

Hypo Property Investment Limited

**Directors' report and financial
statements**

2486729

31 December 2010

FRIDAY



L3RB8XZU

L28

30/09/2011

38

COMPANIES HOUSE

Contents

Directors' report	1 - 2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Hypo Property Investment Limited	4 - 5
Profit and loss account	6
Reconciliation of movements in shareholders' funds	7
Balance sheet	8
Notes	9

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity, business review and future prospects

The principal activity of the Company and its subsidiaries consists of investment in commercial property. The results for the year ended 31 December 2010 are summarised in the profit and loss account on page 6

On 1 February 2010, the Company paid £1 to acquire an interest in a joint venture from a fellow subsidiary company of Flint Nominees Limited. The Company took up shares in the joint venture vehicle, Two Orchards Holdings Limited, a company which wholly owns a property investment company. The Company was also assigned as a party to the existing joint venture agreement. On the 18 May 2011, Two Orchards Limited, the subsidiary company of Two Orchards Holdings Limited, was placed into administration with Grant Thornton by the Directors of Two Orchards Limited. Two Orchards Holdings Limited is not currently in administration, as it has no assets or liabilities, other than the shares in Two Orchards Limited, which are valued at nil. It is likely to be struck off the register after consultation has been completed with the administrators of Two Orchards Limited. It is Two Orchards Holdings Limited in which the Company has a joint venture investment. As at the signing date of these financial statements, the Company has incurred administrative costs in 2011 of £3,609 which relate to the day to day operation of Two Orchards Holdings Limited.

On 26 February 2010, the Company acquired 100% of the share capital in a property investment and development company. This property investment and development company was primarily financed by a loan facility from the London Branch of Deutsche Pfandbriefbank AG until June 2009, when the facility fell due for repayment. With the slump in the commercial property market, the facility repayment could not be made, and Deutsche Pfandbriefbank AG decided to enforce its rights under the loan security and to acquire the property investment and development company to protect the value of the underlying asset. The Company was initially chosen to hold the investment for Deutsche Pfandbriefbank AG until market conditions improve, and costs were incurred by the Company in 2010. However, as part of a restructure of the Hypo Real Estate Holding A G Group, a decision was taken to transfer the shareholding in the investment to Deutsche Pfandbriefbank AG on 23 September 2010.

As part of a restructure of the Hypo Real Estate Holding A G Group and following instruction from the German government, the shareholding of Flint Nominees Limited, the parent undertaking of the Company, was transferred outside the ownership of the Hypo Real Estate Holding A G Group on 1 October 2010. The shareholding of the parent undertaking was transferred to FMS Wertmanagement AöR, an independent public institution incorporated in Germany and under the regulation of the German Financial Markets Stabilisation Agency ("FMSA") and the Federal Financial Supervisory Authority ("BaFin"). The Company remained a wholly owned subsidiary of Flint Nominees Limited throughout the process described above.

On 30 March 2010, the liquidation of The Greater Manchester Property Enterprise Fund Limited, a subsidiary undertaking of the Company, was completed.

The directors remain confident regarding future prospects in respect of the Company.

Dividends

No ordinary dividend (2009 £nil) was paid during the year.

Directors' report (continued)

Directors

The directors who have served since 1 January 2010 were

C Balch	Resigned 1 October 2010
R Barthuber	Appointed 11 August 2010 and Resigned 1 October 2010
C Müller	Appointed 19 November 2010
H J Thaker	Resigned 22 June 2010
Dr C Wagner	Appointed 1 October 2010

There were no changes to the board of directors between the 31 December 2010 and the date of this directors' report, other than any changes noted above

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as each is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board


G Pirie
Secretary

21st Floor
30 St Mary Axe
London
EC3A 8BF

26th September 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors 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 Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to -

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent auditors' report to the members of Hypo Property Investment Limited

We have audited the financial statements of Hypo Property Investment Limited ('the Company') for the year ended 31 December 2010 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors's Responsibilities Statement set out on page 3, the directors' are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Hypo Property Investment Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the informations and explanations we require for our audit



Nicholas J Edmonds
(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

30 September 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Notes</i>	2010 £	2009 £
Administrative expenses		(127,486)	(80,025)
Loss on ordinary activities before interest	2	(127,486)	(80,025)
Interest receivable and similar income	4	580	2,731
Income from shares in group undertaking	5	-	133,723
Interest payable and similar charges	6	-	(692)
(Loss) / profit on ordinary activities before taxation		(126,906)	55,737
Tax credit on profit on ordinary activities	7	-	-
(Loss) / profit for the financial year		(126,906)	55,737

The Company has no recognised gains or losses other than the loss (2009 *profit*) appearing in the profit and loss account

