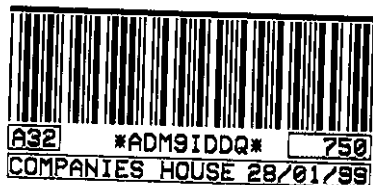


PT SOUTHERN LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 1998



Company No. 2884661

PT SOUTHERN LIMITED

FINANCIAL STATEMENTS

For the year ended 31 MARCH 1998

Company registration number:

2884661

Registered office:

Kingsgate House
114/115 High Holborn
LONDON
WC1V 6JJ

Directors:

A K C Cheng BSc ACA FInst.D
N C F Chan BSc ACA

Joint secretaries:

N C F Chan BSc ACA
Cargil Management Services Limited

Auditors:

Grant Thornton
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
LONDON
NW1 2EP

PT SOUTHERN LIMITED

FINANCIAL STATEMENTS

For the year ended 31 MARCH 1998

INDEX	PAGE
Report of the directors	1 - 2
Report of the auditors	3
Accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

PT SOUTHERN LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 1998.

Principal activities and review of the business

The company carries on the business of property investment, trading and development.

Trading results and dividends

The company loss for the financial year was £16,550 (1997: profit £16,204). The directors do not recommend the payment of a dividend.

Directors and their share interests

The directors during the year ended 31 March 1998, none of whom have an interest in the share capital of the company, are set out below:

A K C Cheng
N C F Chan
A J Bugg (resigned 24 June 1997)

A K C Cheng and N C F Chan were also directors of the ultimate parent undertaking, Property Trust (PVT) Holdings Limited, during the year and their interests, where appropriate, are disclosed in the financial statement of that company.

Directors' responsibilities for the financial statements

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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PT SOUTHERN LIMITED

REPORT OF THE DIRECTORS

Year 2000 Compliance

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of the company's customers and suppliers.

The company is in the process of assessing the risks resulting from this issue. When the analysis is complete, the company will consider the likely impact on the business, develop action plans to deal with the key risks, and estimate the costs to be incurred.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of Grant Thornton, as auditors of the company will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



N C F Chan
Secretary
27 January 1999

REPORT OF THE AUDITORS TO THE MEMBERS OF

PT SOUTHERN LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

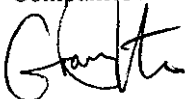
Basis of opinion

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 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 affairs of the company as at 31 March 1998 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**LONDON
27 JANUARY 1999**

PT SOUTHERN LIMITED

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous years.

ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention except that freehold and leasehold investment properties are shown at their revalued amounts.

TURNOVER

Turnover is the total amount receivable by the company for rent.

TANGIBLE FIXED ASSETS

In accordance with Statement of Standard Accounting Practice No. 19, the company's properties held for long-term investments are included in the balance sheet at their open market values. The surpluses or deficits on revaluation of such properties are transferred to the revaluation reserve. Depreciation is not provided in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

DEFERRED TAXATION

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation purposes except to the extent that the directors consider that a liability is unlikely to crystallise.

PT SOUTHERN LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 MARCH 1998

	Note	1998 £	1997 £
Turnover	1	894,504	368,043
Cost of sales		<u>(35)</u>	<u>-</u>
Gross profit		894,469	368,043
Administrative expenses		<u>(236,915)</u>	<u>(78,054)</u>
Operating profit		657,554	289,989
Interest receivable and similar income		4,592	878
Interest payable and similar charges	3	<u>(678,696)</u>	<u>(274,663)</u>
(Loss)/profit on ordinary activities before taxation		(16,550)	16,204
Taxation on profit on ordinary activities	4	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year (deducted from)/transferred to reserves	10	<u><u>(16,550)</u></u>	<u><u>16,204</u></u>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the loss for the period.

The accompanying accounting policies and notes form an integral part of these financial statements.

PT SOUTHERN LIMITED

BALANCE SHEET AT 31 MARCH 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	5	<u>12,791,149</u>	<u>6,145,690</u>
Current assets			
Debtors	6	70,604	20,487
Cash at bank and in hand		<u>178,966</u>	<u>67,478</u>
		249,570	87,965
Creditors: amounts falling due within one year	7	<u>(4,024,355)</u>	<u>(1,394,379)</u>
Net current liabilities		<u>(3,774,785)</u>	<u>(1,306,414)</u>
Total assets less current liabilities		9,016,364	4,839,276
Creditors: amounts falling due after more than one year	8	<u>(9,345,791)</u>	<u>(4,821,351)</u>
		<u>(329,427)</u>	<u>17,925</u>
Capital and reserves			
Called up share capital	9	1	1
Revaluation reserve	10	(330,802)	-
Profit and loss account	10	<u>1,374</u>	<u>17,924</u>
Shareholders' funds	11	<u>(329,427)</u>	<u>17,925</u>

The financial statements were approved by the Board of Directors on 27 January 1999



N C F Chan
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

PT SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 1998

1 TURNOVER

	1998 £	1997 £
Rents receivable	<u>894,504</u>	<u>368,043</u>

All income was derived from within the United Kingdom.

