

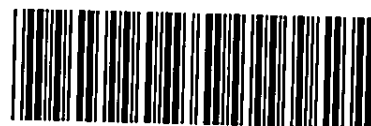
# Lanemore Limited

## FINANCIAL STATEMENTS

for the year ended

31 May 2008

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COMPANIES HOUSE

Company Registration No. 03941320

# Lanemore Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

R Tchenguiz  
V A Tchenguiz

### SECRETARY

M H P Ingham

### COMPANY NUMBER

03941320 (England and Wales)

### REGISTERED OFFICE

4th Floor  
Leconfield House  
Curzon Street  
London  
W1J 5JA

### AUDITORS

Baker Tilly UK Audit LLP  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford  
Surrey  
GU1 1UW

### SOLICITORS

Olswang  
90 High Holborn  
London  
WC1V 6XX

# Lanemore Limited

## DIRECTORS' REPORT

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The directors present their report and financial statements of Lanemore Limited for the year ended 31 May 2008.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company, which has remained unchanged during the year, was property investment by holding lease interests in land and buildings.

No new finance leases have been initiated during the year and the finance lease debtor at 31 May 2008 amounted to £10,840,921.

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2008 were satisfactory given the support of Rotch Property Group Limited, a related company.

### KEY PERFORMANCE INDICATORS

The directors use the following key indicators to measure performance:

	2008	2007
Ratio of loan to finance lease	109%	109%
Interest turnover cover	118%	112%

### RISKS AND UNCERTAINTIES

It is the company's policy that no trading in financial instruments shall be undertaken. The company only enters into derivative contracts as part of its risk mitigation strategy.

The company is exposed to interest rate risks, lessee credit risk, cashflow risks, market value risks and third party risks and details of its mitigation approaches are as follows:

#### Interest rate risk

The risk has been mitigated by the company only being party to fixed interest rate loans.

#### Lessee credit risk

The risk has been mitigated by the company only taking on appropriate lessee with credit checks undertaken by Prime Estates Management Limited, a fellow group company.

#### Cashflow risk

The company minimises its cashflow risk of non performance on its loan agreements by minimising its lessee credit risk and by arranging for its rentals to be paid by direct transfer.

#### Market value risk

The company is not exposed to a loan default resulting from a fall in property values as the loan agreement does not include a loan to value covenant.

#### Third party risk

The company is exposed to third party risk as the company's assets and undertakings are charged in respect of the loan finance provided to fellow group companies under the cross-guarantee and cross-collateralisation arrangements detailed in note 10. The risk has been mitigated by the loan finance not including any loan to value covenants.

# Lanemore Limited

## DIRECTORS' REPORT (CONTINUED)

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### DIVIDENDS

The directors do not recommend payment of a dividend.

### DIRECTORS

The following directors have held office since 1 June 2007:

R Tchenguiz  
V A Tchenguiz

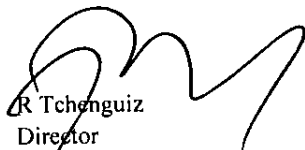
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITORS

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

On behalf of the board



R Tchenguiz  
Director

6 March 2009

# Lanemore Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 requirements of 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 AUDITOR'S REPORT TO THE MEMBERS OF LANEMORE LIMITED

We have audited the financial statements on pages 6 to 14.

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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 May 2008 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

The Clock House

140 London Road

Guildford

Surrey

GU1 1UW

6 March 2009

**Lanemore Limited**  
**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 May 2008**

	<i>Notes</i>	2008 £	2007 £
TURNOVER	1	810,245	800,626
Other operating expenses	2	(10,101)	(7,015)
OPERATING PROFIT		800,144	793,611
Investment income	3	768	434
		800,912	794,045
Interest payable and similar charges	4	(710,916)	(902,933)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	89,996	(108,888)
Taxation	7	(233,122)	(76,435)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	(143,126)	(185,323)

All amounts derive from continuing activities.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

