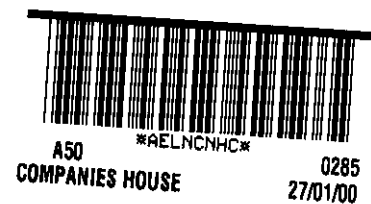


Estates Property Investment Company Limited

Accounts - For the period from 25th March 1998 to 31st March 1999
together with the directors' and auditors' reports

Registered number: 666487



Estates Property Investment Company Limited

Directors' report

For the period from 25th March 1998 to 31st March 1999

The directors present their report, together with the accounts and auditors' report, for the period from 25th March 1998 to 31st March 1999.

Principal activity and business review:

The principal activity of the Company is property investment.

The results for the period from 25th March 1998 to 31st March 1999 are set out in the profit and loss account on page 4. The directors do not recommend payment of dividend in respect of the period ended 31st March 1999 (1998: £nil).

Directors and their interests:

The directors of the Company who held office at 31st March 1999 were as follows:-

N G Ellis	(Appointed 31 st March 1998)
A R Wyatt	(Appointed 31 st March 1998)
E S Dugdale	(Appointed 31 st March 1998)
N S K Shattock	(Appointed 31 st March 1998)
S W Wingate	(Resigned 31 st March 1998)
C N Jones	(Resigned 31 st March 1998)
C E Parker	(Resigned 31 st March 1998)
R Stringer	(Resigned 31 st March 1998)
B Williams	(Resigned 31 st March 1998)

No director held a beneficial interest in the share capital of the Company. The directors listed above are also directors of the ultimate parent company and, as such, their interests in the share and loan capital of that company are shown in its directors' report.

Directors' responsibilities in respect of the accounts:

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Estates Property Investment Company Limited

Directors' report

For the period from 25th March 1998 to 31st March 1999

Director's Responsibilities (Continued):

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

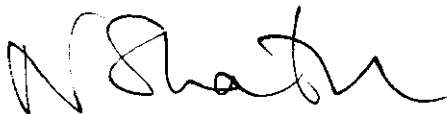
Payments policy:

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment.

Auditors:

In accordance with section 385 of the Companies Act 1985 a resolution concerning the re-appointment of KPMG Audit Plc as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board,



N S K Shattock
Director
24th May 1999

58 Davies Street
London W1Y 1LB

Estates Property Investment Company Limited

Auditors' report

For the period from 25th March 1998 to 31st March 1999

To the shareholders of Estates Property Investment Company Limited

We have audited the accounts on pages 4 to 13.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company for the period 25th March 1998 to 31st March 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants and Registered Auditor
8 Salisbury Square
London EC4Y 8BB

24th May 1999

Estates Property Investment Company Limited

Profit and loss account

For the period from 25th March 1998 to 31st March 1999

	Notes	Period from 25 th March 1998 to 31 st March 1999 £'000	Year ended 24 th March 1998 £'000
TURNOVER	1c	2,565	1,791
Cost of sales		(161)	(401)
GROSS PROFIT		2,404	1,390
Administrative and other expenses		(207)	(537)
OPERATING PROFIT		2,197	853
Provision against balance due from former ultimate parent undertaking		-	(32)
Interest receivable	2	32	5
Interest payable and similar charges	3	(1,210)	(1,278)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,019	(452)
Taxation credit on loss on ordinary activities	5	-	4
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		1,019	(448)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		1,019	(448)

All items in the profit and loss account relate to continuing operations.

The accompanying notes are an integral part of these statements.

A statement of movements in reserves is provided in note 12.

Estates Property Investment Company Limited

Statement of total recognised gains and losses

For the period from 25th March 1998 to 31st March 1999

	Period from 25 th March 1998 to 31 st March 1999 £'000	Year ended 24 th March 1998 £'000
Profit/(loss) on ordinary activities after taxation	1,019	(448)
Unrealised surplus on revaluation of investment properties	777	1,934
Total gains and losses recognised during the period	<u>1,796</u>	<u>1,486</u>

Estates Property Investment Company Limited

Balance sheet

At 31st March 1999

	Notes	31st March 1999 £'000	24th March 1998 £'000
FIXED ASSETS			
Investment properties	6	21,000	20,100
Investments	7	893	893
		<u>21,893</u>	<u>20,993</u>
CURRENT ASSETS			
Debtors	8	585	807
Cash at bank and in hand		860	186
		<u>1,445</u>	<u>993</u>
CREDITORS: Amounts falling due within one year	9	(3,676)	(4,120)
NET CURRENT LIABILITIES		<u>(2,231)</u>	<u>(3,127)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,662	17,866
CREDITORS: Amounts falling due after more than one year	10	(11,500)	(11,500)
NET ASSETS		<u>8,162</u>	<u>6,366</u>
CAPITAL AND RESERVES			
Called up share capital	11	6,164	6,164
Share premium account		3,973	3,973
Revaluation reserve	12	211	(566)
Profit and loss account	12	(2,186)	(3,205)
EQUITY SHAREHOLDERS' FUNDS	13	<u>8,162</u>	<u>6,366</u>

SIGNED ON BEHALF OF THE BOARD

A R Wyatt

N S K Shattock

Directors

24th May 1999

The accompanying notes are an integral part of these statements.

