

Partnership Registration No OC329452

LSI Management LLP

Report and Financial Statements

Year Ended 31 March 2010

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LSI Management LLP

Report and financial statements for the year ended 31 March 2010

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Limited Liability Partnership (“LLP”) information

Designated members

H R Mould
P L Vaughan
H J M Price
S Little
T J Bishop
M F McGann
J Duzniak
J Jessop
GEAM L&S Management Investor (Scotland)

Registered office

21 St James’s Square, London, SW1Y 4JZ

Partnership registration number

OC329452

Auditors

BDO LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

LSI Management LLP

Report of the members for the year ended 31 March 2010

The members present their report together with the audited financial statements for the year ended 31 March 2010

Results and drawings

The profit and loss account is set out on page 5 and shows a profit for the year under review, before members' remuneration and profit shares, of £20,569,815 (2009 £4,179,629) Total members drawings in the year were £7,483,126 (2009 £2,673,019)

Principal activities, business review and future developments

The principal activity of the LLP is to provide investment advisory and property management services to London and Stamford Property Ltd and LSP Green Park Property Trust The LLP is authorised by the Financial Services Authority to carry out such activities

Designated members

The following individuals were designated members (as defined in the Limited Liability Partnerships Act 2000) during the year

H R Mould
P L Vaughan
H J M Price
S M Little
T J Bishop
M F McGann
J Z Duzniak
J Jessop
GEAM L&S Management Investor (Scotland)

Policies for profit shares, distributions, subscription for and repayment of members' capital are set out in the LLP agreement and are summarised in note 10

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulation

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year Under these regulations the members have elected to prepare the group and limited liability partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under these regulations the members 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 group and the limited liability partnership and of the profit or loss of the group for that period

In preparing these financial statements, the members 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 limited liability partnership will continue in business

LSI Management LLP

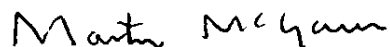
Report of the members for the year ended 31 March 2010 (*continued*)

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions, disclose with reasonable accuracy at any time the financial position of the limited liability partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO LLP have expressed their willingness to continue in office.

On behalf of the Designated Members



M McGann
A designated member

28th June 2010

LSI Management LLP

Report of the independent auditors

Independent auditor's report to the members of LSI Management LLP

We have audited the financial statements of LSI Management LLP for the year ended 31 March 2010 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Our report has been prepared pursuant to the requirements of the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Respective responsibilities of members and auditors

As described in the statement of members' responsibilities, the members of the limited liability partnership 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) and for being satisfied that the financial statements give a true and fair view.

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 have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008, give a true and fair view and whether the information given in the members' report is consistent with those financial statements. We also report to you if, in our opinion, the limited liability partnership has not kept adequate accounting records, or 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 misstatements 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 judgments made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the limited liability partnership'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.

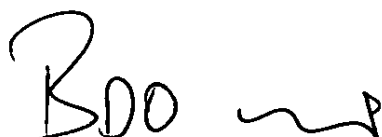
LSI Management LLP

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008,
- the financial statements give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2010 and of its profit for the year then ended,
- the information given in the members' report is consistent with the financial statements



*Russell Field (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Epsom
United Kingdom
28 June 2010*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

LSI Management LLP

Profit and loss account for the year ended 31 March 2010

	Note	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Turnover	2	23,339,236	6,403,400
Administrative expenses		(2,772,073)	(2,245,563)
Operating profit	5	20,567,163	4,157,837
Net interest receivable	6	2,652	21,792
Profit for the financial year before members' remuneration and profit shares	10	20,569,815	4,179,629
Members' remuneration charged as an expense	4	1,693,767	1,622,167
Profit for the financial year after members' remuneration available for discretionary division among members		18,876,048	2,557,462

All amounts relate to continuing activities

There were no differences between historical cost profit and reported profit for the year

