

**COPENHAGEN AND EDINBURGH INVESTMENT COMPANY  
REPORT AND FINANCIAL STATEMENTS**

**Year ended 31 December 2004**



**COMPANY NUMBER 101358**  
*Registered in Scotland*

## **COPENHAGEN AND EDINBURGH INVESTMENT COMPANY**

### **DIRECTORS' REPORT**

#### **DIRECTORS**

Mr A Vaughan

Mr C P A Ward

Both directors served throughout the year.

#### **FINANCIAL STATEMENTS**

The directors present their report, together with the audited financial statements and the independent auditors' report for the year ended 31 December 2004.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial period and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- (1). Select suitable accounting policies and then apply them consistently;
- (2). Make judgments and estimates that are reasonable and prudent;
- (3). State whether applicable accounting standards have been followed; and
- (4). Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **FINANCIAL RESULTS AND DIVIDENDS**

|                                       | <b>£000</b>    |
|---------------------------------------|----------------|
| Group profit after tax                | 8              |
| Group retained profit brought forward | 204,945        |
| Group retained profit carried forward | <u>204,953</u> |

## **COPENHAGEN AND EDINBURGH INVESTMENT COMPANY**

### **DIRECTORS' REPORT (continued)**

#### **PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The principal activity of the Company and the Group is investment. The directors expect the Company to continue holding its investment.

#### **CREDITOR PAYMENT POLICY**

For all trade creditors, it is the Group's policy to:

- Agree the terms of payment at the start of business with that supplier;
- Ensure that suppliers are aware of the terms of payment; and
- Pay in accordance with its contractual and other legal obligations.

Creditors are normally paid within seven days of receipt of an accurate invoice.

#### **DIRECTORS' INTERESTS**

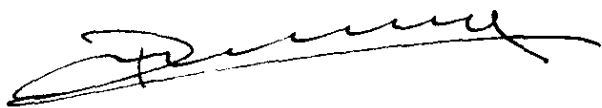
None of the directors who served during the year had any interests in the share capital of the Company or any Group Company at 31 December 2004 or at 1 January 2004.

#### **AUDITORS**

On 14 September 2004, Deloitte & Touche LLP resigned as auditors and Ernst & Young LLP were appointed in their place.

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

The Board approved this report on 4 May 2005.



J Drury  
Company Secretary  
3 Glenfinlas Street,  
Edinburgh, EH3 6AQ

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COPENHAGEN AND EDINBURGH INVESTMENT COMPANY**

We have audited the Group's financial statements for the year ended 31 December 2004 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Balance Sheets, Reconciliation of Consolidated Shareholders' Funds and the related notes 1 to 14. These financial statements have been prepared on the basis of 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 auditors' 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 Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and 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 Group 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 audit opinion**

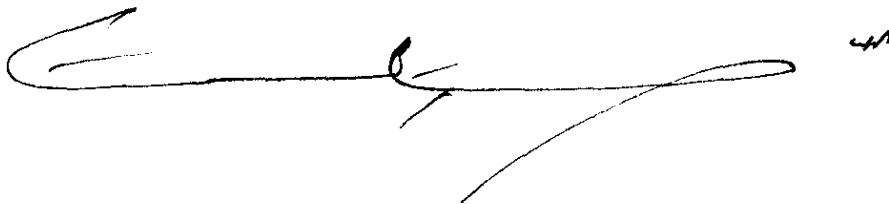
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

