

Tishman Speyer Properties (UK) Limited

Report and Financial Statements

31 December 2004



Tishman Speyer Properties UK Limited

Registered No. 3556917

Directors

D Augarten
J I Speyer
P A Galiano
B Lehman
M Spies
M S Kingston

Secretary

M S Kingston

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Barclays Bank PLC
8 – 9 Hanover Square
London W1A 4ZW

Registered Office

St Catherine's House
14 Kingsway
London, WC2B 6LH

Directors' report

The directors submit their annual report and the audited financial statements of the company for the year ended 31 December 2004.

Results and dividends

The results for the year are shown on page 6 to these financial statements. The directors do not recommend the payment of a dividend. The net loss for the year after tax of £951,214 (2003 – loss of £453,912) has been transferred to reserves.

Principal activity and review of the business

The principal activity of the company is that of a property management company. The directors are satisfied with the performance in the year and anticipate continued success in the forthcoming year.

Directors and their interests

The directors who served during the year are listed on page 1.

None of the directors had any interests in the shares of the company during the year.

Auditors

A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



Secretary

Date

19 JUL 2006

Statement of directors' responsibilities in respect of 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; 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.

Independent auditors' report

to the members of Tishman Speyer Properties UK Limited

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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.

Independent auditors' report

to the members of Tishman Speyer Properties UK Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

19 JUL 2006

Profit and loss account

for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover	2	7,285,868	7,756,039
Operating costs	3	(8,339,149)	(8,305,447)
		<hr/>	<hr/>
Operating loss		(1,053,281)	(549,408)
Net interest receivable	6	102,067	77,843
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(951,214)	(471,565)
Tax on ordinary activities	7	–	17,653
		<hr/>	<hr/>
Loss for the financial year	14	(951,214)	(453,912)
		<hr/>	<hr/>

Statement of total recognised gains and losses

for the year ended 31 December 2004

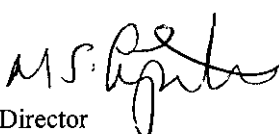
The company has no recognised gains or losses other than those included in the profit and loss account.

Balance sheet

at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	8	171,539	336,686
Current assets			
Debtors	9	6,260,328	5,553,578
Cash at bank and in hand	10	2,213,473	7,052,516
		8,473,801	12,606,094
Creditors: amounts falling due within one year	11	(4,996,315)	(6,925,458)
Net current assets		3,477,486	5,680,636
Total assets less current liabilities		3,649,025	6,017,322
Creditors: amounts falling due after more than one year	12	(12,944)	(1,430,027)
		3,636,081	4,587,295
Capital and reserves			
Called up share capital	13	1	1
Other reserves	14	342,379	342,379
Profit and loss account	14	3,293,701	4,244,915
Equity shareholders' funds		3,636,081	4,587,295

Approved by the board on 19 JUL 2006


 Director

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Basis of preparation

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write down their cost to their estimated residual values by equal annual instalments over the period of their expected useful lives which are considered to be:

Computer equipment	—	3 years
Office equipment and fixtures and fittings	—	4 years
Fit out costs	—	5 years

Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date if materially different. The translation differences are taken to the profit and loss account.

Leasing

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Statement of cash flows

In accordance with FRS1 Statement of Cash Flows, the company is exempt from the requirements to prepare a statement of cash flows.

Notes to the financial statements

at 31 December 2004

2. Turnover

The company's turnover represents the invoiced amounts for services rendered and costs incurred exclusive of value added tax, and is attributable to one class of business for the purposes of segmental reporting, that of property management services.

Included in turnover is a total of £874,391 representing expenses recharged to the company's ultimate parent company, Tishman Speyer Properties LP. In addition, a total of £1,709,388 has been charged to other group companies, being Tishman Speyer Properties France Sarl, Tishman Speyer Properties Espana SL, Tishman Speyer Properties Polska SpZoo and TSP Deutschland GmbH. At year end, as disclosed in note 9 of the financial statements, the company was owed an amount of £4,405,770 by these companies.

Turnover also includes an amount of £197,083 representing property management fees to the following associated entities: TST Aldgate Holdings LLC and Tishman Speyer Leadenhall Court GP LLC.

At the year end, as included in note 9 of the financial statements, the company was owed an amount of £1,024,672 from these associated entities.

3. Operating costs

	2004 £	2003 £
Payroll costs	4,654,246	4,488,696
Social security costs	527,981	465,210
Depreciation	221,875	161,957
Auditors remuneration	21,000	25,000
Other operating charges	2,914,047	3,164,584
	<u>8,339,149</u>	<u>8,305,447</u>

Included within other operating charges are rentals under operating leases of £513,156 (2003 – £515,291).

4. Directors' emoluments

	2004 £	2003 £
Emoluments	<u>948,108</u>	<u>843,662</u>

£11,760 (2003 – £11,668) of employers' pension contributions were paid in relation to one directors.

The amounts in respect of the highest paid director are as follows:

	2004 £	2003 £
Emoluments	<u>561,545</u>	<u>483,448</u>

There were no (2003 – Nil) employers' pension contributions paid in relation to the highest paid director.

