

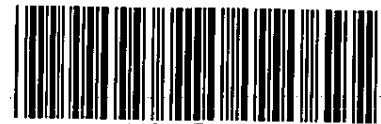
Registered number: OC321208

LOWNDES PARTNERS LLP

REPORT AND ACCOUNTS

For the year ended 31 December 2008

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LOWNDES PARTNERS LLP

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LOWNDES PARTNERS LLP

DESIGNATED MEMBERS AND ADVISERS

Designated members

Richard Choi
Annette Julie Green
Maxwell James

Registered office

7 Savile Row
London
W1S 3PE

Bankers

Barclays Bank
1 Churchill Place
London
E14 5HP

Auditors

Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

Solicitors

Ashurst
Broadwalk House
5 Appold Street
London
EC2A 2HA

Registered number

OC321208

LOWNDES PARTNERS LLP

MEMBERS' REPORT (continued)

The members present their report and the financial statements for the year ended 31 December 2008.

Activities

The principal activity of the LLP is an investment bank focused on the real estate industry.

Review of business and future developments

The LLP was authorised by the FSA on 7 February 2007. In the opinion of the members the state of the LLP's affairs at 31 December 2008 is satisfactory. The future outlook appears favourable.

Results for the year and division amongst Members

The loss for the year available for discretionary division amongst members was £1,051,000 (profit for the 17 month period ended 31 December 2007 was £1,021,000).

Designated members

The following were designated members during the year:

Richard Choi
Annette Julie Green
Maxwell James

Members' drawings and the subscription and repayment of members' capital

Drawings and capital subscriptions are determined taking into account the anticipated cash needs and capital requirements of the LLP.

Pillar 3 Disclosure

The Pillar 3 Disclosure Statement is available at the registered office; 7 Savile Row, London. W1S 3PE

Auditors

A resolution to reappoint Nexia Smith & Williamson as auditors will be proposed at the next designated members' meeting.

**Approved by the members
and signed on their behalf**



Richard Choi
Designated Member

Date: 27-4-09

LOWNDES PARTNERS LLP

STATEMENT OF MEMBERS' RESPONSIBILITIES

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that year. In preparing those financial statements, the members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the designated members on behalf of the members.

Nexia Smith & Williamson

Independent auditors' report to the members of Lowndes Partners LLP

We have audited the financial statements of Lowndes Partners LLP for year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the cashflow statement and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members, as a body, in accordance with Section 235 of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' 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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As described in the Statement of Members' Responsibilities, the members are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the LLP has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the Members' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Nexia Smith & Williamson

Independent auditors' report to the members of Lowndes Partners LLP (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the LLP's affairs as at 31 December 2008 and of the loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the LLP's ability to continue as a going concern. The LLP incurred a net loss of £1,051,000 during the year ended 31 December 2008 and, at that date the LLP met its regulatory capital requirement. Despite a positive cash balance of £552,000, and net assets of £978,000 at this date, should the projected sales targets not be met, or if losses are incurred at a similar rate in the one year period from the date of signing the financial statements, a regulatory capital breach may be incurred if members' support is not forthcoming. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the LLP's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the LLP was unable to continue as a going concern.

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

Date . . . 27 April 2009

LOWNDES PARTNERS LLP

PROFIT AND LOSS ACCOUNT for the year ended 31 DECEMBER 2008

	Notes	2008 £'000	17 month period ended 31 December 2007 £'000
Turnover	1	22	2,090
Operating costs			
Staff costs	2	(169)	(213)
Depreciation		(15)	(15)
Other operating charges		(485)	(463)
Operating (loss)/profit	4	(647)	1,399
Interest receivable and similar income		48	29
Interest payable and similar charges	6	(2)	(1)
(Loss)/profit for the financial year before members' remuneration and profit shares		(601)	1,427
Members' remuneration charged as an expense	3	(450)	(406)
(Loss)/profit for the financial year available for discretionary division among members	11	(1,051)	1,021

All of the LLP's operations are classed as continuing. There were no gains or losses in either period other than those included in the above profit and loss account.