All recognised gains and losses are included in the profit and loss account

The notes on pages 7 to 13 form part of these financial statements

LSI Management LLP

Balance sheet at 31 March 2010

	Note	31 March 2010 £	31 March 2010 £	31 March 2009 £	31 March 2009 £
Fixed assets					
Tangible assets	7		409,181		500,971
Current assets					
Debtors					
amounts falling due within one year	8	16,538,676		2,941,761	
amounts falling due in more than one year	8	78,065		99,851	
Cash at bank and in hand		210,193		607,075	
		<u>16,826,934</u>		<u>3,648,687</u>	
Creditors: amounts falling due within one year	9	<u>(1,668,498)</u>		<u>(1,668,730)</u>	
Net current assets			<u>15,158,436</u>		<u>1,979,957</u>
Total assets less current liabilities			<u>15,567,617</u>		<u>2,480,928</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS			<u><u>15,567,617</u></u>		<u><u>2,480,928</u></u>
REPRESENTED BY:					
Non Equity					
Loans and other debts due to members within one year	10		-		-
Equity					
Members' capital	10		500,000		500,000
Members' other reserves	10		15,067,617		1,980,928
TOTAL MEMBERS' INTERESTS			<u><u>15,567,617</u></u>		<u><u>2,480,928</u></u>

The financial statements were approved by the Members on 28th June 2010 and authorised for issue by

Martin McGann

M McGann
Designated member

The notes on pages 7 to 13 form part of these financial statements

LSI Management LLP

Notes forming part of the financial statements for the year ended 31 March 2010

1 Accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships (March 2006)"

The following principal accounting policies have been applied

Turnover

Turnover represents management and performance fees received for investment advisory and property management services to London and Stamford Property Ltd and LSP Green Park Property Trust

Taxation

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP, as the relevant income tax is the responsibility of the individual members

Pensions

The LLP makes contributions to the personal pension schemes of certain members and employees on a fixed contribution basis. The contributions are charged to the profit and loss account in the year in which they become payable

Leased assets

Annual rentals on operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets on a straight line basis over their expected useful lives as follows

Fixtures, fittings and office equipment	-	10 years
Computer equipment	-	4 years
Leasehold improvements	-	7 years

Impairment of fixed assets

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use

2 Turnover

Turnover is wholly attributable to the principal activities undertaken by the LLP and arises from operations within the United Kingdom and the Channel Islands

LSI Management LLP

Notes forming part of the financial statements for the year ended 31 March 2010 (*Continued*)

3 Employees

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Staff costs consist of		
Wages and salaries	906,134	667,600
Social security costs	125,532	67,736
Other pension costs	102,211	71,155
	<u>1,133,877</u>	<u>806,491</u>

The average number of employees of the Partnership, excluding members, during the year was 13 (2009 12) All of the employees were involved in management or administration

4 Members' profit shares

Profits (and losses) are shared among the members in accordance with the agreed profit sharing arrangements within the LLP partnership agreement as summarised in note 10 Members are required to make their own provisions for taxation from their remuneration and profit shares

Members' fixed remuneration for the year is disclosed below

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Members' remuneration consists of:		
Fees and emoluments paid for management services	1,536,267	1,519,642
Pension contributions to members' personal pension schemes	157,500	102,525
	<u>1,693,767</u>	<u>1,622,167</u>

The average number of members during the year was 8 (2009 8) The LLP made pension contributions on behalf of five designated members in the year The emoluments of the highest paid member were £322,462 (2009 £307,581) No pension contributions were made by the LLP on his behalf

LSI Management LLP

Notes forming part of the financial statements for the year ended 31 March 2010 *(Continued)*

5 Operating profit

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
This has been arrived at after charging		
Depreciation on tangible fixed assets	87,008	85,973
Hire of land and buildings – operating leases	578,477	484,747
Hire of land and buildings – operating leases UITF 28	(88,600)	12,110
Hire of other assets– operating leases	9,566	9,098
Auditors’ remuneration - audit services	8,500	10,000
Auditors’ remuneration - non-audit services	4,600	10,000
	<u> </u>	<u> </u>

