

Registered no: 4681701

HAYMARKET PROPERTY INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE 11 MONTHS ENDED 31 JANUARY 2004



Haymarket Property Investments Limited
Contents

Directors' report	1 – 2
Independent auditors' report	3 – 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7 – 8
Cashflow statement	9
Notes to the financial statements	10 – 18

Haymarket Property Investments Limited
Directors' Report
For the 11 Months Ended 31 January 2004

The directors present their report and the audited financial statements for the 11 months period ended 31 January 2004.

Principal activity

The principal activity of the Group is property investment. The company was incorporated on 28 February 2003 and commenced trading on 6 May 2004.

The Group today consists of two wholly owned subsidiaries:

- Haymarket Estates Limited
- Leicester Centre Properties Limited

Review of business and future developments

The results of the Group for the period are set out on page 5 and show a retained profit for the period of £90,000.

The directors expect the Group to continue to be profitable in future years.

Dividends

The directors do not recommend the payment of dividend.

Market value of land and buildings

The directors have revalued the Group's investment property at 31 January 2004 on an open market basis of £70,500,000.

Directors

The directors of the company who served during the period and their beneficial interests in the ordinary share capital of the company were as follows:

		Ordinary shares of £1 each	
		31 January	On
		2004	Incorporation
P L Cash	(Appointed: 31-March-2003)	40	-
L H Perl	(Appointed: 31-March-2003)	20	-
S H Russell	(Appointed: 31-March-2003)	40	-
L & A Registrars Ltd	(Appointed: 28-February-2003 and resigned: 31-March-2003)	-	1

No director acted as chairman

Haymarket Property Investments Limited
Directors' Report
For the 11 Months Ended 31 January 2004

Directors' responsibilities

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 Group and company and of the profit or loss of the Group 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 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.

The directors confirm that they have complied with the above requirements in preparing the above financial statements.

Payment of suppliers

The Company agrees specific terms with its major suppliers. Where such terms have been agreed, it is the company's policy to pay in accordance with them. Where no specific terms have been agreed, payment is generally made within 30 days.

Auditors

MRI Moores Rowland LLP were appointed auditors to the Group and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

By order of the board



S H Russell
Secretary

4 June 2004

Haymarket Property Investments Limited
Independent Auditors' Report To the Members of Haymarket Property Investments
Limited For the 11 Months Ended 31 January 2004

We have audited the financial statements of Haymarket Property Investments Limited for the 11 months period ended 31 January 2004, which are set out on pages 5 to 18. These financial statements have been prepared under the historical cost convention and 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 directors' report the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom 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 opinion

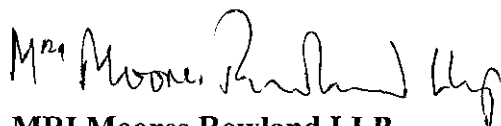
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of accounts, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Haymarket Property Investments Limited
Independent Auditors' Report To the Members of Haymarket Property Investments
Limited For the 11 Months Ended 31 January 2004

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Group and the Company as at 31 January 2004 and of the profit of the Group for the 11 months then ended and have been properly prepared in accordance with the Companies Act 1985.



MRI Moores Rowland LLP

Chartered Accountants

Registered Auditors

3 Sheldon Square

Paddington

London

W2 6PS

4 June 2004

Haymarket Property Investments Limited
Consolidated Profit and Loss Account
For the 11 Months Ended 31 January 2004

	Notes	2004 £'000
Turnover		2,587
Administrative expenses		(46)
Operating profit	2	<u>2,541</u>
Interest payable and similar charges	3	(2,397)
Profit on ordinary activities before tax		<u>144</u>
Taxation on loss on ordinary activities	4	(54)
Profit for the period	13	<u><u>90</u></u>

All activities derive from acquired operations.

The notes on pages 10 to 18 form part of these financial statements.

