

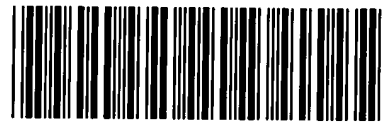
Company Registration No. 5697367

LSI Developments Limited

Financial Statements

For the year ended 31 March 2017

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LSI Developments Limited

Financial statements for the year ended 31 March 2017

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LSI Developments Limited

Financial statements for the year ended 31 March 2017

Company information

Directors

Martin McGann
Mark Stirling

Company Secretary

Jackie Jessop

Registered Office

One Curzon Street
London
W1J 5HB

Auditor

Deloitte LLP
Statutory Auditor
London

LSI Developments Limited

Directors' report

The directors present their report with the audited financial statements for the year ended 31 March 2017. The Company qualifies as a small company under section 382 of the Companies Act 2006 and accordingly has not produced a Strategic Report. This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies exemption.

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 development land at Glaisdale Parkway, Nottingham.

The accounts have been prepared on a going concern basis. The Company is in a net liabilities position. The Company's parent has confirmed its continuing financial support by way of an intercompany loan when required and therefore the directors consider the Company is in a position to meeting its liabilities as they fall due.

The Company is a wholly owned subsidiary of LondonMetric Property Plc.

Results and dividends

The results for the Company show a pre-tax loss of £20,234 (2015/16: £260,026). No dividends were paid during the year (2015/16: £1,150,064). The Company has net liabilities of £143,458 (2015/16: £123,224) and amounts owed to group companies of £507,536 (2015/16: £1,275,121).

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.

The Group has arranged insurance cover in respect of legal action against its Directors.

None of the Directors has 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 LondonMetric Property Plc group.

Auditor and disclosure of information to the auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware. Each director has taken all the steps that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

On behalf of the Board



Martin McGann
Director
28 July 2017

LSI Developments Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors 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.

By Order of the Board

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LSI DEVELOPMENTS LIMITED

We have audited the financial statements of LSI Developments Limited for the year ended 31 March 2017 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

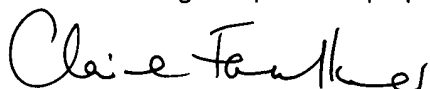
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LSI DEVELOPMENTS LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Claire Faulkner (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, UK
28 July 2017

LSI Developments Limited

Profit and loss account Year ended 31 March 2017

	Notes	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Property operating expenses		(44)	(122)
Gross loss		(44)	(122)
Administration expenses	2	(8,252)	(10,478)
Deficit arising on valuation of investment properties	5	-	(235,587)
Profit on sale of investment property		33,290	-
Operating profit/(loss)		24,994	(246,187)
Finance costs	3	(45,228)	(13,839)
Loss before tax		(20,234)	(260,026)
Tax	4	-	-
Loss after tax		(20,234)	(260,026)

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

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

The notes on pages 9 to 16 form part of these financial statements

LSI Developments Limited

Balance sheet As at 31 March 2017

	Notes	As at 31 March 2017 £	As at 31 March 2016 £
Non-current assets			
Investment properties	5	500,000	1,150,000
		<u>500,000</u>	<u>1,150,000</u>
Current assets			
Trade and other receivables	6	79	1,897
		<u>79</u>	<u>1,897</u>
Total current assets		<u>79</u>	<u>1,897</u>
Total assets		<u>500,079</u>	<u>1,151,897</u>
Non-current liabilities			
Trade and other payables	7	(136,001)	-
		<u>(136,001)</u>	<u>-</u>
Total current liabilities		<u>(136,001)</u>	<u>-</u>
Total assets less current liabilities		<u>364,078</u>	<u>1,151,897</u>
Non-current liabilities			
Amounts owed to Group undertakings	8	(507,536)	(1,275,121)
		<u>(643,537)</u>	<u>(1,275,121)</u>
Total liabilities		<u>(643,537)</u>	<u>(1,275,121)</u>
Net liabilities		<u>(143,458)</u>	<u>(123,224)</u>
Equity			
Share capital	9	100	100
Retained loss		<u>(143,558)</u>	<u>(123,324)</u>
Total equity		<u>(143,458)</u>	<u>(123,224)</u>

The financial statements of LSI Developments Limited (registered number 5697367) were approved by the Board of Directors and authorised for issue 28 July 2017 and signed on its behalf by:

Martin McGann

Martin McGann
Director

The notes on pages 9 to 16 form part of these financial statements

LSI Developments Limited

Statement of changes in equity Year ended 31 March 2017

	Share capital £	Retained loss £	Total £
At 1 April 2016	100	(123,324)	(123,224)
Loss for the year	-	(20,234)	(20,234)
Total equity attributable to equity shareholders	100	(143,558)	(143,458)

Year ended 31 March 2016

	Share capital £	Retained loss £	Total £
At 1 April 2015	100	1,286,766	1,286,866
Loss for the year	-	(260,026)	(260,026)
Dividends paid	-	(1,150,064)	(1,150,064)
Total equity attributable to equity shareholders	100	(123,324)	(123,224)

The notes on pages 9 to 16 form part of these financial statements

LSI Developments Limited

Notes to the financial statements Year ended 31 March 2017

1. Accounting policies

a) General information

LSI Developments 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 10.

c) Basis of preparation

The functional and presentational currency of the Company is sterling. The financial statements have been prepared under the historical cost convention, except for the revaluation of certain properties that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

LSI Developments Limited

Notes to the financial statements (continued) **Year ended 31 March 2017**

1. Accounting policies (continued)

c) Basis of preparation (continued)

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

Estimates and judgements

The preparation of financial statements in conformity with FRS101 requires the directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant items subject to such assumptions and estimates include the fair value of investment property. The most critical accounting policies in determining the financial condition and results of the Company are those requiring the greatest degree of subjective or complex judgements. These relate to property valuation, which is discussed in the policies below. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

d) Property portfolio

i) Investment properties

Investment properties are properties owned or leased which are held for long-term rental income and for capital appreciation. Investment property includes property that is being constructed, developed or redeveloped for future use as an investment property. Investment property is initially recognised at cost, including related transaction costs. 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. 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.