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

### **Opinion**

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

Ernst & Young LLP  
Registered Auditor  
London  
4 May 2005



# COPENHAGEN AND EDINBURGH INVESTMENT COMPANY

## BALANCE SHEETS As at 31 December 2004

|   | Notes | COMPANY        |                | GROUP          |                |
|---|-------|----------------|----------------|----------------|----------------|
|   |       | 2004<br>£000   | 2003<br>£000   | 2004<br>£000   | 2003<br>£000   |
| <b>FIXED ASSETS</b>                     |       |                |                |                |                |
| Investments                             | 7     | 155,712        | 155,706        | 306            | 300            |
| <b>CURRENT ASSETS</b>                   |       |                |                |                |                |
| Debtors                                 | 8     | 1              | -              | 216,380        | 216,385        |
| Cash at bank and in hand                |       | 13             | 9              | 294            | 286            |
|   |       | <u>14</u>      | <u>9</u>       | <u>216,674</u> | <u>216,671</u> |
| <b>CREDITORS</b>                        |       |                |                |                |                |
| Amounts falling due within one year     | 9     | <u>(322)</u>   | <u>(322)</u>   | <u>(4)</u>     | <u>(9)</u>     |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b> |       | <u>(308)</u>   | <u>(313)</u>   | <u>216,670</u> | <u>216,662</u> |
| Total Assets less Current Liabilities   |       | 155,404        | 155,393        | 216,976        | 216,962        |
| <b>NET ASSETS</b>                       |       | <u>155,404</u> | <u>155,393</u> | <u>216,976</u> | <u>216,962</u> |
| <b>CAPITAL AND RESERVES</b>             |       |                |                |                |                |
| Called up share capital                 | 10    | 20,004         | 20,004         | 20,004         | 20,004         |
| Share premium account                   |       | 132,250        | 132,250        | -              | -              |
| Revaluation reserve                     | 11    | 139            | 133            | 139            | 133            |
| Merger reserve                          | 12    | -              | -              | (8,120)        | (8,120)        |
| Profit and loss account                 | 13    | 3,011          | 3,006          | 204,953        | 204,945        |
| <b>SHAREHOLDERS' FUNDS</b>              |       | <u>155,404</u> | <u>155,393</u> | <u>216,976</u> | <u>216,962</u> |
| Equity                                  |       | 135,404        | 135,393        | 196,976        | 196,962        |
| Non-equity                              |       | 20,000         | 20,000         | 20,000         | 20,000         |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>        |       | <u>155,404</u> | <u>155,393</u> | <u>216,976</u> | <u>216,962</u> |

The financial statements on pages 4 to 10 were approved by the Board on 4 May 2005.

  
C Ward  
Director

# COPENHAGEN AND EDINBURGH INVESTMENT COMPANY

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2004

|  |      | 2004 |      | 2003 |           |
|--|------|------|------|------|-----------|
|  | Note | £000 | £000 | £000 | £000      |
| Administrative expenses                              |      |      | (2)  |      | (5)       |
| <b>Operating loss</b>                                | 2    |      | (2)  |      | (5)       |
| Continuing operations                                |      | (2)  |      | 3    |           |
| Discontinued operations                              |      | -    |      | (8)  |           |
| Dividends receivable                                 |      |      | 6    |      | 5         |
| Interest receivable and similar income               | 3    |      | 9    |      | 1         |
| <b>Profit on ordinary activities before taxation</b> |      |      | 13   |      | 1         |
| Tax (charge)/credit on profit on ordinary activities | 4    |      | (5)  |      | 5         |
| <b>Profit on ordinary activities after taxation</b>  |      |      | 8    |      | 6         |
| Dividends paid                                       | 5    |      | -    |      | (110,950) |
| <b>Retained profit/(loss) for the year</b>           |      |      | 8    |      | (110,944) |

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2004

|   | 2004 | 2003 |
|---|------|------|
|   | £000 | £000 |
| Profit for the year after taxation            | 8    | 6    |
| Unrealised gain on revaluation of investments | 6    | 46   |
| <b>Total recognised gains</b>                 | 14   | 52   |

## RECONCILIATION OF CONSOLIDATED SHAREHOLDERS' FUNDS

For the year ended 31 December 2004

|   | 2004    | 2003      |
|---|---------|-----------|
|   | £000    | £000      |
| Profit for the year after taxation                      | 8       | 6         |
| Other recognized gains relating to the year (see above) | 6       | 46        |
| Dividends paid  | -       | (110,950) |
| <b>Net increase/(decrease) in shareholders' funds</b>   | 14      | (110,898) |
| Opening shareholders' funds                             | 216,962 | 327,860   |
| <b>Closing shareholders' funds</b>                      | 216,976 | 216,962   |

## **COPENHAGEN AND EDINBURGH INVESTMENT COMPANY**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2004**

#### **1. ACCOUNTING POLICIES**

The principal accounting policies are summarized below. They have all been applied consistently throughout the year and the preceding year.

##### **Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of investments and are prepared in accordance with applicable United Kingdom accounting standards.

##### **Consolidation**

The Group financial statements combine the financial statements of the Company and its subsidiary undertakings (note 7). The results of Brador Properties have been consolidated using merger accounting principles.

