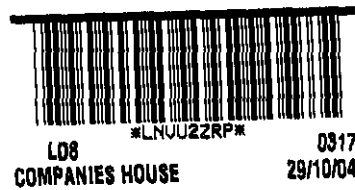


IVG ASTICUS (GMS) LIMITED
(Registered number 2514463)

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2003



PKF

**IVG ASTICUS (GMS) LIMITED
ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2003**

CONTENTS

DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
INDEPENDENT AUDITORS' REPORT	3
PROFIT AND LOSS ACCOUNT	4
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	5
BALANCE SHEET	6
CASH FLOW STATEMENT	7
NOTES TO THE FINANCIAL STATEMENTS	8

**IVG ASTICUS (GMS) LIMITED
DIRECTORS' REPORT**

The directors submit their report and the audited financial statements of the company for the year ended 31 December 2003.

RESULTS

The profit for the year after taxation amounted to £3,116,533 (2002: £1,745,578) which is added to the profit carried forward.

A dividend payment was made on 19 December 2003 for £39.9 million (£20.3 million from profit and loss reserves and £19.6 million from the capital contribution).

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company was the leasing of property in central London until its remaining property was disposed of. At the current time the company is managing its cash resources and will continue to do so pending the consideration of further investment opportunities.

DIRECTORS

The following directors served during the year:

Mr J Svedin
Mr T A Seifert
Mr P Banerjee
Mr D Gibson

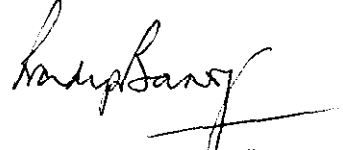
The directors had no interest during the year which required to be recorded in the register maintained by the company under Section 325 of the Companies Act 1985.

Mr T A Seifert resigned as a director on 18 February 2004.

AUDITORS

A resolution to reappoint the auditors, PKF will be proposed at the annual general meeting.

ON BEHALF OF THE BOARD


P BANERJEE
Director

29 October 2004

IVG ASTICUS (GMS) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 and of the profit or loss of the company for that period. In preparing those financial statements, 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, 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 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. 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.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IVG ASTICUS (GMS) LIMITED

We have audited the financial statements of IVG Asticus (GMS) Limited for the year ended 31 December 2003 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members, as a body, for our audit work for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 Directors' 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 directors' remuneration and transactions with the company is not disclosed.

We read the Directors' 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London, UK

29 October 2004

PKF
PKF

Registered Auditors

**IVG ASTICUS (GMS) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2003**

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
Rents receivable		1,867,175	4,019,990
Operating costs		(61,712)	(618,965)
Administrative expenses		(47,662)	(51,714)
Operating profit	2	1,757,801	3,349,311
Loss on disposal of fixed assets	5	(478,568)	-
Net result from discontinued operations		1,279,233	3,349,311
Continuing operations			
Interest receivable and similar items	3	1,445,895	587,326
Interest payable and similar charges	4	(2,438,595)	(1,211,059)
Profit on ordinary activities before taxation		286,533	2,725,578
Taxation	6	2,830,000	(980,000)
Profit for the year		3,116,533	1,745,578
Dividend – paid	7	(20,300,000)	-
Retained (loss)/profit for the year	16	(17,183,467)	1,745,578

IVG ASTICUS (GMS) LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2003

	<u>2003</u> £	<u>2002</u> (as restated) £
Profit for the year	3,116,533	1,745,578
Unrealised loss on revaluation	-	(4,704,891)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	3,116,533	(2,959,313)
Prior year adjustment (note 16)	(6,282,000)	-
	<hr/>	<hr/>
Total (losses) recognised since last annual report	<u>(3,165,467)</u>	<u>(2,959,313)</u>

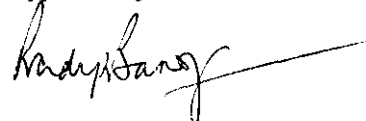
NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>2003</u> £	<u>2002</u> £
Reported profit on ordinary activities before taxation	286,533	2,725,578
Difference between the historical cost profit on disposal of fixed assets and the actual loss on disposal calculated on the revalued amount	4,853,517	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	<u>5,140,050</u>	<u>2,725,578</u>
	<hr/>	<hr/>
Historical cost (loss)/profit for the year retained after taxation and dividends	<u>(12,329,950)</u>	<u>1,745,578</u>

