

Miletower Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2011



Company Registration No 05312149

Miletower Limited

COMPANY INFORMATION

DIRECTORS	M D Watson V A Tchenguiz
SECRETARIES	A S Fitzpatrick M H P Ingham
COMPANY NUMBER	05312149 (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

Miletower Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of Miletower Limited for the year ended 31 May 2011

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company was property investment by holding lease interests in land and buildings

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2011 were satisfactory given the support of Rotch Property Group Limited

DIVIDENDS

The director does not recommend payment of a dividend

DIRECTORS

The following directors have held office since 1 June 2010

M D Watson
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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

On behalf of the board



Michael Watson
Director

30 November 2011

Miletower 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 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 accounting 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

Miletower Limited

INDEPENDENT AUDITOR'S REPORT

To The Members Of Miletower Limited

We have audited the financial statements on pages 4 to 12. 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 and express an opinion on 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/private.cfm.

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 2011 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.

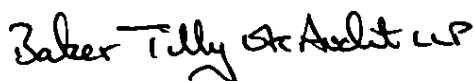
Opinion on other matter prescribed by the Companies Act 2006

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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



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

30 November 2011

Miletower Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2011

	Notes	2011 £	2010 £
TURNOVER	1	685,399	679,886
Other operating expenses	2	(8,500)	(8,375)
OPERATING PROFIT		676,899	671 511
Interest payable and similar charges	3	(540,582)	(540 969)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	136,317	130,542
Taxation	6	(59,820)	(99,535)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	76,497	31 007

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

Miletower Limited

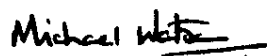
BALANCE SHEET

As at 31 May 2011

Company registration No 05312149

	Notes	2011 £	2010 £
CURRENT ASSETS			
Debtors amounts falling due within one year	7	503,901	436,593
Debtors amounts falling due after more than one year	7	8,957,287	8,908,602
		<u>9,461,188</u>	<u>9,345,195</u>
CREDITORS Amounts falling due within one year	8	<u>(149,523)</u>	<u>(135,528)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,311,665</u>	<u>9,209,667</u>
CREDITORS Amounts falling due after more than one year	9	(8,694,000)	(8,728,319)
PROVISIONS FOR LIABILITIES	10	<u>(513,471)</u>	<u>(453,651)</u>
NET ASSETS		<u><u>104,194</u></u>	<u><u>27,697</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Profit and loss account	12	<u>104,193</u>	<u>27,696</u>
SHAREHOLDERS' FUNDS	13	<u><u>104,194</u></u>	<u><u>27,697</u></u>

The financial statements on pages 4 to 12 were approved by the board of directors and authorised for issue on 30 November 2011 and are signed on its behalf by



Michael Watson

Director

Miletower 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-collateralised 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 directors have assessed the operation of the structure and the continuation and availability of support being provided by Rotch Property Group Limited (see note 15), 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 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 substantively 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.

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2011

1 TURNOVER

Turnover represents finance charges allocated to the period so as to give a constant periodic rate of return over the duration of the lease

2 OTHER OPERATING EXPENSES

	2011 £	2010 £
Administrative expenses	8 500	8,375

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Loan interest payable to group undertakings	520,544	520,931
Amortisation of finance costs	20,038	20,038
	<u>540,582</u>	<u>540,969</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011 £	2010 £
Profit is stated after charging		
Auditor's remuneration	2,500	2 500

5 EMPLOYEES

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

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2011

6 TAXATION	2011 £	2010 £
UK Corporation tax		
Current tax charge	-	-
Deferred tax		
Effects of changes in tax rates and laws	(32,469)	-
Deferred tax charge current year	91,365	99,535
Deferred tax charge previous year	924	-
Total deferred tax	59,820	99,535
Tax on profit on ordinary activities	59,820	99,535
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	136,317	130,542
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	35,442	36,552
Effects of		
Non deductible expenses	73,497	78,481
Group relief	(19,330)	(17,105)
Adjustment in respect of finance leases	(91,365)	(99,535)
UK transfer pricing	1,756	1,607
	(35,442)	(36,552)
Current tax charge	-	-

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2011

7	DEBTORS	2011 £	2010 £
	Finance lease	8,922,219	8,853,497
	Amounts owed by group undertakings	203,933	136,625
	Other debtors	279,930	279,930
	Prepayments and accrued income	55,106	75,143
		<u>9,461,188</u>	<u>9,345,195</u>

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

	2011 £	2010 £
Finance lease	8,922,219	8,853,497
Prepayments	35,068	55,105
	<u>8,957,287</u>	<u>8,908,602</u>

The original cost of the finance lease was £8,250,027 (2010: £8,250,027)

8	CREDITORS: Amounts falling due within one year	2011 £	2010 £
	Loan from group undertaking (note 9)	34,320	20,521
	Accruals and deferred income	115,203	115,007
		<u>149,523</u>	<u>135,528</u>

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2011

9	CREDITORS Amounts falling due after more than one year	2011 £	2010 £
	Loan from group undertaking	<u>8 694,000</u>	<u>8 728,319</u>
	Loan maturity analysis		
	In more than one year but not more than two years	49,528	34 320
	In more than two years but not more than five years	<u>8,644,472</u>	<u>8 693,999</u>
		<u>8,694,000</u>	<u>8 728,319</u>

The group undertaking loan is from Greenflat Limited the funding for which is provided by a third party lender and has been provided to the company on the same interest and repayment terms. The loan is repayable by instalments 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 property.

The 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, is £102,673,156 (2010 £102,942,526) and the fair value of the financial instruments also subject to the cross-collateralisation is £(35,205,384) (2010 £(34,293,874)).

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2011

10 PROVISIONS FOR LIABILITIES

	Deferred tax liability £
Balance at 1 June 2010	453 651
Profit and loss account	59,820
	<hr/>
Balance at 31 May 2011	<u>513,471</u>

The deferred tax liability is made up as follows

	2011 £	2010 £
Other timing differences	<u>513 471</u>	<u>453 651</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 2029.

During the year, as a result of the change in the UK main corporation tax rate from 28% to 26% that was substantively enacted on 29 March 2011 and that became effective from 1 April 2011, the relevant deferred tax balances have been re-measured.

Further reductions to the UK corporation tax rate were confirmed on 23 March 2011. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

11 SHARE CAPITAL	2011 £	2010 £
Allotted, issued and fully paid		
Equity		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

12 RESERVES

	Profit and loss account £
Balance at 1 June 2010	27,696
Profit for the year	76,497
	<hr/>
Balance at 31 May 2011	<u>104,193</u>

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2011

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2011	2010
	£	£
Profit for the financial year	76,497	31,007
Opening shareholders' funds	27,697	(3,310)
Closing shareholders' funds	104,194	27,697

14 CONTROL

The company's immediate holding company is Dovedream Limited

The parent undertaking of the smallest and largest group for which group accounts are prepared and of which the company is a member is Brookrain Limited, the company's ultimate United Kingdom holding company, which is registered in England. Copies of these group accounts are available from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

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.

15 RELATED PARTY TRANSACTIONS

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, £203,932 (2010 £136,624) was due from that company. Management fees payable for the year amounted to £6,000 (2010 £5,875).

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

The company is also related to other companies controlled by the Tchenguiz Family Trust. At the balance sheet date, and included within Other debtors, £279,930 (2010 £279,930) was due from one such company, Vincos Limited.

No interest accrues on the above related party balances.

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.