

B.T.I. INVESTMENTS
REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 1999

Company Registration Number : 928440



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B.T.I. INVESTMENTS

DIRECTORS AND ADVISORS

Directors

D M Brush
A W Dixon
M A Dunlaevy
A M Graham
B Jefferies
T M Quane

Company Secretaries

G S Clark
A P Rutherford

Registered Office

Winchester House
1 Great Winchester Street
London
EC2N 2DB

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Company Registered Number: 928440

DIRECTORS' REPORT

The Directors submit their report and financial statements for the year ended December 31, 1999.

Results and dividends

The profit for the year, after taxation, amounted to £6,883,642 (1998 - £7,019,909). No dividends were declared or paid during the year (1998 - £nil). The Directors do not recommend the payment of any dividends in respect of the year (1998 - £nil).

Principal activity and future developments

The Company acts as an investment company. The Directors do not anticipate any significant changes in the nature of this activity in the future.

On November 30, 1998 Deutsche Bank AG and Bankers Trust Corporation, the then ultimate parent company, announced that the Supervisory Board of Deutsche Bank AG and the Board of Directors of Bankers Trust Corporation had approved a definitive agreement for a transaction under which Deutsche Bank AG would acquire all outstanding shares of the common stock of Bankers Trust Corporation; such transaction was completed on June 4, 1999. This resulted in a change of control of BTI Investments which became part of the Deutsche Bank Group.

Fixed asset investments

During the year, the Company made further investments in Charterhouse Capital Partners and Hambros European Ventures pro rata with the other shareholders. In addition, the Company made a new investment in First Residential Investments Limited during the year.

BTI Investments also disposed of its investment in European Land (Four Surplus Sites) Limited to a subsidiary undertaking acquired during the year, DB Residential Investments Limited (formerly BT Carlisle Investments Limited).

Directors and their interests

The Directors of the Company during the year, or at the date of this report were:

D M Brush	(Appointed May 19, 1999)
M H Collins	(Resigned March 10, 1999)
A W Dixon	(Appointed May 19, 1999)
M A Dunlaevy	
D R Evans	(Resigned July 15, 1999)
A M Graham	
B Jefferies	
T M Quane	
M R Shrags	(Resigned February 1, 2000)

Mr A H J Naughton-Doe and Mr G S Clark replaced Mr I A Pellow as Secretary of the Company on 26 July 1999. Mr A H J Naughton-Doe ceased to be a Secretary of the Company on 31 August 1999. Subsequent to the year ended 31 December 1999, Mr A P Rutherford was appointed as a Secretary of the Company on March 7, 2000.

None of the Directors had an interest in the share capital of the Company during the year.

None of the Directors had any disclosable interest in the shares or debentures of any UK group undertaking at the end of the year, or were granted or exercised any right to subscribe for shares in, or debentures of, any UK group undertaking during the year.

DIRECTORS' REPORT (continued)

Year 2000

Deutsche Bank AG, the Company's ultimate holding company, set up a global Year 2000 Project in 1996 which covers all consolidated Group companies, including BTI Investments. The Project was successfully implemented and no material problems have arisen following the transition into the Year 2000. The Project continues monitoring the Year 2000 conformity of the Group's IT-infrastructure to address any Year 2000 problems that may occur post 1 January 2000 and to provide for a smooth leap-year transition. The Project was scaled down in March 2000 but monitoring of technology systems continues within the DB Group's IT and Operations areas.

The Directors are aware of the continuing potential problem posed to computer systems by the Year 2000 subsequent to the date change, its potential impact on the Company's operations, and have considered the key risks arising. There can be no certainty that problems will not arise in current and future years as a result of the date change, however experience of the year end and leap year transitions suggests that these risks are minimal.

None of the Deutsche Bank Group systems are owned by, or are the responsibility of, the Company and accordingly no costs will be incurred.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each period which 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:

- 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.

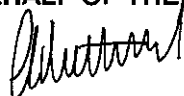
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Pursuant to section 379A of the Companies Act 1985 the Company has elected (a) to dispense with the holding of Annual General Meetings; (b) to dispense with the appointment of Auditors annually; and, (c) to dispense with the laying of Reports and Financial Statements before General Meetings.

KPMG Audit Plc are willing to continue in office and the Directors have agreed to their so continuing.

ON BEHALF OF THE BOARD



A P Rutherford
Company Secretary
25th January 2001

AUDITOR'S REPORT
to the Members of BTI Investments

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 of 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.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company'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 the Company's affairs as at December 31, 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

Date: 25th January 2000

B.T.I. INVESTMENTS**PROFIT AND LOSS ACCOUNT**

for the year ended December 31, 1999

	Notes	1999 £	1998 £
Administration expenses		(72,522)	(180,000)
Income from investments		63,842	862,121
Interest receivable from group undertakings		4,975,056	6,450,786
Interest receivable from subsidiary undertakings		2,933,562	-
Interest payable to group undertakings		(47,025)	(1,733)
Amounts written-off investments		(969,271)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,883,642	7,131,174
Tax on profit on ordinary activities	4	-	(111,265)
PROFIT FOR THE FINANCIAL YEAR		6,883,642 =====	7,019,909 =====

Profit during the year has arisen from continuing operations.

The notes on pages 9 to 13 form part of these financial statements

B.T.I. INVESTMENTS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended December 31, 1999

	1999 £	1998 £
Profit for the year	6,883,642	7,019,909
Revaluation of investments	565,936	4,015,299
Total recognised gains relating to the year	<u>7,449,578</u> =====	<u>11,035,208</u> =====

The notes on pages 9 to 13 form part of these financial statements.