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

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

Investment property is recognised as an asset when:

- It is probable that the future economic benefits that are associated with the investment property will flow to the Company
- There are no material conditions precedent which could prevent completion
- The cost of the investment property can be measured reliably

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

LSI Developments Limited

Notes to the financial statements (continued) **Year ended 31 March 2017**

1. Accounting policies (continued)

d) Property portfolio (continued)

ii) Tenant leases

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

iii) Net rental income

Revenue comprises rental income.

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

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

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

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

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

iv) Surplus on sale of investment properties

Surpluses on sales of investment properties are calculated by reference to the carrying value at the previous period-end valuation date, adjusted for subsequent capital expenditure.

e) 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. Unless otherwise indicated, the carrying amounts of the financial assets and liabilities are a reasonable approximation of their fair values.

i) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade and other receivables, intra-group loans and

cash and cash equivalents. Loans and receivables are initially recognised at fair value, plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

LSI Developments Limited

Notes to the financial statements (continued) **Year ended 31 March 2017**

1. Accounting policies (continued)

e) Financial assets and financial liabilities (continued)

ii) Other financial liabilities

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

f) Finance costs

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 Group's weighted average cost of borrowings.

g) Finance income

Finance income includes interest receivable on funds invested, measured at the effective rate of interest on the underlying sum invested.

h) Dividends

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

i) 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 periods to the extent applicable.

j) Going Concern

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

k) Operating lease commitments

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company, the total rentals payable under the lease are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

LSI Developments Limited

Notes to the financial statements (continued) Year ended 31 March 2017

2. Administration expenses

Employees

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

Audit fees

The auditor's remuneration for the current and prior year was borne by the ultimate parent company. There were no non-audit fees payable to Deloitte LLP and its associates in either year.

Directors' remuneration

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

3. Finance costs

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Interest payable on inter-company loan balance	45,228	13,839

4. Tax

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Current tax		
Current tax on loss 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 2017 £	Year ended 31 March 2016 £
Loss on ordinary activities before tax	(20,234)	(260,026)
Tax on loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015/16: 20%)	(4,047)	(52,005)
Effects of: REIT tax exemption	4,047	52,005
Total tax on ordinary activities	-	-

LSI Developments Limited

Notes to the financial statements (continued) Year ended 31 March 2017

4. Tax (continued)

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.

5. Investment properties

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

	Freehold £	Long Leasehold £	Total £
At 1 April 2016	650,000	500,000	1,150,000
Disposals	(650,000)	-	(650,000)
At 31 March 2017	-	500,000	500,000
Properties held at valuation			
- cost	-	886,621	886,621
- valuation deficit	-	(386,621)	(386,621)
At 31 March 2017	-	500,000	500,000

	Freehold £	Long Leasehold £	Total £
At 1 April 2015	780,000	600,000	1,380,000
Additions	5,587	-	5,587
Revaluation deficit	(135,587)	(100,000)	(235,587)
At 31 March 2016	650,000	500,000	1,150,000
Properties held at valuation			
- cost	2,884,602	886,621	3,771,223
- valuation deficit	(2,234,602)	(386,621)	(2,621,223)
At 31 March 2016	650,000	500,000	1,150,000

LSI Developments Limited

Notes to the financial statements (continued) Year ended 31 March 2017

5. Investment properties (continued)

Valuation

At 31 March 2017, the Company's freehold investment properties were externally valued by the Royal Institution of Chartered Surveyors (RICS) Registered Valuers of CBRE Limited ("CBRE") Chartered Surveyors, at £0.5 million (2015/16: £1.15 million).

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. There has been no change in the valuation technique in the year. 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. CBRE has carried out Valuation and professional services on behalf of the Company for over five years.

No capital commitments have been entered into which have not been provided for in the financial statements (2015/16: £nil).

6. Trade and other receivables

	31 March 2017 £	31 March 2016 £
VAT recoverable	-	1,897
Prepayments	79	-
	<u>79</u>	<u>1,897</u>

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

At 31 March 2017 there were no trade receivables which were overdue and considered at risk (2015/16: £nil).

7. Trade and other payables

	31 March 2017 £	31 March 2016 £
VAT payable	<u>136,001</u>	<u>-</u>

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 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.

LSI Developments Limited

Notes to the financial statements (continued) Year ended 31 March 2017

9. Share capital

	31 March 2017 £	31 March 2016 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	100	100

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

In the prior year a dividend of £1,150,064 (£11,500.64 per share) was paid on 7 December 2015.

10. Controlling party information

The immediate and ultimate parent company is LondonMetric Property Plc. Copies of the consolidated accounts of LondonMetric Property Plc can be obtained from its registered office at One Curzon Street, London W1J 5HB and its website www.londonmetric.com.