Reconciliation of movements in shareholders' funds
year ended 31 December 2010

	2010 £	2009 £
(Loss) / profit attributable to shareholders of the company	(126,906)	55,737
Net (decrease) / increase to shareholders' funds	(126,906)	55,737
Opening shareholders' funds	417,290	361,553
Closing shareholders' funds	290,384	417,290

Balance sheet
at 31 December 2010

	<i>Notes</i>	2010 £	2009 £
Fixed assets			
Investments	8	2	3
		<hr/>	<hr/>
		2	3
Current assets			
Debtors	9	-	186 395
Cash at bank and in hand	10	310,009	310 894
		<hr/>	<hr/>
		310,009	497,289
Creditors' amounts falling due within one year	11	(19,627)	(80 002)
		<hr/>	<hr/>
Net current assets		290,382	417 287
		<hr/>	<hr/>
Net assets		290,384	417 290
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	200,000	200 000
Profit and loss account		90,384	217 290
		<hr/>	<hr/>
Shareholders' funds		290,384	417,290
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 26th September 2011 and signed on their behalf by



Dr C Wagner
 Director



C Muller
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost accounting rules

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary, the company's voting rights are controlled within the group headed by Flint Nominees Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Flint Nominees Limited, within which this Company is included, can be obtained from the address disclosed in note 13 of these accounts

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for accounting and taxation purposes which have arisen but not reversed by the balance sheet date

Investments

Investments are stated at cost less provision for impairment

2 Loss on ordinary activities before interest

The audit fee of these financial statements is borne by the parent undertaking in both the current and preceding financial years and the amount paid by the parent undertaking on behalf of the Company was £915 (2009 £915) The parent undertaking produces consolidated financial statements and these consolidated accounts disclose the amounts paid by the group to the auditors for audit and other services

3 Remuneration of directors

The directors received no emoluments for services provided to the Company

All directors benefited from qualifying third party indemnity provisions provided by another Group Company

Notes *(continued)*

4 Interest receivable and similar income

	2010 £	2009 £
Interest receivable from parent undertaking	580	2,731
	<u>580</u>	<u>2,731</u>

5 Income from shares in group undertaking

	2010 £	2009 £
Equity Dividend received		
– The Greater Manchester Property Enterprise Fund Limited	-	133,723
	<u>-</u>	<u>133,723</u>

6 Interest payable and similar charges

	2010 £	2009 £
Interest payable to subsidiary undertaking	-	692
	<u>-</u>	<u>692</u>

Notes (continued)

7 Tax credit on profit on ordinary activities

Analysis of charge in period

	2010 £	2009 £
UK corporation tax		
Current tax credit	-	-
	<hr/>	<hr/>
Tax credit on profit on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting tax charge for period

The tax assessed for the period is higher (2009 lower) than the standard rate of corporation tax in the UK – 28% (2009 28%). The differences are explained below

	2010 £	2009 £
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(126,906)	55,737
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	(35,534)	15,606
Effects of -		
Income not subject to taxation	-	(37,442)
Cost not allowable for taxation or tax losses	35,696	22,400
Utilisation of tax losses	(162)	(564)
	<hr/>	<hr/>
Total current tax credit (see above)	-	-
	<hr/>	<hr/>

A deferred tax asset representing tax losses brought forward of £1,035,529 (2009 £1,036,109) has not been recognised as the current projection does not suggest that there will be sufficient future taxable profits available against which deferred tax asset can be utilised

Notes (continued)

8 Investments

Investment in subsidiary undertaking:

	2010 £	2009 £
As at 1 January	2	2
Addition	1	
Disposal	(3)	-
	<hr/>	<hr/>
As at 31 December	-	2
	<hr/>	<hr/>

The £2 investment in a subsidiary undertaking at 1 January was represented by 100% of the issued share capital of The Greater Manchester Property Enterprise Fund Limited, a property investment company registered in England and Wales. As at 31 December 2009 the aggregate capital and reserves of The Greater Manchester Property Enterprise Fund Limited was a surplus of £2 and its loss for the year to 31 December 2009 after dividends was £133,256. On 30 March 2010, the liquidation of The Greater Manchester Property Enterprise Fund Limited was completed. The value of the investment is already stated at the share capital of the subsidiary undertaking, so no impairment was required.

On 26 February 2010, the Company acquired 100% of the share capital in a property investment and development company for £1. This property investment and development company was primarily financed by a loan facility from the London Branch of Deutsche Pfandbriefbank AG until June 2009, when the facility fell due for repayment. With the slump in the commercial property market, the facility repayment could not be made, and Deutsche Pfandbriefbank AG decided to enforce its rights under the loan security and to acquire the property investment and development company to protect the value of the underlying asset. The Company was initially chosen to hold the investment for Deutsche Pfandbriefbank AG until market conditions improve, and costs were incurred by the Company in 2010. However, as part of a restructure of the Hypo Real Estate Holding AG Group, a decision was taken to transfer the shareholding in the investment, at the acquisition value of £1, to Deutsche Pfandbriefbank AG on 23 September 2010.

