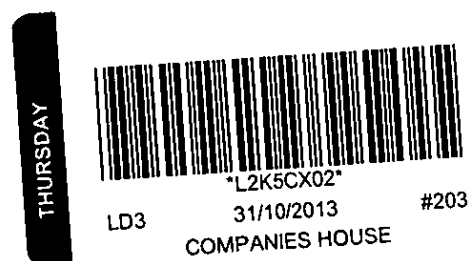


Miletower Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2013



Company Registration No 05312149

Miletower Limited

COMPANY INFORMATION

| | |
|-------------------|---|
| DIRECTORS | M D Watson V A Tchenguiz |
| SECRETARY | A S Fitzpatrick |
| COMPANY NUMBER | 05312149 (England & Wales) |
| REGISTERED OFFICE | 5th Floor Leconfield House Curzon Street London W1J 5JA |
| AUDITOR | Baker Tilly UK Audit LLP 3rd Floor One London Square Cross Lanes Guildford Surrey GU1 1UN |
| 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 2013

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 2013 were satisfactory

GOING CONCERN

The company is party to a cross-collateralised group loan 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's loan funding is due to be repaid in April 2014. The directors have assessed the operation of the structure and, subject to the matter set out hereafter, expect, given the support being provided by Rotch Property Group Limited, a related company, the group to have sufficient working capital for its needs until the repayment date.

The directors are currently exploring options to effect a refinancing, in full or part, together with the disposal, in full or part, of the group's cross-collateralised property investment portfolio.

DIVIDENDS

The directors do not recommend payment of a dividend.

DIRECTORS

The following directors have held office since 1 June 2012

M D Watson
V A Tchenguiz

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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 auditor is 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.

AUDITOR

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

29 October 2013

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 14. 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 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 auditor

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 of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on 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 2013 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.

Emphasis of matter - Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the accounting policies on page 6 of the financial statements which set out some events that may have an impact on the company's ability to continue as a going concern as a result of the requirement for a fellow group company, Greenflat Limited, to repay its cross-collateralised loan funding in April 2014. These possible events indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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.

BAKER TILLY UK AUDIT LLP

Christopher Hurren FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3rd Floor, One London Square

Cross Lanes, Guildford

Surrey, GU1 1UN

29 October 2013

Miletower Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2013

| | Notes | 2013 £ | 2012 £ |
|---|-------|-----------|-----------|
| TURNOVER | 1 | 694,742 | 692,462 |
| Other operating expenses | 2 | (9,000) | (9,000) |
| OPERATING PROFIT | | 685,742 | 683,462 |
| Interest payable and similar charges | 3 | (538,099) | (543,372) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | 147,643 | 140,090 |
| Taxation | 6 | (55,211) | (37,024) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 12 | 92,432 | 103,066 |

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

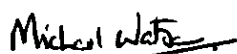
BALANCE SHEET

As at 31 May 2013

Company registration No 05312149

| | Notes | 2013 £ | 2012 £ |
|---|-------|-----------------------|-----------------------|
| CURRENT ASSETS | | | |
| Debtors amounts falling due within one year | 7 | 630,049 | 569,226 |
| Debtors amounts falling due after more than one year | 7 | 9,037,941 | 9,000,666 |
| | | <u>9,667,990</u> | <u>9,569,892</u> |
| CREDITORS Amounts falling due within one year | 8 | <u>(8,762,592)</u> | <u>(167,665)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>905,398</u> | <u>9,402,227</u> |
| CREDITORS Amounts falling due after more than one year | 9 | - | (8,644,472) |
| PROVISIONS FOR LIABILITIES | 10 | <u>(605,706)</u> | <u>(550,495)</u> |
| NET ASSETS | | <u><u>299,692</u></u> | <u><u>207,260</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 1 | 1 |
| Profit and loss account | 12 | <u>299,691</u> | <u>207,259</u> |
| SHAREHOLDERS' FUNDS | 13 | <u><u>299,692</u></u> | <u><u>207,260</u></u> |

The financial statements on pages 4 to 14 were approved by the board of directors and authorised for issue on 29 October 2013 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 United Kingdom 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 group loan 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's loan funding is due to be repaid in April 2014. The directors have assessed the operation of the structure and, subject to the matter set out hereafter, expect, given the support being provided by Rotch Property Group Limited (see note 15), a related company, the group to have sufficient working capital for its needs until the repayment date

The directors are currently exploring options to effect a refinancing, in full or part, together with the disposal, in full or part, of the group's cross-collateralised property investment portfolio

The directors acknowledge that to date the bank has been supportive of the group. They also acknowledge that whilst this support will not be indefinite, it should continue for so long as the group's efforts show that the approach taken remains in the bank's interest and maximises the return to the bank. Accordingly, as the funding structure remains self-financing and other than the requirement to meet the loan repayment in April 2014 the group is meeting all its interest and repayment obligations the directors do not expect a withdrawal of the bank facilities for at least 12 months from the date of approval of these financial statements

The directors have assessed the operation of the structure 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

Miletower Limited

ACCOUNTING POLICIES (CONTINUED)

