

Bankmead Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2009

Company Registration No 04563521

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COMPANIES HOUSE

Bankmead Limited

COMPANY INFORMATION

DIRECTORS	R Tchenguiz V A Tchenguiz
SECRETARY	M H P Ingham
COMPANY NUMBER	04563521 (England & Wales)
REGISTERED OFFICE	4th Floor Leconfield House Curzon Street London W1J 5JA
AUDITORS	Baker Tilly UK Audit LLP The Clock House 140 London Road Guildford Surrey GU1 1UW
SOLICITORS	Osborne Clarke One London Wall London EC2Y 5EB

Bankmead Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of Bankmead Limited for the year ended 31 May 2009

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 2009 amounted to £3,604,735. The original cost of the finance lease was £3,538,550 as set out in note 8.

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2009 were satisfactory given the support of Rotch Property Group Limited.

KEY PERFORMANCE INDICATORS

The directors use the following key indicators to measure performance

	2009	2008
Ratio of loan to finance lease	92%	92%
Interest turnover cover	143%	144%

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 risk, lessee credit risk, cashflow risk, market value risk and third party risk 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 lessees with credit checks undertaken by Prime Estates Property 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 turnover 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 (see note 10). The risk has been mitigated by the loan finance not including any loan to value covenants.

Bankmead Limited

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

The directors do not recommend the payment of a dividend

DIRECTORS

The following directors have held office since 1 June 2008

R Tchenguiz

V A Tchenguiz

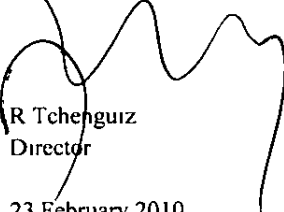
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

23 February 2010

Bankmead Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view. 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Bankmead Limited

INDEPENDENT AUDITOR'S REPORT

To The Members Of Bankmead Limited

We have audited the financial statements on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 the directors and auditors

As more fully explained in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2009 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

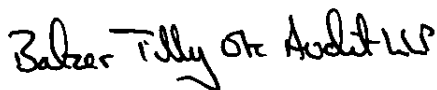
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



David Worrow FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

23 February 2010

Bankmead Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2009

	Notes	2009 £	2008 £
TURNOVER	1	282,723	284,387
Other operating expenses	2	(5,375)	(5,068)
OPERATING PROFIT		277,348	279,319
Investment income	3	-	273
Interest payable and similar charges	4	(205,929)	(206,535)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	71,419	73,057
Taxation	7	(26,496)	(23,077)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	44,923	49,980

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

Bankmead Limited

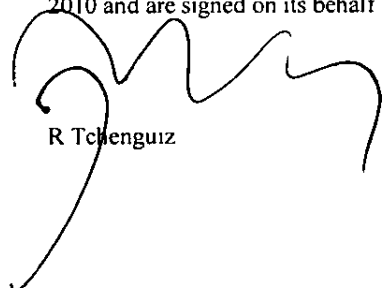
BALANCE SHEET

As at 31 May 2009

Company registration No 04563521

	Notes	2009 £	2008 £
CURRENT ASSETS			
Debtors amounts falling due within one year	8	41,529	8,617
Debtors amounts falling due after more than one year	8	3,637,044	3,630,445
		<u>3,678,573</u>	<u>3,639,062</u>
CREDITORS Amounts falling due within one year	9	<u>(72,242)</u>	<u>(100,756)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,606,331	3,538,306
CREDITORS Amounts falling due after more than one year	10	(3 295,595)	(3,298,989)
PROVISIONS FOR LIABILITIES	11	<u>(119,127)</u>	<u>(92,631)</u>
NET ASSETS		<u><u>191,609</u></u>	<u><u>146,686</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	<u>191,608</u>	<u>146,685</u>
SHAREHOLDERS' FUNDS	14	<u><u>191,609</u></u>	<u><u>146,686</u></u>

The financial statements on pages 5 to 13 were approved by the board of directors and authorised for issue on 23 February 2010 and are signed on its behalf by



R Tchenguiz

Director

Bankmead Limited

ACCOUNTING POLICIES

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 is party to a cross-collateralisation funding structure effected via a £100 million loan to a fellow group company, Greenflat Limited. The structure has been set up to be principally self-funding.

The group is currently in discussions with its finance provider to effect a change to the methodology of calculating the interest cover covenant included in the loan documentation as the methodology as originally drafted is giving rise to apparent loan defaults in circumstances which were not intended to be defaults. The directors consider that these discussions will be successful and that the group's existing funding structure will continue.

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, with the satisfactory resolution of the interest cover covenant issue noted above, that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. 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.

CASH FLOW STATEMENT

The company is exempt from the requirement to prepare a cash flow statement, as more than 90% of the voting rights are controlled within the group and consolidated financial statements in which the company is included are publicly available.

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.

HEDGING FINANCIAL INSTRUMENTS

Receipts and payments arising from financial instruments entered into in order to fix interest payable on loans are treated as additions to or reductions from interest payable.