2 DIRECTORS AND EMPLOYEES

The only employees of the company during the year were the directors who did not receive any remuneration.

3 INTEREST PAYABLE

	1998 £	1997 £
Bank interest payable	551,855	205,290
Interest payable to group undertakings	<u>126,841</u>	<u>69,373</u>
	<u>678,696</u>	<u>274,663</u>

4 TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

No United Kingdom corporation tax liability arises on the results for the year due to the availability of losses brought forward from previous years.

PT SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 1998

5 TANGIBLE FIXED ASSETS

	Freehold investment property £
Cost or valuation	
At 1 April 1997	6,145,690
Additions	10,202,002
Disposals	(3,225,741)
Revaluations	<u>(330,802)</u>
At 31 March 1998	<u>12,791,149</u>

Valuations of investment properties were carried out in accordance with the RICS Statement of Asset Valuation Practice by Weatherall Green & Smith, an independent firm of professional valuers, as at 1 November 1994, 20 December 1996, 13 August 1997, 25 September 1997, 9 January 1998 and 31 March 1998. The directors, who have been advised by chartered surveyors employed by the group and external professional valuers, are of the opinion that all the valuations as at 31 March 1998 were at least as high as those stated within the independent valuation report above. After the year end, the property valued on 1 November 1994 has been sold in excess of its valuation.

The investment property is stated at cost.

6 DEBTORS

	1998 £	1997 £
Intercompany	2,398	-
Prepayments and accrued income	3,700	10,983
Sundry debtors	31,882	9,504
Rent control	<u>32,624</u>	<u>-</u>
	<u>70,604</u>	<u>20,487</u>

PT SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 1998

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998	1997
	£	£
Bank loans	215,683	83,932
Amounts owed to group undertakings	3,341,415	1,138,921
Other creditors	127,806	38,158
Accruals and deferred income	339,451	133,368
	<u>4,024,355</u>	<u>1,394,379</u>

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998	1997
	£	£
Secured loans repayable in instalments by:		
2000 - Interest at 1.40% over LIBOR	803,100	847,033
2002 - Interest at 1.25% over LIBOR	4,653,875	1,350,000
2003 - Interest at 1.25% over LIBOR	2,737,500	2,428,750
2004 - Interest at 1.25% over LIBOR	1,087,500	-
Sub-ordinated loan owed to group undertakings	279,500	279,500
	<u>9,561,475</u>	<u>4,905,283</u>
Current portion of loans (note 7)	<u>(215,684)</u>	<u>(83,932)</u>
	<u>9,345,791</u>	<u>4,821,351</u>
The loans are repayable as follows:		
	£	£
In under one year	215,683	83,932
Between one and two years	930,917	83,932
Between two and five years	7,297,875	2,029,169
Over five years	837,500	2,708,250
	<u>9,281,975</u>	<u>4,905,283</u>

The loans are secured by a charge on the freehold investment property.

PT SOUTHERN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 MARCH 1998

9 CALLED UP SHARE CAPITAL

	Authorised		Issued	
	Number	£	Allotted and called up Number	£
Ordinary shares of £1 each				
At 1 April 1997 and at 31 March 1998	<u>1,000</u>	<u>1,000</u>	<u>1</u>	<u>1</u>

10 RESERVES

	Revaluation reserve	Profit and loss account £	Total £
At 1 April 1997	-	17,924	17,924
Loss for financial year	<u>(330,802)</u>	<u>(16,550)</u>	<u>(347,352)</u>
At 31 March 1998	<u>(330,802)</u>	<u>1,374</u>	<u>(329,428)</u>

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit/(loss) for the year	(16,550)	16,204
Deficit on revaluation	<u>(330,802)</u> <u>(347,352)</u>	- <u>16,204</u>
Shareholders' funds at 1 April 1997	<u>17,925</u>	<u>1,721</u>
Shareholders' funds at 31 March 1998	<u>(329,427)</u>	<u>17,925</u>

12 CONTINGENT LIABILITIES

A Cross guarantee exists between the company and PT Northern Limited, Busyglen Limited, Lune Industrial Estate Limited and Carlton Real Estates Developments Limited in favour of The Bristol & West Building Society. All companies are fellow subsidiaries of the Property Trust Plc. The total value of guaranteed loans outstanding at 31 March 1998 was £18,719,142 of which £9,281,975 is reflected in creditors above.

PT SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 1998

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 1998 or at 31 March 1997.

14 POST BALANCE SHEET EVENTS

Since the year end the company has disposed of a portfolio of properties for £3,375,000.

15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING RELATED PARTY

The ultimate parent undertaking and controlling related party of this company is Property Trust (PVT) Holdings Ltd, which is incorporated under the laws of Bermuda. The largest group of undertakings for which group accounts have been drawn up is that headed by Property Trust (PVT) Holdings Ltd and the smallest such group of undertakings, including the company, is that headed by Property Trust PLC which is registered in England and Wales.

As a wholly owned subsidiary of Property Trust (PVT) Holdings Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Property Trust (PVT) Holdings Limited.