##### **Investments**

###### **(a) Shares in subsidiary undertaking**

Investments in subsidiary undertaking are stated at cost, less provision for impairment.

###### **(b) Fixed Asset Investments**

Fixed asset investments are stated at the middle market price at the balance sheet date. Net surpluses on the revaluation of investments are taken to revaluation reserve. Deficits are charged directly to the profit and loss account. Profits or losses on the disposal of investments are determined by reference to the carrying value of the investments in the balance sheet.

##### **Deferred taxation**

Deferred taxation is recognized, without discounting, in respect of all timing differences which 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. Timing differences are the differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses which would be assessed for tax in periods different from those in which they are recognized in the financial statements.

##### **Cash Flow Statement**

The Company has taken advantage of the exemption offered in FRS1 not to prepare a cash flow statement on the basis that the figures are consolidated into the accounts of the Redevco Properties Group, which are publicly available.

# COPENHAGEN AND EDINBURGH INVESTMENT COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004 (continued)

### 2. OPERATING LOSS

is stated after charging:

Auditors' remuneration - Audit services

| 2004<br>£000 | 2003<br>£000 |
|--------------|--------------|
| -            | 2            |

The audit fee was borne by Redevco Properties.

### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

Bank interest receivable

| 2004<br>£000 | 2003<br>£000 |
|--------------|--------------|
| 9            | 1            |

### 4. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

UK corporation tax at 30% based on the adjusted profit for the year  
Prior year adjustment

| 2004<br>£000 | 2003<br>£000 |
|--------------|--------------|
| 5            | (2)          |
| -            | (3)          |
| 5            | (5)          |

#### **Tax reconciliation**

Profit on ordinary activities before tax

Tax charge at 30%

Effects of:

Tax losses and other timing differences

|    |     |
|----|-----|
| 13 | 1   |
| 4  | -   |
| 1  | (2) |
| 5  | (2) |

### 5. DIVIDENDS PAID

Equity dividends proposed and paid £Nil per share (2003: £27,737 per share)

| 2004<br>£000 | 2003<br>£000 |
|--------------|--------------|
| -            | 110,950      |

### 6. PROFIT ATTRIBUTABLE TO THE COMPANY

The profit for the financial year dealt within the financial statements of the parent Company was £5,000 (31 December 2003: £2,714,000). As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent Company.



# COPENHAGEN AND EDINBURGH INVESTMENT COMPANY

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2004 (continued)

### 7. INVESTMENTS

|                            | Shares in subsidiary<br>undertaking at cost<br>£000 | Other<br>investments<br>£000 | Total<br>£000  |
|----------------------------|---|------------------------------|----------------|
| <b>Company</b>             |   |                              |                |
| At 1 January 2004          | 155,406   | 300                          | 155,706        |
| Revaluation                | -   | 6                            | 6              |
| <b>At 31 December 2004</b> | <u>155,406</u>                                      | <u>306</u>                   | <u>155,712</u> |
| <b>Group</b>               |   |                              |                |
| At 1 January 2004          | -   | 300                          | 300            |
| Revaluation                | -   | 6                            | 6              |
| <b>At 31 December 2004</b> | <u>-</u>  | <u>306</u>                   | <u>306</u>     |

#### (a) Shares in subsidiary undertaking

At 31 December 2004 the subsidiary undertaking was:-

| Company's name    | Holding                            | Principal activity |
|-------------------|------------------------------------|--------------------|
| Brador Properties | 100% of ordinary shares of £1 each | Non- trading       |

The above holding represents 100% of the subsidiary undertaking's voting rights.

The subsidiary is incorporated in United Kingdom.

#### (b) Fixed Asset Investments

|          | 2004<br>£000 | 2003<br>£000 |
|----------|--------------|--------------|
| Unlisted | <u>306</u>   | <u>300</u>   |

At 31 December 2003 the historical cost of fixed asset investments amounted to £167,000 (2003: £167,000).