Receipts and payments arising from financial instruments entered into in order to fix the rental income used to determine the finance lease finance charges are treated as additions to or reductions from that rental income.

The fair value of the financial instruments is not recognised in these accounts.

Bankmead Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

1 TURNOVER

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

2 OTHER OPERATING EXPENSES

	2009	2008
	£	£

Administrative expenses	5,375	5,068
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3 INVESTMENT INCOME

	2009	2008
	£	£

Interest receivable from group companies	-	273
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4 INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£	£

Interest payable to group companies	197,313	197,899
Amortisation of finance costs	8,616	8,636

	205,929	206,535
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5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2009	2008
	£	£

Profit is stated after charging

Auditor's remuneration	2,500	2,000
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6 EMPLOYEES

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

Bankmead Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

7 TAXATION	2009 £	2008 £
UK Corporation tax		
Current tax charge	-	-
Deferred tax		
Effects of changes in tax rates and laws	-	(4,637)
Deferred tax charge current year	26,496	27,714
Total deferred tax	26,496	23,077
Tax on profit on ordinary activities	26,496	23,077
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	71,419	73,057
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.00%)	19,997	20,456
Effects of		
Non deductible expenses	22,236	22,203
Group relief	(15,516)	(13,418)
Adjustment in respect of finance leases	(26,496)	(27,714)
UK transfer pricing	(221)	(1,527)
	(19,997)	(20,456)
Current tax charge	-	-

Bankmead Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

8 DEBTORS	2009 £	2008 £
Finance lease	3,604,735	3,589,520
Amounts owed by group undertakings	32,913	1
Prepayments and accrued income	40,925	49,541
	<u>3,678,573</u>	<u>3,639,062</u>

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

	2009 £	2008 £
Finance lease	3,604,735	3,589,520
Prepayments	32,309	40,925
	<u>3,637,044</u>	<u>3,630,445</u>

The original cost of the finance lease was £3,538,550

9 CREDITORS	2009 £	2008 £
Amounts falling due within one year		
Group undertaking loan (note 10)	3,466	588
Amounts owed to group undertakings	25,033	54,342
Accruals and deferred income	43,743	45,826
	<u>72,242</u>	<u>100,756</u>

Bankmead Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

10 CREDITORS amounts falling due after more than one year	2009 £	2008 £
Group undertaking loan	<u>3,295,595</u>	<u>3,298,989</u>
Loan maturity analysis		
In more than one year but not more than two years	7,730	3,951
In more than two years but not more than five years	58,280	44,817
In more than five years	<u>3,229,585</u>	<u>3,250,221</u>
	<u>3,295,595</u>	<u>3,298,989</u>

The group undertaking loan is with Greenflat Limited the funding for which is provided by a third party lender. The loan is repayable by installments by 2014 and bears interest at a fixed rate of 5.99% per annum. The loan is secured by a fixed and floating charge over the company's finance lease investment property.

The group loan is subject to cross-guarantees and cross-collateralisation of the underlying properties used as security with other group loans. The total value of the group loans subject to the cross-collateralisation arrangement, including the company's loan, as at 31 May 2009 is £103,078,170 (2008 £103,285,220).

11 PROVISIONS FOR LIABILITIES

	Deferred tax liability £
Balance at 1 June 2008	92,631
Profit and loss account	26,496
Balance at 31 May 2009	<u>119,127</u>

The deferred tax liability is made up as follows

	2009 £	2008 £
Other timing differences	<u>119,127</u>	<u>92,631</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 2028.

Bankmead Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

12	SHARE CAPITAL	2009	2008
		£	£
	Allotted, issued and fully paid		
	Equity Shares		
	1 Ordinary share of £1	1	1
		<u>1</u>	<u>1</u>
13	RESERVES		
			Profit and loss account
			£
	Balance at 1 June 2008		146,685
	Profit for the year		44,923
			<u>191,608</u>
	Balance at 31 May 2009		<u>191,608</u>
14	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2009	2008
		£	£
	Profit for the financial year	44,923	49,980
	Opening shareholders' funds	146,686	96,706
		<u>191,609</u>	<u>146,686</u>
	Closing shareholders' funds	<u>191,609</u>	<u>146,686</u>

15 CONTROL

The company's immediate holding company is Dayvalley Limited a company registered in England

The directors regard the ultimate holding company to be Sunnymist Limited, a company incorporated in the British Virgin Islands

The ultimate controlling party is the Tchenguiz Family Trust

Bankmead Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions with fellow group undertakings where 100% of the voting rights are controlled within the group

The company is related to fellow subsidiaries of Sunnymist Limited with whom in many cases it has directors in common

One such company is Rotch Property Group Limited ("Rotch") Rotch provides management services to the company At the balance sheet date, and included within amounts owed by group undertakings, £32,912 (2008 creditor £29,309) was due from that company Management fees payable for the year amounted to £2,875 (2008 £2,938)

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

No interest accrues on this related party balance