recognised at cost, including related transaction costs. It is subsequently carried at each published balance sheet date at fair value on an open market basis as determined by professionally qualified independent external valuers. Changes in fair value are included in the profit and loss account. Where a property held for investment is appropriated to development property, it is transferred at fair value. A property ceases to be treated as a development property on practical completion.

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

Investment property is recognised as an asset when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Company; and
- the cost of the investment property can be measured reliably.

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

LSI (Investments) Limited

Notes to the financial statements (continued)

Year ended 31 March 2021

1. Significant accounting policies (continued)

e) Property portfolio (continued)

ii) Assets held for sale

An asset is classified as held for sale if its carrying amount is expected to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for sale in its present condition and management are committed to the sale and expect it to complete within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and the fair value.

iii) Tenant leases

Rent receivable is recognised in the profit and loss account on a straight-line basis over the term of the lease. In the event that a lease incentive is granted to a lessee, such incentives are recognised as an asset, with the aggregate cost of the incentive recognised as a reduction in rental income on a straight-line basis over the term of the lease or to the first break option if earlier.

iv) Net rental income

Rental income from investment property leased out under an operating lease is recognised in the profit or loss on a straight line basis over the lease term.

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

Surrender premiums receivable are recognised on completion of the surrender.

Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earlier of the first break option or the lease termination date. Lease incentives and costs associated with entering into tenant leases are amortised over the period from the date of lease commencement to the earlier of the first break option or the lease termination date.

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

v) Profit and loss on sale of investment properties

Profits and losses on sales of investment properties are recognised at the date of legal completion rather than exchange of contracts and calculated by reference to the carrying value at the previous period end valuation date, adjusted for subsequent capital expenditure.

f) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual terms of the instrument.

Financial instruments under IFRS 9

i) Trade receivables

Trade receivables are initially recognised at their transaction price and subsequently carried at amortised cost as the Company's business model is to collect the contractual cash flows due from tenants. An impairment provision is created based on lifetime expected credit losses, which reflect the Company's historical credit loss experience and an assessment of current and forecast economic conditions at the reporting date. The impact of Covid-19 has given rise to higher estimated probability of default for some occupiers.

LSI (Investments) Limited

Notes to the financial statements (continued) Year ended 31 March 2021

1. Significant accounting policies (continued)

f) Financial assets and financial liabilities (continued)

ii) Trade and other payables

Trade payables and other payables are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method.

g) Finance costs and income

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

Interest is capitalised if it is directly attributable to the acquisition, construction or redevelopment of development properties from the start of the development work until practical completion of the property. Capitalised interest is calculated with reference to the actual interest rate payable on specific borrowings for the purposes of development or, for that part of the borrowings financed out of general funds, with reference to the parent Group's weighted average cost of borrowings.

Finance income includes interest receivable on funds invested at the effective rate and notional interest receivable on forward funded developments at the contractual rate.

h) Tax

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

i) Dividends

Dividends on equity shares are recognised when they become legally payable.

2. Administration expenses

Employees

There were no employees directly employed by the Company during the current or prior year.

Directors' remuneration

The directors received no remuneration in respect of their services to the Company during the current or prior year. Messrs Jones and McGann are also directors of LondonMetric Property Plc, the Company's ultimate holding company, and their remuneration is disclosed in the financial statements of that company.

3. Finance costs

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Interest payable on intercompany loan balance	<u>403,977</u>	<u>343,461</u>

LSI (Investments) Limited

Notes to the financial statements (continued) Year ended 31 March 2021

4. Tax

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Current tax		
Current tax on profit for the year	-	-
Total tax on ordinary activities	-	-

Factors affecting tax for the year

The tax charge differs from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Profit on ordinary activities before tax	2,031,480	927,252
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019/20: 19%)	385,981	176,178
Effects of: REIT tax exemption	(385,981)	(176,178)
Total tax on ordinary activities	-	-

Factors that may affect future tax charges

The Company is a member of a REIT group, as part of the LondonMetric Property Plc group. As a result, no UK corporation tax should be due on future income or capital gains in respect of investment properties within the REIT group.

