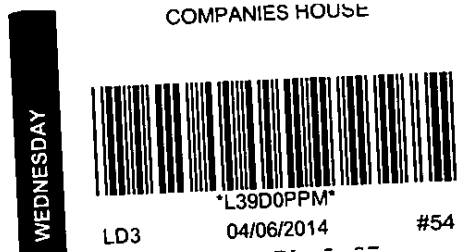


3 Hardman Street Developments Limited

Company Number 5733894

Report and Financial statements

For the year ended 31 December 2012



3 Hardman Street Developments Limited

Report and financial statements for the year ended 31 December 2012

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Directors

M J Ingall
F P Graham-Watson
S P Lyell

Secretary and registered office

A Campbell
Level 5, Tower 12, 18-22 Bridge Street,
Spinningfields, Manchester, M3 3BZ

Company number

5733894

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

3 Hardman Street Developments Limited

Report of the directors for the year ended 31 December 2012

The directors present their report and audited financial statements of the company for the year ended 31 December 2012

Activities and future developments

The principal activity of the company is property and future development

Review of the business

The company's profit and loss account is set out on page 3 and shows a loss of £314,947 (2011 loss of £3,460,003) for the year. The company developed a substantial office building in central Manchester and is accruing interest on retentions and amounts owed in relation to the development. The directors continue to explore future opportunities.

The directors of the company are reliant on the ultimate parent company to facilitate financial support which is expected to continue to be provided and the directors of the company have therefore prepared the financial statements on a going concern basis (Refer to Note 1)

Directors

The directors of the company during the financial year were

M J Ingall
F P Graham-Watson
S P Lyell

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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.

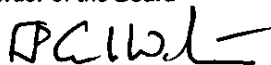
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Auditors

All the current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office.

By order of the Board



F P Graham-Watson
Director

Date

3 Hardman Street Developments Limited

Independent Auditor's Report to the Members of 3 Hardman Street Developments Limited

We have audited the financial statements of 3 Hardman Street Developments Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial 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 directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 December 2012 and of its loss 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the director's 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 prepare the financial statements and the directors' report in accordance with the small companies' regime.



Alexander Tapp (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

3 Hardman Street Developments Limited

Profit and Loss account for the year ended 31 December 2012

		2012	2011
	Notes	£	£
Turnover		-	-
Cost of Sales		(119,783)	-
Gross Loss		(119,783)	-
Administration expenses		10,695	(3,276,808)
Operating loss	2	(109,088)	(3,276,808)
Interest payable	3	(205,859)	(183,195)
Loss before and after tax and retained for the year	4,8	(314,947)	(3,460,003)

All amounts relate to continuing activities and all recognised gains and losses are included above
The result for the year represents the movement on shareholders' funds

The notes on pages 5 and 6 form part of these financial statements

3 Hardman Street Developments Limited

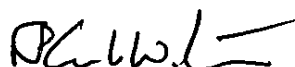
Company Number: 5733894

Balance Sheet as at 31 December 2012

	Notes	2012	2011
		£	£
Current Assets			
Debtors	5	-	7,488
		-	7,488
Current Liabilities			
Creditors amounts falling due within one year	6	(3,836,206)	(3,528,747)
Net liabilities		<u>(3,836,206)</u>	<u>(3,521,259)</u>
Represented by			
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	(3,836,207)	(3,521,260)
Shareholders' deficit		<u>(3,836,206)</u>	<u>(3,521,259)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

These financial statements were approved by the Board of Directors and authorised for issue on



F P Graham-Watson
Director

The notes on pages 5 and 6 form part of these financial statements

3 Hardman Street Developments Limited

Notes to the accounts

The following principal accounting policies have been applied in the preparation of these financial statements

1 a) Accounting convention

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards

b) Going concern

The directors have considered the financial position of the company in preparing these financial statements and note that it has net current liabilities and net liabilities at 31 December 2012

The directors have obtained a letter of support from Capital Holdco Limited indicating its current intention to support the company by ensuring that the intercompany indebtedness in respect of entities within the Capital Holdco Limited group will not be called for repayment unless the company has the funds and working capital to do so. In addition, Capital Holdco Limited has confirmed its current intention to support the company from within the Capital Holdco Limited group for the period until 30 June 2015. The directors note that although they expect that the support will continue for at least 12 months from the date of approving these financial statements, it is not guaranteed.

However, on the basis of the projections of the company and the wider Capital Holdco Limited group, the directors believe that it is appropriate to assume that the support will be forthcoming and therefore have prepared these financial statements on a going concern basis.

c) Turnover

Turnover is stated net of VAT and comprises the management charges and income from managing the construction of properties. This is attributable to the company's principal activity and arises wholly in the United Kingdom.

d) Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and

- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2	Operating loss	2012	2011
		£	£
	Is stated after charging		
	(Release of)/Provisions against intercompany debtors	<u>(10,695)</u>	<u>3,195,808</u>

The company has no employees. The audit fee is borne by another group company. The directors did not receive any remuneration in the year (2011: £Nil).

3	Interest payable	2012	2011
		£	£
	Other interest	205,859	183,195
		<u>205,859</u>	<u>183,195</u>

4	Taxation on loss on ordinary activities	2012	2011
		£	£
	Reconciliation of current year tax charge		
	Loss on ordinary activities at the standard rate		
	of corporation tax in the UK of 24.5% (2011: 28.5%)	(77,182)	(916,901)
	Effects of:		
	Expenses not deductible for tax purposes	-	846,889
	Group relief received and given	77,162	70,012
	Current tax charge for year	<u>-</u>	<u>-</u>

3 Hardman Street Developments Limited

Notes to the accounts (continued)

5 Debtors	2012	2011
	£	£
Amounts due from fellow group undertakings	3,185,113	3,195,808
Provision for intercompany debtors	(3,185,113)	(3,195,808)
Other debtors	-	7,488
	<u>-</u>	<u>7,488</u>
6 Creditors	2012	2011
	£	£
Trade creditors	3,447,153	2,251,292
Accruals and deferred income	389,053	1,277,455
	<u>3,836,206</u>	<u>3,528,747</u>
7 Called up share capital	2012	2011
	£	£
Allotted, issued and fully paid Ordinary shares of £1 each	<u>1</u>	<u>1</u>
8 Reserves		Profit and Loss account £
Balance at 1 January 2012		(3,521,260)
Loss for the year		(314,947)
Balance at 31 December 2012		<u>(3,836,207)</u>
9 Cash flow statement		
A cash flow statement has not been prepared as the company is a wholly owned subsidiary undertaking of Arrow Property Investments Limited and its funds are managed as part of that company's funds. A group cash flow statement is included in the accounts of Arrow Property Investments Limited		
10 Related Party Transactions		
The company has taken advantage of the exemption allowed by Financial Reporting Standard No 8, not to disclose details of related party transactions with entities that are included in the consolidated financial statements of Arrow Property Investments Limited and are 100% owned		
11 Ultimate Parent Company		

Arrow Property Investments Limited, a company registered in England, is the parent company of the largest group of which this company is a member where accounts are publicly available. Copies of the consolidated financial statements of Arrow Property Investments Limited are available from Companies House. The directors consider the ultimate parent company to be Capital Holdco Limited, a company registered in British Virgin Islands.