LOWNDES PARTNERS LLP

BALANCE SHEET as at 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	7	33	47
Investments	8	250	-
		<hr/> 283	<hr/> 47
Current assets			
Debtors – amounts falling due within one year	9	39	1,119
Debtors – amounts falling due after more than one year	9	164	148
Cash at bank		552	910
		<hr/> 755	<hr/> 2,177
Creditors: amounts falling due within one year	10	(60)	(104)
Net current assets		<hr/> 695	<hr/> 2,073
Net assets attributable to members		<hr/> 978	<hr/> 2,120
Represented by:			
<i>Equity</i>			
Members' capital – classified as equity under FRS 25	11	1,800	1,201
Other reserves – classified as equity under FRS 25	11	(864)	919
		<hr/> 936	<hr/> 2,120
<i>Loans & other debts due to members within one year</i>			
Other amounts		42	-
		<hr/> 978	<hr/> 2,120
Total members' interests			
Loans & other debts due to members	11	42	-
Members' other interest	11	936	2,120
		<hr/> 978	<hr/> 2,120

The financial statements were approved and authorised for issue by the members on
and were signed on its behalf by:

 27-4-09

Richard Choi
Designated Member

LOWNDES PARTNERS LLP**CASH FLOW STATEMENT for the year ended 31 DECEMBER 2008**

	Notes	2008 £'000	2007 £'000
Net cash inflow from operating activities	13	154	251
<hr/>			
Returns on investments and servicing of finance			
Interest received		32	29
Interest paid		(2)	(1)
<hr/>			
Net cash inflow from returns on investments and servicing of finance		30	28
<hr/>			
Capital expenditure			
Payments to acquire tangible fixed assets		(1)	(62)
<hr/>			
Net cash outflow for capital expenditure		(1)	(62)
<hr/>			
Transactions with members			
Drawings and distributions to members		(1,023)	(508)
Capital contributions by members		482	1,201
<hr/>			
Net cash (outflow)/inflow from transactions with members		(541)	693
<hr/>			
(Decrease)/increase in cash in the year	14	(358)	910
<hr/>			

LOWNDES PARTNERS LLP

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2008

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships'. A summary of the more important accounting policies adopted are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention and on a going concern basis.

As an FSA regulated entity, the LLP is required to maintain a predetermined level of regulatory capital on an ongoing basis. The requirement to maintain sufficient regulatory capital will continue as long as the LLP continues to carry out its current activities. However, there is uncertainty as to whether the requirement will be met should losses be incurred in the 12 month period from the date the accounts are approved at a similar rate to which they were incurred during the year ended 31 December 2008.

The members have prepared the accounts on a going concern basis as they feel that the LLP will generate sufficient cash resources to meet its liabilities as they fall due and that the financial position of the LLP will allow it to meet its regulatory capital requirements. This is based on the successful completion of a small proportion of advisory work undertaken during the year but still ongoing at the balance sheet date and at the date of approval of these financial statements.

In addition, the members also believe that members' support will be forthcoming if required, despite no guarantees at the date of approval of these financial statements.

Turnover

Turnover represents corporate finance advisory fees and expenses recovered from clients incurred during the provision of services, excluding value added tax.

Advisory fees are recognised on the successful completion of the transaction, and the recovery of expenses is recognised as they are incurred.

Capital, allocation of profits and drawings

The capital requirements of the LLP are determined in accordance with the LLP Deed. Each member is required to subscribe to a proportion of this capital. No interest is paid on capital. As the LLP has the unconditional right to withhold members capital and other reserves they have been classified as equity under FRS 25.

LOWNDES PARTNERS LLP

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2008 (continued)

1. Accounting policies (continued)

Capital, allocation of profits and drawings (continued)

Priority profit shares are made in accordance with the LLP Deed and are treated as members' remuneration charged as an expense. Any remaining profit can be divided amongst the members but on the discretion of the LLP, and in accordance with the terms of the LLP Deed.

Profits are treated as allocated at the point of distribution.

Fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used;

Computer equipment	- 33% straight-line
Furniture, fittings & equipment	- 20% - 33% straight-line

Investments

Investments are recorded at cost less any provision for impairment.

Taxation

Members are personally liable for taxation on their share of the LLP's profits. Consequently, no reserve for taxation is made in these financial statements.

Operating lease agreements

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease. Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the profit and loss account.

LOWNDES PARTNERS LLP

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2008 (continued)

2. Employee information

	2008 Number	17 month period ended 31 December 2007 Number
The average number of persons employed by the LLP (excluding members) during the year was:		
Administration	3	3
	<hr/>	<hr/>
	£'000	£'000
Staff costs for the above persons were:		
Wages and salaries	137	189
Social security costs	16	22
Medical insurance	16	2
	<hr/>	<hr/>
	169	213
	<hr/>	<hr/>

3. Information in relation to members

	Number	Number
The average number of members during the year was:	7	7
	<hr/>	<hr/>
Included in the above are the 3 designated members of the LLP.		
	£'000	£'000
Salaried remuneration of members' paid under the terms of the LLP agreement	450	406
	<hr/>	<hr/>
The amount of profit attributable to the member with the largest entitlement was:	397	175
	<hr/>	<hr/>

Profit attributable to the member with the largest entitlement is determined by reference to the LLP agreement.

