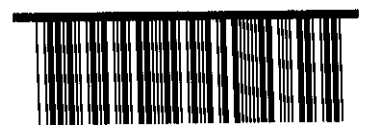


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Skillion Finance Limited

Report and Accounts

31 December 1999



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COMPANIES HOUSE

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28/12/00

Skillion Finance Limited

Registered No. 2420758

DIRECTORS

M J Kingshott (resigned 12 September 2000)

P J Bushnell

J L Elliott

C M Turner

M A Phayre-Mudge (appointed 1 November 2000)

SECRETARY

Henderson Secretarial Services Limited

4 Broadgate

London EC2M 2DA

AUDITORS

Ernst & Young

Rolls House

7 Rolls Buildings

Fetter Lane

London EC4A 1NH

REGISTERED OFFICE

4 Broadgate

London EC2M 2DA

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The company did not trade during the year and did not incur any expenses.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company continues to be acting as a Trustee on behalf of the secured loan note holders of The Skillion Group Limited.

DIRECTORS AND THEIR INTERESTS

The directors of the company are listed on page 1. None of them had any interests in the shares of the company.

Directors' interests in the shares of the ultimate holding company, TR Property Investment Trust plc at 31 March 2000 and 31 March 1999 were:

	<i>Ordinary shares of 25p each</i>		<i>Warrants</i>	
	<i>31 March 2000</i>	<i>31 March 1999</i>	<i>31 March 2000</i>	<i>31 March 1999</i>
M J Kingshott	—	—	—	—
P J Bushnell	8,510	8,510	193,500	193,500
J L Elliott	5,250	5,250	—	—
C M Turner	50,000	50,000	200,000	200,000

M A Phayre-Mudge held 2,500 shares in TR Property Investment Trust plc at the date of his appointment.

AUDITORS

During the year, Smith & Williamson resigned as auditors and the directors appointed Ernst & Young. The company has passed elective resolutions in accordance with the Companies Act 1985 ('the Act') to dispense with the holding of Annual General Meetings, the laying of the annual report and accounts before general meetings and, pursuant to section 252, the obligation to appoint auditors. However, pursuant to section 253 (2) of the Act, any member of the company may require the report and accounts to be laid before a general meeting by depositing a notice to that effect at the registered office of the company not later than 28 days after the dispatch of the report and accounts.

On behalf of the Board



Henderson Secretarial Services Limited

STATEMENT OF 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 of the company 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;
- prepare the accounts 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 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.

REPORT OF THE AUDITORS
to the members of Skillion Finance Limited

We have audited the accounts on pages 5 and 6, which have been prepared under the historical cost convention and on the basis of the accounting policy set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

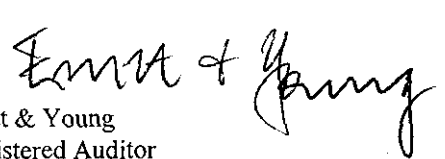
Basis of opinion

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 policy is 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 as at 31 December 1999 and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
London
Date

18.12.00

Skillion Finance Limited

BALANCE SHEET

at 31 December 1999

	Notes	1999 £	1998 £
CURRENT ASSETS			
Debtors	2	10	10
Cash at bank and in hand		3	3
		<u>13</u>	<u>13</u>
NET ASSETS			
		<u>13</u>	<u>13</u>
CAPITAL AND RESERVES			
Called up share capital	3	3	3
Profit and loss account		10	10
		<u>13</u>	<u>13</u>
SHAREHOLDERS' FUNDS	4	<u>13</u>	<u>13</u>

The company has not traded during the year to 31 December 1999 or the previous year and no profit and loss account has therefore been prepared. There have been no recognised gains or losses in either year.

These accounts were approved by the Board of Directors and signed on their behalf on *18 December 2000*.



Director

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICY

Accounting convention

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention on a going concern basis.

2. DEBTORS

	1999	1998
	£	£
Amounts due from group company	10	10
	=====	=====

3. CALLED UP SHARE CAPITAL

	1999	1998
	£	£
Authorised, allotted and fully paid 3 ordinary shares of £1 each	3	3
	=====	=====

4. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Balance brought forward and carried forward	13	13
	=====	=====

5. ULTIMATE PARENT COMPANY

At 31 December 1999, the parent company was Trust Union Properties (Number Twenty-Three) Limited, a company registered in England.

The ultimate parent company at that date was TR Property Investment Trust plc, a company registered in England. Copies of the accounts of TR Property Investment Trust plc are available from the company secretary, TR Property Investment Trust plc, 4 Broadgate, London EC2M 2DA.