# Lanemore Limited

## BALANCE SHEET

31 May 2008

	Notes	2008 £	2007 £
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	8	606,692	548,957
Debtors: amounts falling due after more than one year	8	10,956,094	10,903,287
		<u>11,562,786</u>	<u>11,452,244</u>
CREDITORS: Amounts falling due within one year	9	(158,555)	(149,213)
<b>NET CURRENT ASSETS</b>		<u>11,404,231</u>	<u>11,303,031</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,404,231</u>	<u>11,303,031</u>
CREDITORS: Amounts falling due after more than one year	10	(11,770,756)	(11,759,552)
PROVISIONS FOR LIABILITIES AND CHARGES	11	(547,566)	(314,444)
<b>NET LIABILITIES</b>		<u>(914,091)</u>	<u>(770,965)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1	1
Profit and loss account	13	(914,092)	(770,966)
<b>SHAREHOLDERS' FUNDS</b>	14	<u>(914,091)</u>	<u>(770,965)</u>

The financial statements on pages 6 to 14 were approved by the board of directors and authorised for issue on 6 March 2009 and are signed on its behalf by:



R. Tchenguiz

Director



# Lanemore Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared under the historical cost convention.

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

### GOING CONCERN

The company's finance lease and funding structure has been set up to be principally self funding.

The directors have assessed the operation of the structure and the continuation and availability of support being provided by Rotch Property Group Limited (see note 16), a related company, and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

### DEFERRED TAXATION

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 the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

### FINANCE LEASES

Finance leases are initially stated at cost including acquisition costs. The carrying amount is increased by finance charges in the accounting period and reduced by payments received in the period. Finance charges are recognised in the profit and loss account so as to produce a constant return on the carrying amount.

### CASH FLOW STATEMENT

The company is exempt from the requirement to prepare a cash flow statement as it is entitled to the exemptions for small companies' accounts set out in section 246 to 249 of the Companies Act 1985.

### INVESTMENT DEPOSITS

Investment deposits are financial instruments that have the attributes of loan relationships and are initially stated at cost. The carrying value is increased by advances received and by finance charges arising and reduced by payments made in the accounting period. Finance charges are calculated so as to produce a constant charge on the carrying amount.

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2008

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### 1. TURNOVER

Turnover represents finance charges allocated to the period so as to give a constant periodic rate of return in the company's net cash investment in the lease.

2. OTHER OPERATING EXPENSES	2008 £	2007 £
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Administrative expenses	10,101	7,015
	<u>          </u>	<u>          </u>

3. INVESTMENT INCOME	2008 £	2007 £
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Interest from group undertakings	768	413
Other interest	-	21
	<u>          </u>	<u>          </u>
	768	434
	<u>          </u>	<u>          </u>

4. INTEREST PAYABLE AND SIMILAR CHARGES	2008 £	2007 £
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Loan interest payable to group undertakings	673,362	700,355
Finance charges on investment deposits payable to group undertakings	13,251	15,420
Amortisation of finance costs	24,303	16,264
Unamortised finance costs expensed on loan redemption	-	170,894
	<u>          </u>	<u>          </u>
	710,916	902,933
	<u>          </u>	<u>          </u>

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2008 £	2007 £
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Profit/(Loss) on ordinary activities before taxation is stated after charging:		
Auditor's remuneration	2,000	2,000
	<u>          </u>	<u>          </u>

### 6. EMPLOYEES

There were no employees during the year apart from the directors, who received no emoluments.

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2008

7. TAXATION	2008 £	2007 £
U.K. corporation tax	-	-
Current tax charge	<u>-</u>	<u>-</u>
Deferred tax		
Effects of changes in tax rates and laws	(20,963)	-
Deferred tax charge current year	72,591	76,435
Deferred tax charge previous year	181,494	-
	<u>233,122</u>	<u>76,435</u>
Deferred tax charge	233,122	76,435
Total tax charge	<u>233,122</u>	<u>76,435</u>
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>89,996</u>	<u>(108,888)</u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2007: 30.00%)	<u>25,199</u>	<u>(32,666)</u>
Effects of:		
Non deductible expenses	51,436	54,800
Losses surrendered under group relief	(14,112)	46,324
UK transfer pricing	10,068	7,977
Adjustment in respect of finance leases	(72,591)	(76,435)
	<u>(25,199)</u>	<u>32,666</u>
Current tax charge	<u>-</u>	<u>-</u>

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 May 2008

8. DEBTORS	2008 £	2007 £
Amounts owed by group undertakings	581,934	524,480
Finance leases	10,840,921	10,765,167
Other debtors	511	456
Prepayments and accrued income	139,420	162,141
	<u>11,562,786</u>	<u>11,452,244</u>

Amounts falling due after more than one year and included in the debtors above are:

	2008 £	2007 £
Finance leases	10,840,921	10,765,167
Prepayments	115,173	138,120
	<u>10,956,094</u>	<u>10,903,287</u>

The original cost of the finance lease was £10,072,285.