IVG ASTICUS (GMS) LIMITED
BALANCE SHEET
AT 31 DECEMBER 2003

		<u>2003</u>	<u>2002</u> (as restated)
	<u>Notes</u>	£	£
FIXED ASSETS			
Tangible asset	8	-	52,718,000
Investment	9	2	2
		<hr/>	<hr/>
		2	52,718,002
CURRENT ASSETS			
Debtors	10	17,786,647	23,670,400
Cash at bank and in hand		11,312	98,390
		<hr/>	<hr/>
		17,797,959	23,768,790
CREDITORS			
Amounts falling due within one year	11	(500,926)	(2,007,498)
		<hr/>	<hr/>
NET CURRENT ASSETS		17,297,033	21,761,292
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		17,297,035	74,479,294
CREDITORS			
Amounts falling due after more than one year	11	-	(18,844,500)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	12	-	(3,080,000)
Other provisions	13	(1,525,708)	-
		<hr/>	<hr/>
NET ASSETS		15,771,327	52,554,794
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	14	16,800,000	16,800,000
Capital contribution	15	-	19,600,000
Revaluation reserve	16	-	4,853,517
Profit and loss account	17	(1,028,673)	11,301,277
		<hr/>	<hr/>
SHAREHOLDER'S FUNDS	18	15,771,327	52,554,794
		<hr/>	<hr/>

Approved by the board on 29 October 2004


P BANERJEE Director

IVG ASTICUS (GMS) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
Operating profit		1,757,801	3,349,311
Increase in debtors		(398,247)	(4,456,846)
Increase/(decrease) in creditors		(1,523,173)	464,467
Amortisation of deferred expenditure		-	533,333
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		<u>(163,619)</u>	<u>(109,735)</u>
 CASHFLOW STATEMENT			
Net cash outflow from operating activities		(163,619)	(109,735)
Returns on investments and servicing of finance	19	(39,400,391)	(572,195)
Taxation		(200,000)	-
Capital expenditure	19	58,521,432	(2,984)
		<hr/>	<hr/>
Cash inflow/(outflow) before financing		18,757,422	(684,914)
Financing	17	(18,844,500)	747,000
		<hr/>	<hr/>
(Decrease)/increase in cash in the period		<u>(87,078)</u>	<u>62,086</u>
 Reconciliation of net cash flow movement to movement in net debt			
	18		
(Decrease)/increase in cash in the period		(87,078)	62,086
Cash outflow/(inflow) from debt		18,844,500	(747,000)
		<hr/>	<hr/>
Movement in net debt in the period		18,757,422	(684,914)
Net debt at 1 January 2003		(18,746,110)	(18,061,196)
		<hr/>	<hr/>
Net debt at 31 December 2003		<u>11,312</u>	<u>(18,746,110)</u>

**IVG ASTICUS (GMS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003**

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, and in accordance with applicable accounting standards.

(b) Investment property

All costs associated with the acquisition and development of investment property, net of incidental receipts and including interest payable on loans taken out to finance the project, are capitalised.

In accordance with Statement of Standard Accounting Practice No. 19 (SSAP 19), investment property is stated in the balance sheet at open market value. Revaluation surpluses and deficits are taken to a revaluation reserve except to the extent that they represent reversals of deficits previously recognised through the profit and loss account.

Also in accordance with SSAP 19 no depreciation is provided in respect of investment property. This is a departure from the requirement of the Companies Act 1985 which requires all assets having a limited useful economic life to be depreciated. The directors consider this treatment necessary in order to show a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which would otherwise have been shown cannot be separately quantified.

(c) Consolidated financial statements

Consolidated accounts have not been prepared as permitted by section 228 of the companies Act 1985. The financial statements present information about the company as an individual undertaking and not about the group as a whole.

Investments in subsidiary undertakings are stated at cost.

(d) Turnover

Turnover represents the amounts, excluding value added tax, of rent and recharges received from the tenants.

(e) Deferred taxation

As required by FRS19 "Deferred Tax", full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised.

Deferred assets and liabilities are calculated at the tax rates expected to be effective at the date the timing differences are expected to reverse.

(f) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated to sterling at the rate prevailing at the balance sheet date. Transactions in foreign currencies are converted at the rate prevailing at the date of the transaction.

IVG ASTICUS (GMS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES (Continued)

(g) Operating lease incentives and prior year adjustment

In accordance with UITF 28 rent receivable in the period from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is spread evenly over that period. The cost of other incentives is spread on a straight-line basis over a similar period. Unamortised amounts are included in prepayments.