# COPENHAGEN AND EDINBURGH INVESTMENT COMPANY

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2004 (continued)

### 8. DEBTORS

|                                     | Company  |          | Group          |                |
|-------------------------------------|----------|----------|----------------|----------------|
|                                     | 2004     | 2003     | 2004           | 2003           |
|                                     | £000     | £000     | £000           | £000           |
| Amount owed by related undertakings | -        | -        | 216,379        | 216,379        |
| Corporation tax                     | -        | -        | -              | 5              |
| Other debtors                       | 1        | -        | 1              | 1              |
|                                     | <u>1</u> | <u>-</u> | <u>216,380</u> | <u>216,385</u> |

### 9. CREDITORS : amounts falling due within one year:

|  | Company    |            | Group    |          |
|--|------------|------------|----------|----------|
|  | 2004       | 2003       | 2004     | 2003     |
|  | £000       | £000       | £000     | £000     |
| Trade creditors                          | -          | 1          | -        | 7        |
| Amounts owed to other Group undertakings | 320        | 320        | -        | -        |
| Corporation tax                          | 1          | -          | 2        | -        |
| Other creditors                          | 1          | 1          | 2        | 2        |
|  | <u>322</u> | <u>322</u> | <u>4</u> | <u>9</u> |

### 10. SHARE CAPITAL

|  | Authorised    |               | Called up, allotted and fully paid |               |
|--|---------------|---------------|------------------------------------|---------------|
|  | 2004          | 2003          | 2004                               | 2003          |
|  | Number        | Number        | £000                               | £000          |
|  | (000's)       | (000's)       |                                    |               |
| Ordinary shares of £1 each (equity)  | 5             | 5             | 4                                  | 4             |
| A Preference shares of £1 each (notes a and b) (non-equity and non-voting) | 9,000         | 9,000         | 9,000                              | 9,000         |
| B Preference shares of £1 each (note c) (non-equity and non-voting)        | 36,000        | 36,000        | 11,000                             | 11,000        |
|  | <u>45,005</u> | <u>45,005</u> | <u>20,004</u>                      | <u>20,004</u> |

- a) The A preference shares are to be redeemed at par on 31 December 2006. Holders would be entitled to repayment of capital paid up in preference to any other class of share in the event of a winding up.
- b) To the extent that a dividend is resolved to be paid, the holders of the A preference shares are entitled to a fixed first preferential dividend at the rate of 250% per annum, of which the first 75% is cumulative and the remaining 175% is non-cumulative.
- c) Subject to the prior rights of the A preference shareholders, the holders of the B preference shares are entitled to a fixed non-cumulative preferential dividend of 260% per annum. On a winding up, the holders of the B preference shares are entitled to repayment of capital paid up together with a premium of £100 per share in preference to the ordinary shareholders.

# COPENHAGEN AND EDINBURGH INVESTMENT COMPANY

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2004 (continued)

### 11. REVALUATION RESERVE

|   | Company and<br>Group<br>£000 |
|---|------------------------------|
| At 1 January 2004                                     | 133                          |
| Arising on revaluation of investments during the year | 6                            |
| 31 December 2004                                      | <u>139</u>                   |

### 12. MERGER RESERVE

This represents the excess of the nominal value of the shares issued by the Company to acquire Brador Properties over the nominal value of the shares acquired, after taking into account the capital reserve in Brador Properties before acquisition.

### 13. PROFIT AND LOSS ACCOUNT

|                                     | Company<br>£000 | Group<br>£000  |
|-------------------------------------|-----------------|----------------|
| Retained profit at 1 January 2004   | 3,006           | 204,945        |
| Retained profit for the year        | 5               | 8              |
| Retained profit at 31 December 2004 | <u>3,011</u>    | <u>204,953</u> |

### 14. RELATED PARTY TRANSACTIONS AND ULTIMATE PARENT COMPANY

Redevco Retail Belgium Comm V, incorporated in Belgium, was the Company's controlling party and ultimate parent undertaking until February 2004. Following that Cofra Holding AG, a Company incorporated in Switzerland, became the Company's controlling party and ultimate parent undertaking.

Copenhagen and Edinburgh Investment Company is the parent Company of the smallest Group of which the Company is a member and for which Group accounts are prepared.

Cofra Holding AG is the parent Company of the largest Group of which the Company is a member and for which Group accounts are prepared.

The Company has taken advantage of the exemption in FRS8 Related Party Transactions not to disclose transactions and balances between members of the Redevco Properties Group on the basis that for all companies 90% or more of the voting rights are controlled within the Group and the accounts of Redevco Properties are publically available.