9. CREDITORS: Amounts falling due within one year	2008 £	2007 £
Loan from group undertaking (note 10)	2,001	-
Trade creditors	8,041	1,104
Accruals and deferred income	148,513	148,109
	<u>158,555</u>	<u>149,213</u>

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2008

10. CREDITORS: Amounts falling due after more than one year	2008 £	2007 £
Investment deposit	545,745	532,540
Loan from group undertakings	11,225,011	11,227,012
	<u>11,770,756</u>	<u>11,759,552</u>
Loan maturity analysis:		
In more than one year but not more than two years	13,445	2,001
In more than two years but not more than five years	152,493	93,572
In more than five years	11,059,073	11,131,439
	<u>11,225,011</u>	<u>11,227,012</u>
Investment deposit maturity analysis:		
In more than five years	<u>545,745</u>	<u>532,540</u>

The group undertaking loan and investment deposit are with Greenflat Limited (see note 16) the funding for which is provided by a third party lender. The loan is repayable by instalments by 2014 and bears interest at a fixed rate of 5.99% per annum. The investment deposit is repayable by 2036 and finance charges are accruing at a constant rate of 2.46% per annum.

The loan and investment deposit are secured by a fixed and floating charge over the company's finance lease property. The loan and investment deposit are subject to cross-guarantees and cross-collateralisation of the underlying properties used as security with other group loans and investment deposits. The total value of the group loans and investment deposits subject to the cross-collateralisation arrangement, including the company's loan and investment deposit, are £100,000,000 (2007: £100,000,000) and £3,285,220 (2007: £3,178,297) respectively.

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2008

### 11. DEFERRED TAXATION

	<i>Deferred taxation £</i>
Balance at 1 June 2007	314,444
Transfer from profit and loss account	233,122
	<u>547,566</u>
Balance at 31 May 2008	<u>547,566</u>

Deferred taxation provided in the financial statements is as follows:

	2008 £	2007 £
Other timing differences	547,566	508,902
Tax losses available	-	(194,458)
	<u>547,566</u>	<u>314,444</u>

Other timing differences arise on the difference in recognition of net income from the finance lease over the lease term at a constant rate of return and that recognised for tax purposes. These timing differences are not expected to reverse until 2024.

### 12. SHARE CAPITAL

	2008 £	2007 £
Authorised:		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, issued and fully paid:		
1 Ordinary Shares of £1 each	<u>1</u>	<u>1</u>

### 13. STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account £</i>
1 June 2007	(770,966)
Retained loss for the year	(143,126)
	<u>(914,092)</u>
31 May 2008	<u>(914,092)</u>

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2008

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2008 £	2007 £
Loss for the financial year	(143,126)	(185,323)
Opening shareholders' funds	(770,965)	(585,642)
Closing shareholders' funds	(914,091)	(770,965)

### 15. CONTROL

The company's immediate holding company is Birchlake Limited, a company registered in England.

The directors regard the company's ultimate holding company to be Vin-Rotch Properties Limited Inc., a company registered in the Republic of Panama.

The ultimate controlling party is the Tchenguiz Family Trust.

### 16. RELATED PARTY TRANSACTIONS

The company is related to Rotch Property Group Limited and its subsidiaries ("Rotch") with whom it has directors in common and whose ultimate holding company is Vin-Rotch Properties Limited Inc. and ultimate controlling party is the Tchenguiz Family Trust.

During the year Rotch charged Lanemore Limited management fees amounting to £5,000 (2007: £5,000).

At the balance sheet date, and included within Amounts owed by group undertakings, £581,934 (2007: £524,480) was due from Rotch. No interest accrues on this related party balance.

Rotch has agreed to provide limited support to assist the company in meeting its operational costs as they arise should this be necessary.

At the balance sheet date £1 (2007: £1) was due from the company's immediate holding company, Birchlake Limited.

The company's loan and investment deposit are from Greenflat Limited, a fellow group company. At the balance sheet date £11,772,757 (2007: £11,759,552) was due to Greenflat Limited. During the year interest and finance charges of £686,613 (2007: £187,192) were payable to Greenflat Limited and interest of £768 (2007: £413) was received from Greenflat Limited.

The company's loan and investment deposit were previously from Birchlake Limited. Interest and finance charges of £528,583 were payable to Birchlake Limited during the year ended 31 May 2007.