

ProLogis Investments Limited

**Directors' report and financial
statements**

Registered number 2568171

For the year ended 31 December 2005



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17/10/2006

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activity and business review

The principal activity of the company is property investment.

Results and dividends

The profit for the financial year was £177,965 (2004: loss £541,345).

The directors do not recommend the payment of a dividend (2004: £Nil).

Directors and directors' interests

The directors who served during the year and subsequently were as follows:

AD Griffiths (appointed 1 November 2005)

MA Lewis (appointed 5 January 2005)

AJ Curtis

KR Hall

A Briley

None of the directors who held office at the end of the financial year had any interests requiring disclosure under Schedule 7 of the Companies Act 1985.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



MA Lewis
Director

ProLogis House
1 Monkspath Hall Road
Solihull
B90 4FY

15 September 2006

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.

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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.



KPMG LLP

2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of ProLogis Investments Limited

We have audited the financial statements of ProLogis Investments Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet 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 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 described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of ProLogis Investments Limited
(continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

15 September 2006

Profit and loss account
for the year ended 31 December 2005

	<i>Note</i>	2005 £	2004 £
Turnover	2	471,000	415,000
Administrative expenses		(212,949)	(22,695)
Operating profit	3	258,051	392,305
Interest receivable and similar income	4	37,728	280
Interest payable and similar charges	5	(213,308)	-
Profit on ordinary activities before taxation		82,471	392,585
Tax on profit on ordinary activities	8	95,494	(933,930)
Profit/(loss) for the financial year	16	177,965	(541,345)

There were no recognised gains or losses in either year other than the profits for that year.

All activity is derived from continuing operations.

Balance sheet
at 31 December 2005

	Note	£	2005 £	£	2004 £
Fixed assets					
Tangible assets	9		5,050,000		5,050,000
Investments	10		5,100,524		5,100,524
			<hr/>		<hr/>
			10,150,524		10,150,524
Current assets					
Stock	11	1,485,768		1,037,573	
Debtors	12	831,534		29,462	
Cash at bank and in hand		62,865		15,763	
			<hr/>	<hr/>	
			2,380,167	1,082,798	
Creditors: Amounts falling due within one year	13	(6,440,743)		(5,321,339)	
			<hr/>	<hr/>	
Net current liabilities			(4,060,576)		(4,238,541)
			<hr/>		<hr/>
Net assets			6,089,948		5,911,983
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15	40,000		40,000	
Profit and loss account	16	6,049,948		5,871,983	
			<hr/>	<hr/>	
Equity shareholders' funds	17		6,089,948		5,911,983
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 15 September 2006 and were signed on its behalf by:



MA Lewis
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 company's financial statements:

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of ProLogis Group Holdings Limited which prepares consolidated financial statements that are publicly available. The company is also, on this basis, exempt from the requirement of Financial Reporting Standard 1 (revised) to present a cash flow statement.

The company has adopted FRS 21 "Events after the balance sheet date" in the year. This has had no impact on the financial statements in the current or previous period.

The company has taken advantage of the exemption offered by Financial Reporting Standard 8 and has not disclosed details of transactions with group companies as more than 90% of the company's voting rights are controlled within the group.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Freehold properties

Freehold property is maintained, as a matter of company policy, by a programme of repair and refurbishment such that the residual value is, in the opinion of the directors, at least equal to its book value. Having regard to this, it is the opinion of the directors that any depreciation, being the difference between the net book value and estimated residual value of the building, written off over its estimated useful economic life, would not be material.

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 tax is fully provided for. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only, when on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not discounted.

The company is part of a UK group for various corporation tax purposes and accordingly, may use the group relief provisions whereby current taxable profits can be offset by current tax losses arising in other companies in the group. Payment for the losses surrendered from the UK group headed by ProLogis Group Holdings Limited is settled through inter-company accounts. Where tax losses are surrendered from members of the wider UK tax group, no payment is made.

2 Turnover

Turnover represents rentals from the letting of investment properties, excluding value added tax.

All turnover and operating profits are derived from the company's principal activity being property investment in the UK.

Notes (continued)

3 Operating profit

Amounts payable in respect of audit services were borne by ProLogis Developments Limited, a group undertaking, in both years.

4 Interest receivable and similar income

	2005 £	2004 £
Bank interest	3,758	280
Interest receivable from group undertakings	33,970	-
	<u>37,728</u>	<u>280</u>

5 Interest payable and similar charges

	2005 £	2004 £
Interest payable from group undertakings	213,308	-
	<u>213,308</u>	<u>-</u>

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees	
	2005	2004
Directors	4	4
	<u>4</u>	<u>4</u>

The aggregate payroll cost of these persons to the company was £Nil (2004: £Nil). All employee costs were borne by ProLogis Developments Limited, a group undertaking, in both years.