Haymarket Property Investments Limited
Consolidated Statement of Total Recognised Gains and Losses
For the 11 Months Ended 31 January 2004

	Notes	2004 £'000
Profit for the period		144
Unrealised surplus on revaluation of properties	13	9,900
Total gains and losses for the period		<u>10,044</u>

Haymarket Property Investments Limited
Consolidated Balance Sheet
For the 11 Months Ended 31 January 2004

	Notes	2004 £'000	£'000
Fixed assets			
Intangible assets	5		(6,962)
Tangible assets	6		70,500
			<u>63,538</u>
Current assets			
Debtors	8	545	
Cash at bank and in hand		14,646	
		<u>15,191</u>	
Creditors: amounts falling due within one year	9	(15,459)	
		<u></u>	
Net current liabilities			(268)
Total assets less current liabilities			<u>63,270</u>
Creditors: amounts falling due after more than one year	10		(51,381)
Provision for liabilities and charges	11		(1,899)
			<u></u>
Net assets			<u>9,990</u>
			<u></u>
Capital and reserves			
Called up share capital	12		-
Revaluation reserve	13		9,900
Profit and loss account	13		90
			<u></u>
Shareholders' funds (all equity)	14		<u>9,990</u>
			<u></u>

The financial statements on pages 5 to 18 were approved by the Board of Directors on 4 June 2004.



S H Russell
Director

The notes on pages 10 to 18 form part of these financial statements.

Haymarket Property Investments Limited
Company Balance Sheet
As at 31 January 2004

	Notes	2004 £'000	£'000
Fixed assets			
Investments	7		14,460
			<u>14,460</u>
Current assets			
Debtors	8	46,175	
Cash at bank and in hand		441	
		<u>46,616</u>	
Creditors: amounts falling due within one year	9	(800)	
		<u></u>	
Net current assets			45,816
Total assets less current liabilities			<u>60,276</u>
Creditors: amounts falling due after more than one year	10	(51,381)	
Net assets			<u>8,895</u>
Capital and reserves			
Called up share capital	12		-
Profit and loss account	13		8,895
Shareholders' funds (all equity)	14		<u>8,895</u>

The financial statements on pages 5 to 18 were approved by the Board of Directors on 4 June 2004.

S H Russell
Director

The notes on pages 10 to 18 form part of these financial statements.

Haymarket Property Investments Limited
Consolidated Cashflow Statement
As at 31 January 2004

	Note	2004 £'000
Net cash inflow from operating activities	15	3,309
Returns on investments and servicing of finance	16	(2,397)
Taxation		(16)
Acquisitions and disposals	16	(13,910)
Cash outflow before use of liquid resources and financing		(13,014)
Financing	16	27,660
Increase in cash in the period		14,646

Reconciliation of net cash flow to movement in net debt (note 17)

	2004 £'000
Increase in cash in the period	14,646
Cash inflow from increase in debt financing	(27,660)
Change in net debt resulting in cash flows	(13,014)
Loans acquired with subsidiary	(37,861)
Movement in net debt in the period	(50,875)
Net debt at 28 February 2003	-
Net debt at 31 January 2004	(50,875)

Haymarket Property Investments Limited
Notes to the Financial Statements
For the 11 Months Ended 31 January 2004

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements include the results of the company and of each subsidiary undertaking as at 31 January 2004, using the acquisition method of accounting.

In accordance with Section 230(1) of the Company Act 1985, the accounts do not incorporate a separate profit and loss account for the Company.

Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of consideration paid and the fair value of assets and liabilities acquired. Negative goodwill is capitalised and amortised through the profit and loss account over its estimated useful economic life of 20 years, starting in the first full year of acquisition.

Properties

In accordance with SSAP 19 investment properties are revalued annually to open market value and no depreciation is provided. This represents a departure from the Companies Act 1985 requirements to provide for the systematic annual depreciation of fixed assets. However, these properties are held for investment purposes and the directors consider that the adoption of the above policy is necessary to give a true and fair view.

The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

Impairment of fixed assets and goodwill

Negative goodwill is reviewed for any impairment, by assessing the fair value of assets and liabilities acquired. Fixed asset impairment is assessed by comparing the carrying value against the higher of net realisable value and value in use.

Investments

Investments in subsidiary undertakings are held at cost less any impairment in value.