UITF 28 also requires that the carrying value of investment properties reported in the balance sheet should not include any amount that is reported as a separate asset. Previous financial statements have included investment properties at the gross market value in error without deduction for unamortised lease incentives. The financial statements have been amended to correct this resulting in a reduction in net assets as at 31 December 2002 of £6,282,000. The profit previously reported for the year ended 31 December 2002 remains unchanged. This change has no impact on the net assets at 31 December 2003 but has increased the profit reported in the year by £6,282,000.

2 OPERATING PROFIT	<u>2003</u>	<u>2002</u>
	£	£
Operating profit is stated after charging:		
Auditors' remuneration - for audit services	13,450	14,015
- for other services	33,507	15,673
	<u> </u>	<u> </u>

None of the directors received any emoluments from the company for their services.

3 INTEREST RECEIVABLE AND SIMILAR ITEMS	<u>2003</u>	<u>2002</u>
	£	£
Group interest	1,366,529	562,556
Bank interest	79,366	24,770
	<u> </u>	<u> </u>
	1,445,895	587,326
	<u> </u>	<u> </u>

4 INTEREST PAYABLE AND SIMILAR CHARGES	<u>2003</u>	<u>2002</u>
	£	£
Group interest	6,815	430
Bank interest	906,071	1,210,629
Provision for interest rate swap interest (note 13)	1,525,708	-
	<u> </u>	<u> </u>
	2,438,596	1,211,059
	<u> </u>	<u> </u>

5 LOSS ON DISPOSAL OF FIXED ASSETS

During 2003 the company sold its freehold investment property at 16 Great Marlborough Street, London.

IVG ASTICUS (GMS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

6 TAXATION

	<u>2003</u> £	<u>2002</u> £
(a) The charge for the year comprises:		
Current tax:		
Corporation tax at 30% (2002: 30%)	250,000	-
Total current tax (note 6(b))	250,000	-
Deferred taxation (note 12)	(3,080,000)	980,000
Tax on profit on ordinary activities	2,830,000	980,000
	<u>2003</u> £	<u>2002</u> £
(b) The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:		
Profit on ordinary activities before tax	286,533	2,725,578
Profit on ordinary activities at standard rate of corporation tax in the UK of 30% (2002: 30%)	85,960	817,673
Effects of:		
Expenses not deductible for tax purposes	464,423	163,533
Management expenses carried forward for future offset	-	11,981
Capital allowances in excess of depreciation	81,305	(256,665)
Utilisation of management expenses brought forward	-	(512,630)
Utilisation of losses	(296,275)	-
Group relief claimed	(228,984)	-
Difference between accounting and tax treatment of loss on disposal of property	143,571	-
Current tax charge for the year (note 6(a))	250,000	-

7 DIVIDENDS

	<u>2003</u> £	<u>2002</u> £
Dividend paid on ordinary shares	20,300,000	-

8 TANGIBLE FIXED ASSET

	<u>Freehold investment property</u> £
Valuation	
At 1 January 2003 as previously stated	59,000,000
Adjustment for UITF 28-lease incentives (see 1(g))	(6,282,000)
At 1 January 2003 as restated	52,718,000
Disposal	(52,718,000)
At 31 December 2003	-

The historical cost of the property was £47,864,483 (2002: £47,864,483).

IVG ASTICUS (GMS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

9 FIXED ASSET INVESTMENT

The fixed asset investment represents the cost of the company's holding of 100% of the issued ordinary £1 shares of Asticus (Marlborough) Limited.

Asticus (Marlborough) Limited is registered in England and Wales. At 31 December 2003 the reserves of Asticus (Marlborough) Limited were £199,472 (2002 : £199,472). The company was dormant during the year.

10 DEBTORS

	<u>2003</u> £	<u>2002</u> £
Amounts falling due within one year:		
Amounts due from group undertakings	17,786,647	17,388,400
Prepayments and accrued income	-	533,333
	<hr/>	<hr/>
	17,786,647	17,921,733
Amounts falling due after more than one year:		
Prepayments and accrued income	-	5,748,667
	<hr/>	<hr/>
	17,786,647	23,670,400
	<hr/>	<hr/>

11 CREDITORS

	<u>2003</u> £	<u>2002</u> £
Amounts falling due within one year:		
Amount due to subsidiary undertaking	418,753	665,275
Taxation and social security	50,000	166,011
Accruals and deferred income	32,173	1,176,212
	<hr/>	<hr/>
	500,926	2,007,498
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Bank loan	-	18,844,500
	<hr/>	<hr/>

The bank loan represented an advance under a group revolving loan facility, which was repaid on 30 June 2003.