Investment in fellow subsidiary undertaking:

	2010 £	2009 £
As at 1 January and 31 December	1	1
	<hr/>	<hr/>

The £1 investment is represented by 0.001% of the issued ordinary share capital of a fellow subsidiary, Hypo Property Services Limited, a property management company registered in England and Wales. The remaining shares are held by Flint Nominees Limited, the parent undertaking. As at 31 December 2010 the aggregate share capital and reserves of Hypo Property Services Limited was a surplus of £112,390 (2009 £111,833) and its profit for the year to 31 December 2010 was £557 (2009 £1,191).

Notes (continued)

8 Investments (continued)

Investment in joint venture

	2010 £	2009 £
As at 1 January	-	-
Addition	1	-
	<hr/>	<hr/>
As at 31 December	1	-
	<hr/>	<hr/>

On 1 February 2010, the Company paid £1 to acquire an interest in a joint venture from a fellow subsidiary company of Flint Nominees Limited. The Company took up 500 shares in the joint venture vehicle, Two Orchards Holdings Limited, a company which wholly owns a property investment company called Two Orchards Limited. As at 31 December 2009, being the most recent financial statements available for the company, the aggregate share capital and reserves of Two Orchards Holdings Limited was a surplus of £nil (2008 £nil) and its profit for the year to 31 December 2009 was £nil (2008 loss £1,000).

On the 18 May 2011, Two Orchards Limited was placed into administration with Grant Thornton by the Directors of Two Orchards Limited. Two Orchards Holdings Limited is not currently in administration, as it has no assets or liabilities, other than the shares in Two Orchards Limited, which are valued at nil. It is likely to be struck off the register after consultation has been completed with the administrators of Two Orchards Limited. As at the signing date of these financial statements, the Company has incurred administrative costs in 2011 of £3,609 which relate to the day to day operation of Two Orchards Holdings Limited.

9 Debtors

	2010 £	2009 £
Amounts owed by parent undertaking	-	186,395
	<hr/>	<hr/>
	-	186,395
	<hr/>	<hr/>

10 Cash at bank and in hand

The cash at bank balance as at 31 December 2010 is £310,009 (2009 £310,894).

11 Creditors: amounts falling due within one year

	2010 £	2009 £
Amounts owed to subsidiary undertaking	-	2
Accruals and deferred income	-	80,000
Amounts owed to parent undertaking	19,627	-
	<hr/>	<hr/>
	19,627	80,002
	<hr/>	<hr/>

Notes (continued)

12 Called up share capital

	2010 £	2009 £
Authorised:		
2,000,000 ordinary shares of £1 each	2,000,000	2,000,000
	<hr/>	<hr/>
Allotted as nil paid		
1,800,000 ordinary shares of £1 each	1,800,000	1,800,000
	<hr/>	<hr/>
Allotted, called up and fully paid.		
200,000 ordinary shares of £1 each	200,000	200,000
	<hr/>	<hr/>

13 Ultimate parent company

As part of a restructure of the ultimate parent undertaking, Hypo Real Estate Holding A G Group, and following instruction from the German government, the shareholding of Flint Nominees Limited, the parent undertaking of the Company, was transferred outside the ownership of the Hypo Real Estate Holding A G Group on 1 October 2010. The shareholding of the parent undertaking was transferred to FMS Wertmanagement AöR, the new ultimate parent undertaking. FMS Wertmanagement AöR is an independent public institution incorporated in Germany and under the regulation of the German Financial Markets Stabilisation Agency ("FMSA") and the Federal Financial Supervisory Authority ("BaFin"). The requirements of this regulation do not require FMS Wertmanagement AöR to prepare consolidated financial statements.

The Company remained a wholly owned subsidiary of Flint Nominees Limited throughout the change in the ultimate parent undertaking.

The largest group and smallest group in which they are consolidated is that headed by Flint Nominees Limited, a company registered in England and Wales. The consolidated accounts of Flint Nominees Limited are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff CF14 3UX.

14 Subsequent events

On the 18 May 2011, Two Orchards Limited, the subsidiary company of Two Orchards Holdings Limited, was placed into administration with Grant Thornton by the Directors of Two Orchards Limited. Two Orchards Holdings Limited is not currently in administration, as it has no assets or liabilities, other than the shares in Two Orchards Limited, which are valued at nil. It is likely to be struck off the register after consultation has been completed with the administrators of Two Orchards Limited. It is Two Orchards Holdings Limited in which the Company has a joint venture investment.

As at the signing date of these financial statements, the Company has incurred administrative costs in 2011 of £3,609 which relate to the day to day operation of Two Orchards Holdings Limited.