6 Net Interest receivable

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Bank interest receivable	2,652	21,792
	<u> </u>	<u> </u>

LSI Management LLP

Notes forming part of the financial statements for the year ended 31 March 2010 (*Continued*)

7 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Leasehold improvements £	Total £
<i>Cost</i>				
At 1 April 2009	48,884	105,332	443,824	598,040
Additions	2,421	12,797	-	15,218
Disposals	-	-	(20,000)	(20,000)
At 31 March 2010	51,305	118,129	423,824	593,258
<i>Depreciation</i>				
At 1 April 2009	22,559	12,478	62,032	97,069
Charge in the period	16,974	11,631	62,451	91,056
Disposals	-	-	(4,048)	(4,048)
At 31 March 2010	39,533	24,109	120,435	184,077
<i>Net book value</i>				
At 31 March 2010	11,772	94,020	303,389	409,181
At 1 April 2009	26,325	92,854	381,792	500,971

LSI Management LLP

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

8 Debtors

	31 March 2010 £	31 March 2009 £
<i>Amounts receivable within one year</i>		
Trade debtors	430	1,351,878
Performance fee receivable	13,484,000	1,301,671
Prepayments and accrued income	407,206	266,426
Amounts due from members	2,617,000	-
Unamortised formation costs	21,786	21,786
VAT recoverable	2,133	-
Other debtors	6,121	-
	<hr/>	<hr/>
	16,538,676	2,941,761
<i>Amounts receivable in more than one year</i>		
Unamortised formation costs	78,065	99,851
	<hr/>	<hr/>
	16,616,741	3,041,612
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The partnership incurred formation costs of £152,500 in the year to 31 March 2008. This cost is being amortised on a straight line basis over 7 years to October 2014, being the expected life of the partnership.

As explained in note 10 certain members redeemed their B unit interests in the year. The redemption price payable by the non-redeeming members of £2,617,000 is reflected as a debtor at the year end.

9 Creditors: amounts falling due within one year

	31 March 2010 £	31 March 2009 £
Trade creditors	124,647	29,198
Tax and social security costs	134,335	21,045
VAT payable	-	122,019
Deferred income	-	1,215,804
Amounts payable to redeeming members	1,317,000	-
Other accruals	92,516	280,664
	<hr/>	<hr/>
	1,668,498	1,668,730
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As explained in note 10, during the year certain members redeemed their B unit interests in the LLP. At 31 March 2010 £1,317,000 remained payable to these members.

LSI Management LLP

Notes forming part of the financial statements for the year ended 31 March 2010 (*Continued*)

10 Total members' interests

	<u>Equity</u>			<u>Non Equity</u>	
	Members'	Other		Loans and	Total
	capital	reserves	Total	other debts	interests
	£	£	£	due to/(from)	£
				members	
				£	
Members' interests					
At 1 April 2009	500,000	1,980,928	2,480,928	-	2,480,928
Profit for the financial year available for discretionary division among members	-	20,569,815	20,569,815	-	20,569,815
Members' interests after profit for the year	500,000	22,550,743	23,050,743	-	23,050,743
Allocated profits	-	(7,483,126)	(7,483,126)	7,483,126	-
Emoluments paid to members	-	-	-	(1,693,767)	(1,693,767)
Profit share paid to members	-	-	-	(5,789,359)	(5,789,359)
At 31 March 2010	500,000	15,067,617	15,567,617	-	15,567,617

Capital

The interests of the members in the LLP comprise A units and B units. The initial partnership capital of £500,000 was paid by the members in proportion to the number of A units held. Members may be invited by written notice to make further capital contributions as required from time to time pro rata to their respective holdings of A units at the date of the written notice. If any member elects not to make an additional capital contribution, the shortfall can be funded by the other members and additional A units allocated accordingly. Interest is not paid on the capital invested.