LSI (Investments) Limited

Notes to the financial statements (continued) Year ended 31 March 2021

5. Investment property

Investment property consists of land and buildings held for rental income and capital growth, and land and properties held for or in the course of redevelopment. All investment property is freehold.

	31 March 2021 £	31 March 2020 £
At 1 April	28,200,000	27,900,000
Additions	(21,724)	(643,026)
Revaluation movement	1,030,528	917,555
	<u>29,208,804</u>	<u>28,174,529</u>
Tenant lease incentives, letting fees and accrued rental income	591,196	25,471
	<u>29,800,000</u>	<u>28,200,000</u>
At 31 March		
Property held at valuation		
- cost	30,286,482	29,717,010
- cumulative valuation deficit	(486,482)	(1,517,010)
	<u>29,800,000</u>	<u>28,200,000</u>

Valuation

At 31 March 2021, the Company's freehold investment property was externally valued by the Royal Institution of Chartered Surveyors (RICS) Registered Valuers of CBRE Limited ("CBRE") Chartered Surveyors, at £29,800,000 (31 March 2020: £28,200,000).

The valuation was prepared in accordance with the RICS Valuation – Professional Standards 2014 on the basis of fair value. Fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The total fees earned by CBRE from the Company represent less than 5% of their total UK revenues. The valuer has continuously been the signatory of valuations for the Company since October 2007 and has therefore carried out valuation and professional services on behalf of the Company for more than five years.

At 31 March 2021 and the prior year end no contractual obligations had been entered into which had not been provided for in the financial statements.

6. Trade and other receivables

	31 March 2021 £	31 March 2020 £
Prepayments and accrued income	-	13,596
Other receivables	-	1,087
	<u>-</u>	<u>14,683</u>

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

LSI (Investments) Limited

Notes to the financial statements (continued)

Year ended 31 March 2021

7. Trade and other payables

	31 March 2021 £	31 March 2020 £
Trade payables	-	8,064
Rent received in advance	372,153	176,754
VAT payable	143,884	55,981
Other accruals and deferred income	5,000	265,749
	<u>521,037</u>	<u>506,548</u>

Trade payables are interest free and have settlement dates within one year. The directors consider that the carrying amount of trade and other payables approximates their fair value.

8. Amounts owing to Group undertakings

Intercompany loans have no fixed repayment terms and are interest bearing at the LondonMetric Property Plc group's weighted average cost of debt. LondonMetric Property Plc has agreed that it will not demand repayment of the intercompany loan balance within the next twelve months.

9. Share capital

	31 March 2021	31 March 2020
Number		
Ordinary shares of £1 each	<u>16,545,101</u>	<u>14,625,301</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>16,545,101</u>	<u>14,625,301</u>

The Company has one class of ordinary shares, which carry no right to fixed income.

On 16 September 2020, 1,919,800 £1 ordinary shares were issued at par.

A dividend of £957,405 (5.79 pence per share) was paid on 16 September 2020.

In the prior year dividends of £1,381,752 (9.45 pence per share) was paid on 18 December 2019.

10. Operating leases

The Company as lessor

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	31 March 2021 £	31 March 2020 £
Less than one year	1,581,425	734,699
Between one and five years	3,104,524	2,989,458
Greater than five years	5,361,585	6,116,883
	<u>10,047,534</u>	<u>9,841,040</u>

LSI (Investments) Limited

Notes to the financial statements (continued)

Year ended 31 March 2021

11. Controlling party information

The Company's immediate and ultimate parent company is LondonMetric Property Plc. LondonMetric Property Plc is the parent of the smallest and largest group to prepare consolidated accounts that incorporate the Company. Copies of the consolidated accounts of LondonMetric Property Plc can be obtained from its registered office at 1 Curzon Street, London W1J 5HB and its website www.londonmetric.com.