Estates Property Investment Company Limited

Notes to the accounts

For the period from 25th March 1998 to 31st March 1999

1. ACCOUNTING POLICIES:

The principal accounting policies, all of which have been applied consistently throughout the period and the preceding year, are set out below-

a) Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the accounting policies below, and in accordance with applicable accounting standards.

b) Consolidated Accounts and Cash flow statement

Under section 228 of the Companies Act 1985, this company is exempt from the requirements to prepare consolidated accounts on the grounds that its results are included in the accounts of its parent undertaking Quintain Estates and Development PLC. Consequently the financial statements present information about the Company as an individual undertaking and not about its group.

Under the provisions of Financial Reporting Standard No 1 (Revised), the Company has not prepared a cash flow statement because its ultimate parent company, Quintain Estates and Development PLC, which is incorporated in Great Britain, has prepared consolidated accounts which include the accounts of the Company for the period and which contain a cash flow statement.

c) Turnover

Turnover is stated net of VAT and comprises gross property rents and service charges receivable.

d) Basis of profit recognition

Sales of properties are recognised in the accounts if an unconditional contract is exchanged by the balance sheet date and the sale is completed before the date of approval of the accounts.

e) Investment properties

Investment properties are independently revalued annually by external professional valuers on an open market basis. The aggregate surplus or deficit arising is transferred to a revaluation reserve and taken to the statement of recognised gains and losses, except for permanent diminutions in value, which are taken to the profit and loss account.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP19. The directors consider that, as these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view.

Estates Property Investment Company Limited

Notes to the accounts (continued)

For the period from 25th March 1998 to 31st March 1999

1. ACCOUNTING POLICIES (continued):

If the departure from the Act had not been made, the profit for the financial year would have been decreased by depreciation. Depreciation is only one of many factors reflected in the annual revaluation and the amount which might otherwise have been shown cannot be separately identified or quantified.

f) Revaluation reserve

Changes in the value of the investment properties are recorded in a non-distributable revaluation reserve. On disposal of the investment properties, the applicable revaluation surplus or deficit is transferred to the profit and loss account by way of transfer between reserves. Tax payable on revaluation gains are charged directly to the revaluation reserve.

g) Taxation

Corporation tax payable is provided on taxable profits at the effective rate of corporation tax for the year.

Amounts payable or receivable for group relief relating to losses for taxation purposes surrendered between group undertakings are provided for on the basis of the consideration agreed between the relevant group undertakings.

Deferred taxation is calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred taxation is not provided on timing differences which will probably not reverse. In the case of investment properties, deferred taxation is provided on the revaluation surpluses only when it is anticipated that a property will be sold.

The full potential amount of deferred taxation not provided is shown in note 5.

h) Finance costs

Direct costs incurred in connection with the establishment of debt facilities are not charged to the profit and loss account in the year incurred, they are amortised over the term of the facilities to which they relate. Fixed fees payable under facilities are amortised over the term of those facilities. Costs incurred in the operation of facilities, including professional and bank fees, are charged to the profit and loss account in the year incurred. The unamortised finance costs are deducted from the loans to which they relate.

i) Investment

Investments in subsidiary undertakings are stated at the lower of cost and net realisable value.

Estates Property Investment Company Limited

Notes to the accounts (continued)

For the period from 25th March 1998 to 31st March 1999

2. INTEREST RECEIVABLE AND SIMILAR INCOME:

	Period from 25th March 1998 to 31st March 1999 £'000	Year ended 24th March 1998 £'000
Bank interest receivable	<u>32</u>	<u>5</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES:

	Period from 25th March 1998 to 31st March 1999 £'000	Year ended 24th March 1998 £'000
On bank loans, overdrafts and other loans repayable within five years by instalments	32	-
Finance charges & related costs	3	1,278
Other loans	<u>1,175</u>	<u>-</u>
	<u>1,210</u>	<u>1,278</u>

No interest has been charged on amounts owed to group undertakings during either period.

4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION:

The audit fee for the period has been borne by the ultimate parent company (1998: £11,750).

