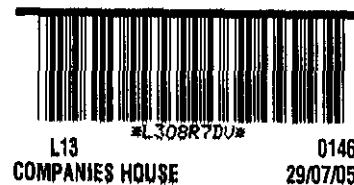


VASELLA LIMITED
FINANCIAL STATEMENTS
FOR THE
PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

COMPANY REGISTRATION NUMBER 2302003



COHEN ARNOLD & CO.
Chartered Accountants & Registered Auditors
New Burlington House
1075 Finchley Road
LONDON NW11 0PU

VASELLA LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

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VASELLA LIMITED

COMPANY INFORMATION

THE DIRECTOR

REIT (Corporate Directors) Limited

COMPANY SECRETARY

REIT (Corporate Services) Limited

REGISTERED OFFICE

5 Wigmore Street
London
W1U 1PB

AUDITORS

Cohen Arnold & Co.
Chartered Accountants
& Registered Auditors
New Burlington House
1075 Finchley Road
LONDON NW11 0PU

VASELLA LIMITED

THE REPORT OF THE DIRECTOR

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

The Director presents his report and the Financial Statements of the company for the period from 1 January 2003 to 30 June 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is property investment, and no change is envisaged in the immediate future.

RESULTS AND DIVIDENDS

The trading results for the period and the company's financial position at the end of the period are shown in the attached Financial Statements.

The Director has recommended the following dividends:

	Period to 30 June 2004	Year to 31 December 2002
	£	£
Dividends paid on preference shares	<u>152,691</u>	<u>—</u>

DIRECTORS

The Directors who served the company during the period were as follows:

REIT (Corporate Directors) Limited
I Smith
S D Noe
K D McGrath
R F Le Hegarat
L Noe

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the Financial Statements of the parent company.

REIT (Corporate Directors) Limited was appointed as a Director on 15 October 2003.

I Smith resigned as a Director on 15 October 2003.
S D Noe resigned as a Director on 15 October 2003.
K D McGrath resigned as a Director on 15 October 2003.
R F Le Hegarat resigned as a Director on 15 October 2003.
L Noe resigned as a Director on 15 October 2003.

The ultimate parent undertaking is Trafalgar Overseas Limited, a company registered in the British Virgin Islands.

RESPONSIBILITIES OF THE DIRECTOR

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the period and of the profit or loss for the period then ended. In preparing those Financial Statements, the Directors are required to:

select suitable accounting policies, as described on page 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

VASELLA LIMITED

THE REPORT OF THE DIRECTOR *(continued)*

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

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 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 Financial Statements comply with the Companies Act 1985. The Directors 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.

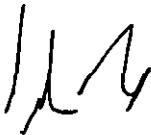
DONATIONS

During the year the company made no charitable donation nor political contribution.

AUDITORS

A resolution to re-appoint Cohen Arnold & Co. as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the Director



REIT (CORPORATE SERVICES) LIMITED
Company Secretary

Approved by the Director on 28/7/05

VASELLA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VASELLA LIMITED

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

We have audited the Financial Statements of VASELLA LIMITED for the period from 1 January 2003 to 30 June 2004 on pages 6 to 14 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 9 .

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Director's Responsibilities the company's Directors are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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. We also report to you if, in our opinion, the Director's Report is not consistent with the Financial Statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Director's remuneration and transactions with the company is not disclosed.

We read the Director's 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 United Kingdom 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 Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, 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 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.

DEPARTURE FROM ACCOUNTING STANDARDS

The company's investment properties are included in the financial statements on the basis indicated in note 1 on accounting policies. This does not comply with the requirements of Statement of Standard Accounting Practice No. 19 which requires such properties to be stated at their open market value. However, as stated in their report, the directors are of the opinion that each of the company's investment properties has an open market value at least equal to the amount at which it is included in the financial statements.

VASELLA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VASELLA LIMITED *(continued)*

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

QUALIFIED OPINION ARISING FROM DEPARTURE FROM ACCOUNTING STANDARDS

Except for non-compliance with the requirements of Statement of Standard Accounting Practice No. 19, in our opinion the financial statements give a true and fair view of the state of the state of the company's affairs at 30 June 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Cohen, Arnold & Co.