LOWNDES PARTNERS LLP

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2008 (continued)

4. Operating (loss)/profit is stated after charging:	2008	17 month period ended 31 December 2007
	£'000	£'000
Depreciation	15	15
Operating lease rentals		
-plant and machinery	3	-
-other	114	123
	<hr/>	<hr/>
5. Auditors' remuneration	£'000	£'000
Fees payable to the LLP's auditors for the audit of the LLP's annual accounts	15	15
	<hr/>	<hr/>
Services supplied pursuant to legislation:		
- Tax services	11	7
- Other services	13	22
	<hr/>	<hr/>
Total non-audit fees	24	29
	<hr/>	<hr/>
6. Interest payable and similar charges	£'000	£'000
On bank overdrafts	2	1
	<hr/>	<hr/>

LOWNDES PARTNERS LLP

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2008 (continued)

7. Tangible fixed assets

	Computer equipment £'000	Furniture, fittings & equipment £'000	Total £'000
Cost			
At 1 January 2008	16	46	62
Additions	1	-	1
	<hr/>	<hr/>	<hr/>
At 31 December 2008	17	46	63
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2008	6	9	15
Charge for the year	6	9	15
	<hr/>	<hr/>	<hr/>
At 31 December 2008	12	18	30
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2008	5	28	33
	<hr/>	<hr/>	<hr/>
At 31 December 2007	10	37	47
	<hr/>	<hr/>	<hr/>

8. Investments

	£'000
Cost	
At 1 January 2008	-
Additions	250
	<hr/>
At 31 December 2008	250
	<hr/>

LOWNDES PARTNERS LLP

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2008 (continued)

9. Debtors	2008	2007
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	-	1,050
Other debtors	15	11
Prepayments and accrued income	24	58
	<hr/>	<hr/>
	39	1,119
Amounts falling due after more than one year:		
Other debtors	164	148
	<hr/>	<hr/>
	203	1,267
	<hr/>	<hr/>
10. Creditors: amounts falling due within one year:	£'000	£'000
Trade creditors	19	3
Other taxation and social security	5	5
Accruals and deferred income	36	96
	<hr/>	<hr/>
	60	104
	<hr/>	<hr/>

LOWNDES PARTNERS LLP

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2008 (continued)

11. Reconciliation of members' interest

	Members' capital £000	Members' equity interests Other reserves £000	Total £000	Amounts due to members £000	Total £000
Members' interests at 1 January 2008	1,201	919	2,120	-	2,120
Members' remuneration charged as an expense	-	-	-	450	450
Loss for the financial year available for discretionary division among members	-	(1,051)	(1,051)	-	(1,051)
Members' interests after loss for the year	1,201	(132)	1,069	450	1,519
Introduced by members	599	-	599	-	599
Other division of profits	-	(732)	(732)	732	-
Drawings	-	-	-	(1,140)	(1,140)
Members' interests at 31 December 2008	1,800	(864)	936	42	978

Included in amounts introduced by members is £117,000 that was transferred from amounts due to members.

LOWNDES PARTNERS LLP

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2008 (continued)

12. Operating lease commitments

At 31 December 2008 the LLP had annual commitments under operating leases as follows:

	2008 £'000	2007 £'000
Land and buildings		
For leases expiring:		
Between two and five years	126	126
	<hr/>	<hr/>
Other		
For leases expiring:		
Between two and five years	3	-
	<hr/>	<hr/>

13. Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	£'000	£'000
Operating (loss)/profit	(647)	1,399
Depreciation	15	15
Decrease/(increase) in debtors	830	(1,267)
(Decrease)/increase in creditors	(44)	104
	<hr/>	<hr/>
Net cash inflow from operating activities	154	251
	<hr/>	<hr/>

14. Reconciliation of net cash flow to movement in funds

	£'000	£'000
(Decrease)/increase in cash in the year	(358)	910
Net funds at start of year	910	-
	<hr/>	<hr/>
Net funds at the end of year	552	910
	<hr/>	<hr/>

LOWNDES PARTNERS LLP

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2008 (continued)

15. Analysis of net funds

	At 1 January 2008 £'000	Cash flow £'000	At 31 December 2008 £'000
Cash	910	(358)	552

16. Controlling party

In the opinion of the members, there was no controlling party as defined by Financial Reporting Standard No 8 'Related Party Disclosures'.

17. Contingent liabilities

At 31 December 2008, the LLP had no contingent liabilities (2007: £nil).