Haymarket Property Investments Limited
Notes to the Financial Statements
For the 11 Months Ended 31 January 2004

Turnover

Turnover is defined as rental income receivable of £2,942,000 net of rent payable £nil and rental expenses £355,000. All income was derived in the United Kingdom.

Deferred taxation

Provision is made for deferred taxation using the incremental provision approach and is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws subsequently enacted at the balance sheet date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed by the balance sheet date subject to the following:

- Deferred tax is not recognised on the revaluation of non-monetary assets such as property unless a binding sale agreement exists at the balance sheet date. Where rollover relief is available on an asset the deferred tax is in any case not recognised.
- Deferred tax is not recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is 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 recognised on permanent differences.

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Operating profit

	2004
	£'000
Is stated after charging:	
Bank fees amortised in the year	96
Auditors remuneration	28

No emoluments were paid to directors.

Haymarket Property Investments Limited
Notes to the Financial Statements
For the 11 Months Ended 31 January 2004

3. Interest payable and similar charges

	2004
	£'000
Amortisation of fees in relation to the mortgage loan	97
Payable to third parties	2,646
Recoverable from third parties	(346)
	<u>2,397</u>

4. Taxation on loss on ordinary activities

	2004
	£'000
UK Corporation tax at 30%	22
Deferred taxation	32
	<u>54</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of UK corporation tax (30%). The differences are explained below:

	2004
	£'000
Profit on ordinary activities before tax	144
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	43
Effects of:	
Losses	11
Difference between depreciation and capital allowance	(32)
Current tax charge for the period	<u>22</u>

Haymarket Property Investments Limited
Notes to the Financial Statements
For the 11 Months Ended 31 January 2004

5. Intangible assets

	Group £'000
Consideration (including acquisition costs)	14,460
Net assets acquired	(13,387)
Fair value adjustment to investment property	(8,035)
Negative goodwill	<u>(6,962)</u>

On 6 May 2003, the company acquired 100% of the share capital of Haymarket Estates Limited for cash.

6. Tangible fixed assets

	Group £'000
Valuation:	
At 6 May 2003	60,600
Revaluation	9,900
At 31 January 2004	<u>70,500</u>

At the year end, the property owned by the Group was valued by the directors at open market value.

If land and buildings held by the Group had not been revalued by Leicester Centre Properties Limited, they would have been included at historical cost of £41,983,000.

7. Investments

	Company Total £'000
Group undertakings:	
At 28 February 2003	-
Addition	14,460
At 31 January 2004	<u>14,460</u>

Haymarket Property Investments Limited
Notes to the Financial Statements
For the 11 Months Ended 31 January 2004

7. Investments (continued)

Subsidiary undertakings

The principal subsidiary undertakings at 31 January 2004 were as follows:

Company Name	Country of Incorporation	Percentage Shareholding Ordinary shares	Principal Activity
Haymarket Estates Limited	England	100%	Property Investment
Leicester Centre Properties Limited *	England	100%	Property Investment
* 100% owned by Haymarket Estates Limited			

8. Debtors

	Group 2004 £'000	Company 2004 £'000
Trade debtors	491	-
Amounts owed by group undertakings	-	46,175
Prepayments and accrued income	54	-
	<u>545</u>	<u>46,175</u>

9. Creditors: amounts falling due within one year

	Group 2004 £'000	Company 2004 £'000
Loan notes	13,340	-
Mortgage loan	800	800
Trade creditors	21	-
Corporation tax	6	-
Other taxation and social security	221	-
Deferred income	790	-
Accruals	281	-
	<u>15,459</u>	<u>800</u>

The loan notes are secured by a lien over the fixed cash deposit held by the company.

Haymarket Property Investments Limited
Notes to the Financial Statements
For the 11 Months Ended 31 January 2004

10. Creditors: amounts falling due after more than one year

	Group 2004 £'000	Company 2004 £'000
Mortgage loan	51,381	51,381

The mortgage loan is secured on the investment property.