COHEN ARNOLD & CO.
Chartered Accountants
& Registered Auditors

New Burlington House
1075 Finchley Road
LONDON NW11 0PU

28 July 2005

VASELLA LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

	Note	30 Jun 04 £	Year to 31 Dec 02 £
Net Rental Income	2	1,944,373	307,382
Administrative expenses		(51,326)	(14,385)
OPERATING PROFIT	3	1,893,047	292,997
Profit on disposal of fixed assets	5	—	282,250
		1,893,047	575,247
Interest receivable	6	458	2,156
Interest payable and similar charges	7	(1,698,086)	(651,674)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		195,419	(74,271)
Tax on profit/(loss) on ordinary activities		—	—
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		195,419	(74,271)
Dividends (non-equity)	8	(152,691)	—
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		42,728	(74,271)

All of the activities of the company are classed as continuing.

The notes on pages 9 to 14 form part of these Financial Statements.

VASELLA LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	30 Jun 04	Year to 31 Dec 02
	£	£
Reported profit/(loss) on ordinary activities before taxation	195,419	(74,271)
Realisation of gains recognised in previous periods	—	379,000
Historical cost profit on ordinary activities before taxation	<u>195,419</u>	<u>304,729</u>
Historical cost profit for the period retained after taxation and dividends	<u>42,728</u>	<u>304,729</u>

The notes on pages 9 to 14 form part of these Financial Statements.

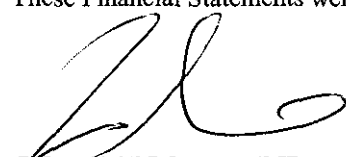
VASELLA LIMITED

BALANCE SHEET

30 JUNE 2004

	Note	30 Jun 04 £	£	31 Dec 02 £	£
FIXED ASSETS					
Tangible assets	9	35,779,000 ✓			—
Investments	10	2,835,834 ✓		3,016,914	
		<u>38,614,834</u>		<u>3,016,914</u>	
CURRENT ASSETS					
Debtors	11	8,898,431		16,580,676	
Cash at bank		646 ✓		445,599	
		<u>8,899,077</u>		<u>17,026,275</u>	
CREDITORS: Amounts falling due within one year	12	<u>13,428,418</u>		<u>12,124,443</u>	
NET CURRENT (LIABILITIES)/ASSETS		<u>(4,529,341)</u>		<u>4,901,832</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>34,085,493</u>		<u>7,918,746</u>	
CREDITORS: Amounts falling due after more than one year	13	<u>27,622,504</u>		<u>5,921,681</u>	
		<u>6,462,989</u>		<u>1,997,065</u>	
CAPITAL AND RESERVES					
Called-up share capital	16	13,023,196 ✓		8,600,000	
Profit and loss account	17	(6,560,207)		(6,602,935)	
SHAREHOLDERS' FUNDS (including non-equity interests)	18	<u>6,462,989</u>		<u>1,997,065</u>	

These Financial Statements were approved and signed by the Director on 28 June 2005



KEIT (CORPORATE DIRECTORS) LIMITED
Director

The notes on pages 9 to 14 form part of these Financial Statements.

VASELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

1. ACCOUNTING POLICIES

Basis of accounting

The Financial Statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, subject to the departures referred to below.

Consolidation

The company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEC and in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The Director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the Financial Statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Depreciation

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation or amortisation is provided in respect of freehold investment properties nor on leasehold investment properties having an unexpired term of more than twenty years. This departure from the requirements of the Companies Act 1985, for all properties to be depreciated, is necessary, as the directors consider that this accounting policy results in the financial statements giving a true and fair view.

Leases having an unexpired term of less than twenty years are amortised evenly over the remaining period of the lease.

Low value items of furniture and fittings are written off in the year in which they are acquired.

Deferred taxation

No provision has been made for the amount of tax on capital gains which could have become payable under present legislation in the event of future sales of investment properties at the amount at which they are stated in the financial statements, or for deferred taxation in respect of capital allowances and industrial building allowances, except where there is a probability of a liability crystallising in the foreseeable future.

VASELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

2. TURNOVER AND NET RENTAL INCOME

	2004 £	2002 £
Rents and charges receivable (5 Dec 2003 - 30 June 2004)	2,653,067	352,389
Property outgoing	(708,694)	(45,007)
Net rental income	<u>1,944,373</u>	<u>307,382</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	30 Jun 04 £	Year to 31 Dec 02 £
Auditors' remuneration - as auditors	<u>10,965</u>	<u>10,681</u>

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the Directors, during the period.

5. PROFIT ON DISPOSAL OF FIXED ASSETS

	30 Jun 04 £	Year to 31 Dec 02 £
Profit on disposal of fixed assets	<u>-</u>	<u>282,250</u>

6. INTEREST RECEIVABLE

	30 Jun 04 £	Year to 31 Dec 02 £
Bank interest receivable	<u>458</u>	<u>2,156</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	30 Jun 04 £	Year to 31 Dec 02 £
Interest payable on bank borrowing (overprovision in previous year)	(35,572)	651,674
Other similar charges payable	<u>1,733,658</u>	<u>-</u>
	<u>1,698,086</u>	<u>651,674</u>

VASELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

8. DIVIDENDS

The following dividends have been paid in respect of the period:

	30 Jun 04 £	Year to 31 Dec 02 £
Dividend paid on preference shares	<u>152,691</u>	<u>—</u>

9. TANGIBLE FIXED ASSETS

	Freehold & Leasehold Property £
COST	
Additions	35,779,000
At 30 June 2004	<u>35,779,000</u>
NET BOOK VALUE	
At 30 June 2004	<u>35,779,000</u>
At 31 December 2002	<u>—</u>

The above properties were purchased from Bleasdale Limited and Desparo Limited, fellow undertakings in the Trafalgar Overseas Limited group.

10. INVESTMENTS

	Subsidiaries £	Hailstone shares £	Total £
COST			
At 1 January 2003	2,835,834	181,080	3,016,914
Disposals	—	(181,080)	(181,080)
At 30 June 2004	<u>2,835,834</u>	<u>—</u>	<u>2,835,834</u>
NET BOOK VALUE			
At 30 June 2004	<u>2,835,834</u>	<u>—</u>	<u>2,835,834</u>
At 31 December 2002	<u>2,835,834</u>	<u>181,080</u>	<u>3,016,914</u>

VASELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

10. INVESTMENTS *(continued)*

The shares in Hailstone Limited were transferred to a fellow undertaking in the Trafalgar Overseas Ltd group.

The company owns 100% of the issued share capital of the companies listed below,

	30 Jun 04 £	31 Dec 02 £
Aggregate capital and reserves *		
Bourne End Property Investments Limited	1,130,973	1,132,708
Trackfast Investments Limited	2,278,549	2,308,078
Hartstone Investments Limited	974,146	996,445
Euroview Investments limited	2,864,335	2,872,510
Profit and (loss) for the year *		
Bourne End Property Investments Limited	(1,735)	(12,966)
Trackfast Investments Limited	(29,529)	(158,504)
Hartstone Investments Limited	(22,299)	(105,675)
Euroview Investments Limited	(8,175)	(236,694)

* Results based on draft accounts

11. DEBTORS

	30 Jun 04 £	31 Dec 02 £
Trade debtors	1,372,727	618
Amounts owed by group undertakings	5,166,054	16,343,122
Other debtors	2,005,313	236,936
Prepayments and accrued income	354,337	—
	<u>8,898,431</u>	<u>16,580,676</u>

Other debtors include £1,915,935 (2002: £55,500) owing from entities under common control.

These loans are interest free and repayable on demand.

12. CREDITORS: Amounts falling due within one year

	30 Jun 04 £	31 Dec 02 £
Payments received on account	597,668	—
Amounts owed to group undertakings	11,452,529	11,144,669
Other creditors including taxation and social security:		
Other taxation and social security	845,278	784,507
Other creditors	460,804	139,591
	<u>13,356,279</u>	<u>12,068,767</u>
Accruals and deferred income	72,139	55,676
	<u>13,428,418</u>	<u>12,124,443</u>

Amounts owed to group undertakings include £3,733,309 (2002: £nil) owed to Frontmead Limited on which interest is charged on commercial terms.

Other creditors include £321,295 (2002: £nil) due to companies under common control.

VASELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

13. CREDITORS: Amounts falling due after more than one year

	30 Jun 04 £	31 Dec 02 £
Loan Creditors	<u>27,622,504</u>	<u>5,921,681</u>

Loan creditors are amounts due to Bleasdale Limited, a fellow group undertaking, on which interest is charged on commercial terms.

14. CONTINGENT LIABILITIES

The company's assets are charged in respect of a Debenture Stock issued by Pinton Estates PLC, the immediate parent undertaking.

15. RELATED PARTY TRANSACTIONS

The directors of the immediate parent company, Pinton Estate plc, are also partners of REIT Asset Management, an entity that provides property management services to group companies. REIT Asset Management charged the company £161,742 (2002 £24,531) during the period.

16. SHARE CAPITAL

Authorised share capital:

	30 Jun 04 £	31 Dec 02 £
15,000,000 Ordinary shares of £1 each	15,000,000	15,000,000
5,000,000 5% Cumulative Preference shares of £1 each	<u>5,000,000</u>	<u>—</u>
	<u>20,000,000</u>	<u>15,000,000</u>

Allotted, called up and fully paid:

	30 Jun 04		31 Dec 02	
	No	£	No	£
Ordinary shares of £1 each	8,600,000	8,600,000	8,600,000	8,600,000
5% Cumulative Preference shares of £1 each	<u>4,423,196</u>	<u>4,423,196</u>	<u>—</u>	<u>—</u>
	<u>13,023,196</u>	<u>13,023,196</u>	<u>8,600,000</u>	<u>8,600,000</u>

17. PROFIT AND LOSS ACCOUNT

	30 Jun 04 £	Year to 31 Dec 02 £
Balance brought forward	(6,602,935)	(6,907,664)
Retained profit/(accumulated loss) for the financial period	42,728	(74,271)
Transfer from revaluation reserve	<u>—</u>	<u>379,000</u>
Balance carried forward	<u>(6,560,207)</u>	<u>(6,602,935)</u>

VASELLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

EQUITY SHAREHOLDERS' FUNDS

	30 Jun 04	31 Dec 02
	£	£
Profit/(Loss) for the financial period	195,419	(74,271)
Dividends (non-equity)	(152,691)	—
	<u>42,728</u>	<u>(74,271)</u>
Opening shareholders' equity funds	<u>1,997,065</u>	<u>2,071,336</u>
Closing shareholders' equity funds	<u>2,039,793</u>	<u>1,997,065</u>

NON-EQUITY SHAREHOLDERS' FUNDS

New non-equity share capital subscribed	<u>4,423,196</u>	—
Closing shareholders' non-equity funds	<u>4,423,196</u>	—
TOTAL SHAREHOLDERS' FUNDS	<u>6,462,989</u>	<u>1,997,065</u>

19. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP

The equity holding company is Pinton Estates plc; the non-equity holding company is Bleasdale Limited, both companies incorporated in England and Wales. The ultimate parent company is Trafalgar Overseas Limited, a company registered in the British Virgin Islands.

VASELLA LIMITED
MANAGEMENT INFORMATION
PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

**The following pages do not form part of the statutory Financial Statements
which are the subject of the independent auditors' report on pages 4 to 5.**

VASELLA LIMITED

PROPERTY REVENUE ACCOUNTS - SUMMARY

	30 Jun 04	Year to 31 Dec 02
	£	£
Rents and other similar charges	2,653,067	352,389
Less: Property Outgoings		
Commission Paid	—	7,038
Insurance	546,952	9,736
Repairs and maintenance	—	3,702
Management commissions	161,742	24,531
	(708,694)	(45,007)
NET RENTAL INCOME	1,944,373	307,382

This page does not form part of the statutory accounts

VASELLA LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES PERIOD FROM 1 JANUARY 2003 TO 30 JUNE 2004

	30 Jun 04		31 Dec 02	
	£	£	£	£
General expenses	6,443		159	
Bank charges	268		—	
Legal and professional fees	33,650		3,545	
Auditors remuneration	10,965		10,681	
	<hr/>		<hr/>	
TOTAL ADMINISTRATIVE EXPENSES		51,326		14,385
		<hr/>		<hr/>

This page does not form part of the statutory accounts