7 Directors' remuneration

None of the directors received any remuneration from the company during the year (2004: £Nil).

Notes (continued)

8 Tax on profit on ordinary activities

Analysis of (credit)/charge in the year

	2005 £	2004 £
<i>UK corporation tax</i>		
Current tax on income for the year	24,741	117,776
Adjustment to tax charge in respect of previous year	(120,235)	816,324
	<hr/>	<hr/>
	(95,494)	934,100
<i>Deferred tax</i>		
Adjustment in respect of prior year	-	(170)
	<hr/>	<hr/>
Tax on profit on ordinary activities	<hr/> (95,494) <hr/>	<hr/> 933,930 <hr/>

Factors affecting the tax (credit)/charge for the period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2005 £	2004 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	82,471	392,585
	<hr/>	<hr/>
Current tax at 30% (2004: 30%)	24,741	117,776
<i>Effects of:</i>		
Adjustments to tax charge in respect of previous years	(120,235)	816,324
	<hr/>	<hr/>
Total current tax (credit)/charge (see above)	<hr/> (95,494) <hr/>	<hr/> 934,100 <hr/>

Factors that may affect future tax charges

There are no known factors that may affect future tax charges.

Notes (continued)

9 Tangible fixed assets

	Freehold property £
<i>Cost and net book value</i>	
At beginning and end of year	5,050,000
	<u> </u>

10 Investments

	£
Subsidiary undertakings at beginning and end of year	5,100,524
	<u> </u>

The company has investments in the following subsidiary undertakings:

Name	Country of registration or incorporation	Principal activity	Class and percentage of shares held
ProLogis (Coventry) Limited	England and Wales	Property development	100% of the ordinary shares of £1 each
Ashby Park Management Company Limited	England and Wales	Dormant	100% of the ordinary shares of £1 each

11 Stocks

	2005 £	2004 £
Land held for development	1,485,768	1,037,573
	<u> </u>	<u> </u>

There is no material difference between the carrying value of land held for development and its replacement cost.

12 Debtors

	2005 £	2004 £
Amounts due from group undertakings	797,625	-
Trade debtors	-	4,328
Other debtors	8,839	64
Deferred tax asset (see note 14)	25,070	25,070
	<u> </u>	<u> </u>
	831,534	29,462
	<u> </u>	<u> </u>

Notes (continued)

13 Creditors: Amounts falling due within one year

	2005 £	2004 £
Amounts owed to group undertakings	4,326,383	3,203,749
Corporation tax	1,063,794	1,034,024
Accruals and deferred income	1,050,566	1,083,566
	<u>6,440,743</u>	<u>5,321,339</u>

14 Deferred tax

	2005 £	2004 £
At beginning and end of year (note 12)		<u>(25,070)</u>
Other timing differences	<u>(25,070)</u>	<u>(25,070)</u>

15 Called up share capital

	2005 £	2004 £
<i>Authorised:</i>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid:</i>		
40,000 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

16 Profit and loss account

	£
At beginning of year	5,871,983
Profit for the financial year	177,965
At end of year	<u>6,049,948</u>

Notes (continued)

17 Reconciliation of movement in shareholders' funds

	2005 £	2004 £
Profit/(loss) for the financial year	177,965	(541,345)
Opening shareholders' funds	5,911,983	6,453,328
	<hr/>	<hr/>
Closing shareholders' funds	6,089,948	5,911,983
	<hr/>	<hr/>

18 Financial commitments

There were no financial commitments at either year end.

19 Contingent liabilities

The company, together with ProLogis Group Holdings Limited, ProLogis Holdings Limited, ProLogis Developments Limited and Wooton (Leeds) Limited, have provided an unlimited intercompany guarantee to the Royal Bank of Scotland. The total amount outstanding at 31 December 2005, amounted to £Nil (2004: £Nil).

20 Ultimate controlling party

The directors consider ProLogis, a Real Estate Investment Trust incorporated in Maryland, USA, to be the ultimate controlling party of the company.

ProLogis Investments Limited is a subsidiary of ProLogis Group Holdings Limited, whose parent company is ProLogis UK Holdings SA, a company incorporated in Luxembourg. 95% of the voting rights and entire preference share capital of ProLogis Holdings SA are held by ProLogis.

The largest and smallest group into which the results of the company are consolidated is ProLogis Group Holdings Limited, whose principal place of business is:

ProLogis House
 1 Monkspath Hall Road
 Solihull
 West Midlands
 B90 4FY

The consolidated financial statements are available from the above address.