A member does not have the right to withdraw or receive back any capital contribution made to the LLP, except with the consent of all the other members, or upon the termination or liquidation of the LLP. On 23 March 2010 three members redeemed all of their B units for a total consideration of £2,617,000. The redeemed B units were reallocated to the non-redeeming members in proportion to their B unit holding. At 31 March 2010 £1,317,000 remained payable to the redeeming members and is reflected in creditors.

Profit shares and distributions

Profits and losses are shared between the members, first in accordance with each member's Fixed Distribution as specified in the partnership agreement, and then the balance is allocated in proportion to the number of A and B units held by each member. The Fixed Distribution is distributed in equal monthly instalments. Members may agree to retain profits required by the LLP for business. Any

LSI Management LLP

Notes forming part of the financial statements for the year ended 31 March 2010 (Continued)

remaining profits are taken to 'other reserves' within members interests on the balance sheet and ultimately distributed. At 31 March 2010 profit available for distribution and not distributed to members amounted to £15,067,617 (2009 £1,980,928)

Any loans and other debts due to members outstanding at the year end would rank alongside other creditors in the event of a winding up

11 Commitments under operating leases

Annual commitments under non-cancellable operating leases at the balance sheet date were as follows

	Land and buildings 2010 £	Other 2010 £	Land and buildings 2009 £	Other 2009 £
<i>Operating leases which expire or have break options</i>				
Within one year	-	-	-	-
In two to five years	-	8,908	-	9,007
Over five years	664,877	-	664,877	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12 Related party transactions

The Partnership receives management and performance fees from London and Stamford Property Limited ("LSP") and LSP Green Park Property Trust ("LSPG"). Mr H R Mould, Mr P L Vaughan and Mr M F McGann are all non-executive directors and shareholders in LSP. Mr H R Mould and Mr P L Vaughan are directors of LSP Green Park Management Limited, the Manager of the LSPG.

Turnover includes management fees for the year of £6,691,107 (2009 £4,754,051) and performance fees of £4,053,940 (2009 £399,529) from LSP. At 31 March 2010 £3,975,000 (2009 £1,751,407) remained outstanding and is reflected in debtors. In 2009 £1,215,804 of this related to future periods and was reflected as deferred income in creditors (2010 £nil).

Turnover also includes management fees for the year of £3,095,189 (2009 £347,678) and performance fees of £9,499,000 (2009 £902,142) from LSPG. At 31 March 2010 £9,509,000 (2009 £902,142) remained outstanding and is reflected in debtors.

All other members of the LLP are also shareholders in London and Stamford Property Ltd.

13 Cash flow statement

The LLP has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the limited liability partnership meets the definition of a small entity based on the small entities exemption in limited liability partnerships' legislation.

14 Ultimate controlling party

There is no one individual member with a controlling voting interest in the LLP.

The page which follows does not
form part of the statutory
financial statements of the limited liability partnership

LSI Management LLP

Detailed profit and loss account for the year ended 31 March 2010

	Year ended 31 March 2010 £	Year ended 31 March 2010 £	Year ended 31 March 2009 £	Year ended 31 March 2009 £
Turnover		23,339,236		6,403,400
Administrative expenses				
Personnel costs	1,196,922		871,148	
Office rent, SC and rates	677,744		673,920	
Other office costs	173,678		214,346	
Travel and entertainment	188,143		108,055	
Audit and accountancy costs	13,100		19,900	
Legal and professional fees	34,624		89,708	
Depreciation	87,008		85,936	
Loss on disposal of fixed assets	-		37	
Formation costs	21,785		21,786	
Property management costs	349,998		-	
Bank charges	14,441		12,751	
Other costs	14,630		147,976	
		(2,772,073)		(2,245,563)
Profit on ordinary activities before interest		20,567,163		4,157,837
Bank interest receivable		2,652		21,792
Interest payable and similar charges		-		-
Profit for the financial period before members' remuneration and profit shares		20,569,815		4,179,629