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 2013

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 | 2013 £ | 2012 £ |
|---|--------------------------|-----------|-----------|

| | | |
|-------------------------|-------------------|-------------------|
| Administrative expenses | 9,000 | 9,000 |
| | <u> </u> | <u> </u> |

| | | | |
|---|--------------------------------------|-----------|-----------|
| 3 | INTEREST PAYABLE AND SIMILAR CHARGES | 2013 £ | 2012 £ |
|---|--------------------------------------|-----------|-----------|

| | | |
|---|-------------------|-------------------|
| Loan interest payable to group undertakings | 518,059 | 523,334 |
| Amortisation of finance costs | 20,040 | 20,038 |
| | <u> </u> | <u> </u> |
| | 538,099 | 543,372 |
| | <u> </u> | <u> </u> |

| | | | |
|---|---|-----------|-----------|
| 4 | PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2013 £ | 2012 £ |
|---|---|-----------|-----------|

| | | |
|---------------------------------|-------------------|-------------------|
| Profit is stated after charging | | |
| Auditor's remuneration | 3,000 | 3,000 |
| | <u> </u> | <u> </u> |

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 2013

| 6 | TAXATION | 2013 £ | 2012 £ |
|---|--|-----------|-----------|
| | UK Corporation tax | | |
| | Current tax charge | - | - |
| | Deferred tax | | |
| | Effects of changes in tax rates and laws | (22,922) | (39,479) |
| | Deferred tax charge current year | 78,133 | 83,772 |
| | Deferred tax charge previous year | - | (7,269) |
| | Total deferred tax | 55,211 | 37,024 |
| | Tax on profit on ordinary activities | 55,211 | 37,024 |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | 147,643 | 140,090 |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2012 - 24.00%) | 33,958 | 33,622 |
| | Effects of | | |
| | Non deductible expenses | 66,104 | 68,552 |
| | Group relief | (23,937) | (20,261) |
| | Adjustment in respect of finance leases | (78,133) | (83,772) |
| | UK transfer pricing | 2,008 | 1,859 |
| | | (33,958) | (33,622) |
| | Current tax charge | - | - |

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2013

| 7 DEBTORS | 2013 £ | 2012 £ |
|------------------------------------|------------------|------------------|
| Finance lease | 9,037,941 | 8,985,638 |
| Amounts owed by group undertakings | 615,021 | 269,257 |
| Other debtors | - | 279,930 |
| Prepayments and accrued income | 15,028 | 35,067 |
| | <u>9,667,990</u> | <u>9,569,892</u> |

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

| | 2013 £ | 2012 £ |
|---------------|------------------|------------------|
| Finance lease | 9,037,941 | 8,985,638 |
| Prepayments | - | 15,028 |
| | <u>9,037,941</u> | <u>9,000,666</u> |

The original cost of the finance lease was £8,250,027 (2012 £8,250,027)

| 8 CREDITORS Amounts falling due within one year | 2013 £ | 2012 £ |
|---|------------------|----------------|
| Loan from group undertaking (note 9) | 8,644,473 | 49,528 |
| Trade creditors | 30 | 30 |
| Accruals and deferred income | 118,089 | 118,107 |
| | <u>8,762,592</u> | <u>167,665</u> |

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2013

| 9 CREDITORS Amounts falling due after more than one year | 2013 £ | 2012 £ |
|--|-----------|-----------|
| Loan from group undertaking | - | 8,644,472 |
| Loan maturity analysis | | |
| In more than one year but not more than two years | - | 70,868 |
| In more than two years but not more than five years | - | 8,573,604 |
| | - | 8,644,472 |

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 April 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 £101,624,165 (2012 £102,240,113) and the fair value of the financial instruments also subject to the cross-collateralisation is £(52,010,223) (2012 £(52,917,585)).

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2013

10 PROVISIONS FOR LIABILITIES

| | Deferred tax liability £ |
|-------------------------|--------------------------------|
| Balance at 1 June 2012 | 550,495 |
| Profit and loss account | 55,211 |
| | <hr/> |
| Balance at 31 May 2013 | 605,706 |
| | <hr/> |

The deferred tax liability is made up as follows

| | 2013 £ | 2012 £ |
|--------------------------|-----------|-----------|
| Other timing differences | 605,706 | 550,495 |
| | <hr/> | <hr/> |

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, Finance Act 2012 was enacted and included legislation to reduce the main rate of corporation tax to 23% with effect from 1 April 2013. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at 23% in the current period.

In his budget of 20 March 2013, the Chancellor of the Exchequer announced tax changes which will have an effect on the Company's future tax position. The budget proposed a decrease in the rate of UK corporation tax from 23% to 21% from 1 April 2014 and by a further 1%, reaching 20% with effect from 1 April 2015. The further proposed reductions in the main rate of corporation tax to 20% were not substantively enacted at the balance sheet date and therefore in accordance with Accounting Standards, these proposed changes have not been reflected in the accounts at 31 May 2013.

| 11 SHARE CAPITAL | 2013 £ | 2012 £ |
|---------------------------------|-----------|-----------|
| Allotted, issued and fully paid | | |
| Equity | | |
| 1 Ordinary share of £1 | 1 | 1 |
| | <hr/> | <hr/> |

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2013

12 RESERVES

Profit and loss
account

£

Balance at 1 June 2012

207,259

Profit for the year

92,432

Balance at 31 May 2013

299,691

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

2013

2012

£

£

Profit for the financial year

92,432

103,066

Opening shareholders' funds

207,260

104,194

Closing shareholders' funds

299,692

207,260

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

Miletower Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2013

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, £615,020 (2012 £269,256) was due from that company Management fees payable for the year amounted to £6,000 (2012 £6,000)

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, £Nil (2012 £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