Amounts paid under an operating lease, which expires in September 2000, were £39,200 (1998: £39,200)

The company paid no remuneration to directors during the period (1998: £134,000), and the company had no employees (1998: 11). The aggregate payroll cost of these persons were £nil (1998 salaries: £247, social security costs: £25)

5. TAXATION:

	Period from 25th March 1998 to 31st March 1999 £'000	Year ended 24th March 1998 £'000
U.K. corporation tax at 31% (1998-31%)		
Prior years	-	(4)
	<u>-</u>	<u>(4)</u>

The tax charge for the period reflects the benefits of losses brought forward. The full potential amount of taxation not provided but attributable to the investment properties, were the properties to be disposed of for their carrying value amounts to £65,000, after taking account of allowances and losses for taxation purposes.

Estates Property Investment Company Limited

Notes to the accounts (continued)

For the period from 25th March 1998 to 31st March 1999

6. INVESTMENT PROPERTIES:

a) Movements in investment properties

	Freehold
Cost or valuation-	£'000
Beginning of period	20,100
Additions	123
Revaluation (see note 12)	777
	<hr/>
End of period	21,000

The historical cost of investment properties at 31st March 1999 was £20,789,000 (1998 - £20,666,000).

b) Investment properties

The investment properties stated in the balance sheet were valued on the basis of open market value at 31st March 1999 based on a valuation carried out by Jones Lang Lasalle, as external valuers, as defined in the RICS Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors.

7. OTHER INVESTMENTS

	1999
	£000
Shares in subsidiary undertakings:	
Cost/valuation at 24 th March 1998	893
	<hr/>
Cost/valuation at 31 st March 1999	893

The principal subsidiary undertaking during the period ended 31st March 1999 was EPIC Commercial Properties Limited. It is wholly owned and its principal activity is property investment.

The company has other wholly owned subsidiary undertakings which either did not trade or whose results are, in the opinion of the directors, insignificant in relation to the profit or loss and the assets of the group.

All the companies in the group are registered and operate in England and Wales.

Estates Property Investment Company Limited

Notes to the accounts (continued)

For the period from 25th March 1998 to 31st March 1999

8. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR:

	31st March 1999 £'000	24th March 1998 £'000
Trade debtors	538	-
Taxation recoverable	15	15
Rents receivable	-	65
Amounts due from group undertakings	20,426	21,105
Provisions thereon	(20,426)	(20,426)
Prepayments and accrued interest	32	48
	<u>585</u>	<u>807</u>

9. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR:

	31st March 1999 £'000	24th March 1998 £'000
10% secured loanstock	-	1,000
Bank loan	-	350
Trade creditors	29	-
VAT payable	57	-
Rents received in advance	-	237
Amounts owed to parent undertaking	1,423	-
Amounts owed to other group undertakings	1,236	1,810
Accruals and deferred income	931	723
	<u>3,676</u>	<u>4,120</u>

No interest has been charged on amounts owed to group undertakings during either period.

10. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

	31st March 1999 £'000	24th March 1998 £'000
10% first mortgage debenture stock 2011	<u>11,500</u>	<u>11,500</u>

The 10% first mortgage debenture stock 2011 is secured by charges over certain investment properties of the Group.

Estates Property Investment Company Limited

Notes to the accounts (continued)

For the period from 25th March 1998 to 31st March 1999

11. SHARE CAPITAL:

	31st March 1999 £'000	24th March 1998 £'000
Authorised- 39,000,000 ordinary shares of 25p each	9,750	9,750
Allotted, called up and fully paid- 24,655,492 ordinary shares of 25p each	6,164	6,164

12. RESERVES:

	Revaluation reserve £'000	Profit and loss account £'000
Beginning of period	(566)	(3,205)
Revaluation of investment properties (see note 6)	777	-
Retained profit for the financial period	-	1,019
End of period	211	(2,186)

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS:

	Period from 25 th March 1998 to 31 st March 1999 £'000	Year ended 24 th March 1998 £'000
Profit/(loss) for the financial period	1,019	(448)
Revaluation of investment properties (see note 6)	777	1,934
Net addition to shareholders' funds	1,796	1,486
Shareholders' funds, beginning of period	6,366	4,880
Shareholders' funds, end of period	8,162	6,366

Estates Property Investment Company Limited

Notes to the accounts (continued)

For the period from 25th March 1998 to 31st March 1999

14. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary undertaking of Quintain Estates and Development PLC and therefore it has taken advantage of the exemption under FRS 8 not to provide information on related party transactions with other undertakings within the group.

15. ULTIMATE PARENT COMPANY:

The Company's ultimate parent company is Quintain Estates and Development PLC. The results of the Company are consolidated in the accounts of Quintain Estates and Development PLC. Group accounts are available on request from 58 Davies Street, London W1Y 1LB.