Notes to the financial statements

at 31 December 2004

5. Staff costs

Staff costs are disclosed in note 3 above. The average number of persons employed by the company during the year was 44 (2003 – 45).

6. Net interest receivable

	2004 £	2003 £
Interest receivable	186,827	108,784
Interest payable and bank loans	(79,725)	(28,696)
Interest payable on finance leases	(5,035)	(2,245)
	<u>102,067</u>	<u>77,843</u>

7. Tax on profit on ordinary activities

(a) Analysis of charge in period

	2004 £	2003 £
<i>Current tax:</i>		
UK corporation tax	–	–
Prior year overprovision	–	(17,653)
	<u>–</u>	<u>(17,653)</u>
Total current year (note 7 (b))	<u>–</u>	<u>(17,653)</u>

(b) Factors affecting tax charge for the period

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2004 £	2003 £
(Loss)/profit on ordinary activities before tax	<u>(951,214)</u>	<u>(471,565)</u>

Notes to the financial statements

at 31 December 2004

7. Tax on profit on ordinary activities (continued)

The (loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK (30%)

(285,364) (141,470)

Effect of:

Expenses not deductible for tax purposes

61,891 (8,610)

Capital allowances in the period in excess of depreciation

26,779 40,032

Losses carried forward

196,694 110,048

Adjustments in respect of previous periods

- (17,653)

Current tax charge for the period (note 7(a))

- (17,653)

The company has an unprovided deferred tax asset £304,418 (2003 – £55,537).

(c) Factors affecting tax charges

No particular factors have been identified as affecting future tax charges.

8. Tangible fixed assets

	<i>Fit out costs £</i>	<i>Office and computer equipment £</i>	<i>Total £</i>
Cost:			
At 31 December 2003	259,974	350,284	610,258
Additions	15,500	41,228	56,728
Disposals	-	(130,971)	(130,971)
At 31 December 2004	275,474	260,541	536,015
Depreciation:			
At 31 December 2003	51,490	222,082	273,572
Charge for the year	136,992	84,883	221,875
Disposals	-	(130,971)	(130,971)
At 31 December 2004	188,482	175,994	364,476
Net book value:			
At 31 December 2004	86,992	84,547	171,539
At 31 December 2003	208,484	128,202	336,686

Notes to the financial statements

at 31 December 2004

8. Tangible fixed assets (continued)

Assets held under finance leases and capitalised in office and computer equipment:

	2004	2003
	£	£
Cost	71,489	34,475
Aggregate depreciation	(35,833)	(12,331)
Net book amount	35,656	22,144

9. Debtors

	2004	2003
	£	£
Trade debtors	–	1,993
Amounts owed by group undertakings	4,405,770	4,669,514
Amounts owed by associated undertakings	1,024,672	557,517
Prepayments and accrued income	760,899	262,865
Other debtors	68,987	61,689
	6,260,328	5,553,578

10. Cash at bank and in hand

	2004	2003
	£	£
Bank	572,587	1,282,806
Restricted cash	1,640,147	5,769,098
Petty cash	739	613
	2,213,473	7,052,517

11. Creditors: amounts falling due within one year

	2004	2003
	£	£
Trade creditors	739,526	5,797,060
Intercompany loans	2,477,790	–
Amounts owed to group undertakings	159,521	577
Finance leases	23,843	3,171
Taxation and social security	572,324	472,800
Other creditors	51,692	65,050
Accruals and deferred income	971,619	586,800
	4,996,315	6,925,458

Notes to the financial statements

at 31 December 2004

12. Creditors: amounts falling due after one year

	2004	2003
	£	£
Intercompany loan	–	1,411,780
Finance leases	12,944	18,247
	<u>12,944</u>	<u>1,430,207</u>
	£	£
Loans and other borrowings		
Maturity of debt		
In more than one year not more than two years	–	1,411,780
	<u>–</u>	<u>1,411,780</u>
Finance leases		
Future minimum payments under finance leases are as follows:		
Within one year	26,457	3,171
In more than one year, but not more than five years	13,620	18,591
	<u>40,077</u>	<u>21,762</u>
Total gross payments		
Less finance charges included above	(3,290)	(344)
	<u>36,787</u>	<u>21,418</u>

13. Share capital

	2004	2003
	£	£
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>No.</i>
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

Notes to the financial statements

at 31 December 2004

14. Reconciliation of shareholder's funds and movement on reserves

	<i>Share capital</i>	<i>Other reserves</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£
At 31 December 2003	1	342,379	4,244,915	4,587,295
Retained loss for the year	--	--	(951,214)	(951,214)
At 31 December 2004	1	342,379	3,293,701	3,636,081

15. Other financial commitments

At 31 December 2004, the company had annual commitments under non-cancellable operating leases in respect of office rent and office equipment as set out below:

	<i>2004</i>	<i>2003</i>
	£	£
Operating leases which expire:		
Within one year	508,145	510,811
Within two to five years	--	502,117
	508,145	1,012,928

16. Ultimate parent undertaking

The company's ultimate parent undertaking is Tishman Speyer Properties, LP, a partnership incorporated in The United States of America. Copies of the financial statements of Tishman Speyer Properties, LP may be obtained from its registered address at 45 Rockefeller Plaza, New York, New York 10111, USA.