The creditors are due as follows:

	Group 2004 £'000	Company 2004 £'000
In one year or less	800	800
Between one and two years	14,140	800
Between two and five years	51,000	51,000
	<u>65,940</u>	<u>52,600</u>
Less legal costs to be amortised over the length of the debt	(419)	(419)
	<u>65,521</u>	<u>52,181</u>

11. Provision for liabilities and charges

	Group 2004 £'000
Deferred taxation at 6 May 2003	1,867
Movement in the period	32
Deferred taxation at 31 January 2004	<u>1,899</u>

Deferred tax not provided on revalued properties relates to the tax that would arise (net of available relief including capital losses) if the property was sold for the revalued amount. This amounts to £6,000,000.

Haymarket Property Investments Limited
Notes to the Financial Statements
For the 11 Months Ended 31 January 2004

12. Called up share capital

	2004 £'000
Authorised	
100 Ordinary shares of £1 each	-
	<u> </u>
Allotted, called up and fully paid	
100 Ordinary shares of £1 each	-
	<u> </u>

13. Reserves
Group

	Revaluation Reserve £'000	Profit and Loss Account £'000
At 6 May 2003	-	-
Profit for the period	-	90
Revaluation surplus	9,900	-
	<u> </u>	<u> </u>
As 31 January 2004	9,900	90
	<u> </u>	<u> </u>

Company

	Profit and Loss Account £'000
At 28 February 2003	-
Profit for the period	8,895
	<u> </u>
At 31 January 2004	8,895
	<u> </u>

14. Reconciliation of movements in shareholders' funds

	Group 2004 £'000	Company 2003 £'000
Profit for the period	90	8,895
Revaluation surplus	9,900	-
Opening shareholders' funds	-	-
	<u> </u>	<u> </u>
Closing shareholders' funds	9,990	8,895
	<u> </u>	<u> </u>

Haymarket Property Investments Limited
Notes to the Financial Statements
For the 11 Months Ended 31 January 2004

15. Reconciliation of operating profit to net cash inflow from operating activities

	2004
	£'000
Operating profit	2,541
Increase in debtors	(545)
Increase in creditors	1,313
Net cash inflow from operating activities	<u>3,309</u>

16. Analysis of cash flows for headings netted in the cash flow statement

	2004
	£'000
Returns on investments and servicing of finance	
Interest paid	(2,397)
Net Cash outflow for returns on investment and servicing of finance	<u>(2,397)</u>
Acquisitions and disposals	
Purchase of subsidiary undertaking	(14,460)
Net cash acquired with subsidiary	550
Net cash outflow for acquisitions and disposals	<u>(13,910)</u>
Financing	
New mortgage loan advanced (net of amortisation of fees)	52,681
Repayments of the mortgage loan in the period	(500)
Repayments of former Group company loans	(24,521)
Net cash inflow from financing	<u>27,660</u>

Haymarket Property Investments Limited
Notes to the Financial Statements
For the 11 Months Ended 31 January 2004

17. Analysis of net debt

	At 6 May 03	Cash flow	Other non-cash changes	At 31 Jan 04
	£'000	£'000	£'000	£'000
Cash at bank	0	14,646		14,646
	0	14,646	0	14,646
Debt due less than one year	0	0	(14,140)	(14,140)
Debt due after more than one year	0	(27,660)	(23,721)	(51,381)
	0	(27,660)	(37,861)	(65,521)
Net debt	0	(13,014)	(37,861)	(50,875)

18. Major non-cash transactions

Part of the net assets acquired in subsidiary undertakings during the period, included loan notes and other loans. Further details of the acquisition is set out below in note 19.

19. Purchase of subsidiary undertaking

	2004 £'000
Net assets acquired:	
Property	60,600
Cash	550
Deferred tax	(1,867)
Third party loans	(13,340)
Former group company loans	(24,521)
	<u>21,422</u>
Goodwill	<u>(6,962)</u>
	<u>14,460</u>
Satisfied by:	
Cash	<u>14,460</u>

20. Related party disclosures

The company is exempt under FRS 8 from disclosing related party transactions with the entities that are part of Haymarket Property Investments Limited.