12 DEFERRED TAXATION

	£
At 1 January 2003	3,080,000
Released in the year on disposal of the property	(3,080,000)
	<hr/>
At 31 December 2003	-
	<hr/>

The deferred tax balances comprises the following, provided at 30% where appropriate.

	<u>2003</u> £	<u>2002</u> £
Accelerated capital allowances	-	1,420,000
Short-term timing differences	-	1,660,000
	<hr/>	<hr/>
	-	3,080,000
	<hr/>	<hr/>

IVG ASTICUS (GMS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

13 OTHER PROVISIONS

£

At 1 January 2003	-
Charge for the year	1,525,708
	<hr/>
At 31 December 2003	1,525,708
	<hr/>

The above provision relates to interest payable under a SWAP agreement. This obligation has crystallised as the loan to which the SWAP agreement relates has been repaid. It is likely that this provision will be utilised within the next twelve months.

14 CALLED UP SHARE CAPITAL

2003
£

2002
£

Authorised

20,000,000 ordinary shares of £1 each

20,000,000

20,000,000

Allotted, issued and fully paid

16,800,000 ordinary shares of £1 each

16,800,000

16,800,000

There has been no movement in share capital during the year.

15 CAPITAL CONTRIBUTION

During 1998 a capital contribution was received from the company's parent undertaking, Stockned Holding BV. This contribution did not bear any interest and was repaid during the year by way of special dividend.

16 REVALUATION RESERVE

£

At 1 January 2003 – as previously stated
Adjustment for UITF 28 – lease incentives

11,135,517
(6,282,000)

At 1 January 2003 – as restated
Transfer to profit and loss account

4,853,517
(4,853,517)

At 31 December 2003

-

17 PROFIT AND LOSS ACCOUNT

£

At 1 January 2003
Transfer from revaluation reserve
Retained loss for the year

11,301,277
4,853,517
(17,183,467)

At 31 December 2003

(1,028,673)

IVG ASTICUS (GMS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2003</u>	<u>2002</u>
	£	(as restated) £
Balance at 1 January 2003	52,554,794	55,514,107
(Loss)/profit for the financial year	(17,183,467)	1,745,578
Special dividend	(19,600,000)	-
Revaluation deficit	-	(4,704,891)
	<hr/>	<hr/>
Balance at 31 December 2003	<u>15,771,327</u>	<u>52,554,794</u>

19 ANALYSIS OF CASHFLOW FOR HEADINGS NETTED IN THE CASHFLOW STATEMENT

	<u>2003</u>	<u>2002</u>
	£	£
Returns on investment and servicing of finance		
Interest received	1,445,895	587,326
Interest paid	(946,286)	(1,159,521)
Dividends paid - ordinary (note 7)	(20,300,000)	-
- special (note 15)	(19,600,000)	-
	<hr/>	<hr/>
	(39,400,391)	(572,195)
	<hr/>	<hr/>
Capital receipts/expenditure		
Payments to acquire tangible fixed assets	-	(2,984)
Proceeds from sale of tangible fixed assets	58,521,432	-
	<hr/>	<hr/>
	58,521,432	(2,984)
	<hr/>	<hr/>
Financing		
Repayment of loans	(18,844,500)	-
New loans	-	747,000
	<hr/>	<hr/>
	(18,844,500)	747,000
	<hr/>	<hr/>

20 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January <u>2003</u> £	Cash Flows £	At 31 December <u>2003</u> £
Cash in hand and at bank	98,390	(87,078)	11,312
Net debt due in more than one year	(18,844,500)	18,844,500	-
	<hr/>	<hr/>	<hr/>
	(18,746,110)	18,757,422	11,312
	<hr/>	<hr/>	<hr/>

**IVG ASTICUS (GMS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003**

21 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is Stockned Holding BV, a company incorporated in the Netherlands.

IVG Immobilien AG, a company incorporated in Germany is regarded by the directors as the ultimate parent company and ultimate controlling party, and is the parent undertaking of the largest and smallest group, for which group accounts are prepared.

Group accounts of IVG Immobilien AG are available to the public from Zanderstr. 5, D-53177 Bonn, Germany.

No disclosure has been made within these financial statements of any transactions or balances with group companies by virtue of the exemptions allowed by Financial Reporting Standard No.8.