B.T.I. INVESTMENTS

BALANCE SHEET at December 31, 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Investments	5	31,861,967	27,155,191
CURRENT ASSETS			
Debtors	6	11,975,242	669,952
Cash at bank and in hand	7	88,465,366	90,710,121
		<u>100,440,608</u>	<u>91,380,073</u>
CREDITORS: amounts falling due within one year	8	<u>(7,471,284)</u>	<u>(1,153,551)</u>
NET CURRENT ASSETS		92,969,324	90,226,522
NET ASSETS		<u>124,831,291</u> =====	<u>117,381,713</u> =====
CAPITAL AND RESERVES			
Called up share capital	9, 10	49,158,243	49,158,243
Share premium account	10	7,921,234	7,921,234
Revaluation reserve	10	4,776,225	4,210,289
Profit and loss account	10	62,975,589	56,091,947
		<u>124,831,291</u> =====	<u>117,381,713</u> =====
Shareholders' funds:			
Equity		75,679,283	68,229,705
Non-equity		49,152,008	49,152,008
SHAREHOLDERS' FUNDS		<u>124,831,291</u> =====	<u>117,381,713</u> =====

Approved by the Board of Directors on 25th January 2001.

Director

Andrew Graham

The notes on pages 9 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
at December 31, 1999

1 Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention except for investments in the equity capital of subsidiary undertakings, and in accordance with applicable accounting standards.

Valuation of fixed asset investments

Investments in the equity capital of subsidiary undertakings are revalued to reflect current net asset values. In the situation where an undertaking's liabilities exceed its assets, the Company carries the investment at zero. Any surplus on revaluation and any deficit which is deemed to be temporary is taken to the revaluation reserve. Provision for any deficit which is deemed to be permanent is taken to the profit and loss account.

All other investments, including investments in the non-equity capital of subsidiary undertakings, are valued at cost less amounts provided for any permanent diminution in value.

Format of accounts

Group financial statements have not been prepared by virtue of section 228 of the Companies Act 1985 whereby a company is exempt from the preparation of group financial statements if it is a wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of a member state of the European Community. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company does not produce a cash flow statement by virtue of an exemption contained in FRS 1 (Revised 1996). The Company's ultimate parent company for 1999, Deutsche Bank AG, presents a cash flow statement in its Annual Report.

The Company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties which are part of the Deutsche Bank AG worldwide group.

Both of the exemptions above also rely on Deutsche Bank AG's consolidated financial statements being publicly available (see Note 11).

Foreign currency

Transactions in currencies other than sterling are recorded at the rate ruling at the date of the transaction. Assets and liabilities in currencies other than sterling are translated at the rates of exchange at the balance sheet date. Gains and losses on translation are taken to the profit and loss account.

2 Auditors' remuneration

The remuneration of the auditors is borne by a group undertaking.

3 Directors' emoluments

No Directors' emoluments were paid during the period (1998 - £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
 at December 31, 1999

4	Taxation	1999 £	1998 £
	Based on the profit for the year:		
	Tax credit on UK dividend income	-	111,265
		<u>-</u>	<u>111,265</u>
		=====	=====

No provision has been made for corporation tax due to tax losses in other group companies which are available for group relief and will be surrendered to the Company for nil consideration.

5 Investments

	Shares in Subsidiary Undertakings £	Other Investments £	Total £
Cost or valuation			
At beginning of year	4,510,389	22,644,802	27,155,191
Additions	1	13,729,289	13,729,290
Disposals/repayments	-	(8,619,179)	(8,619,179)
Revaluation	565,936	-	565,936
At end of year	<u>5,076,326</u>	<u>27,754,912</u>	<u>32,831,238</u>
Provisions			
At beginning of year	-	-	-
Impairment losses	-	(969,271)	(969,271)
At end of year	<u>-</u>	<u>(969,271)</u>	<u>(969,271)</u>
Net book value			
At 31 December 1999	5,076,326	26,785,641	31,861,967
At 31 December 1998	4,510,389	22,644,802	27,155,191

During the year, the Company increased its investments in Charterhouse Capital Partners and Hambros European Ventures pro rata with the other shareholders.

The Company also invested in 20 ordinary shares in First Residential Investments Limited, including loan notes to the value of £4,714,719. In addition, BTI Investments acquired 100% of a group undertaking, DB Residential Investments Limited (formerly BT Carlisle Investments Limited), on 16 July 1999 for £1.

Subsequently on 22 September 1999, the Company disposed of 168 'A' Ordinary shares for £168 in European Land (Four Surplus Sites) Limited, being a property investment company incorporated in England and Wales, to DB Residential Investments Limited (formerly BT Carlisle Investments Limited). The Company also transferred a loan note issued by European Land (Four Surplus Sites) Limited for a consideration of £9,933,562 (cost of £7,000,168 and accrued interest of £2,933,562).

NOTES TO THE FINANCIAL STATEMENTS (continued)
 at December 31, 1999

5 Investments (continued)

Details of the principal subsidiary undertakings of the Company are as follows:

Name of company	Country of registration and operation	Proportion of voting rights and shares held	Nature of business
Britannia Limited	England and Wales	100% of ordinary shares of 1p and deferred shares of £1	Holding Company
Giftbeat Limited	England and Wales	100% of ordinary shares of £1	Investment Company
Metis Properties Limited	England and Wales	100% of ordinary shares of £1	Property Investment Company
Novoquote Limited	England and Wales	100% of ordinary shares of £1	Property Investment Company
DB Residential Investments Limited	England and Wales	100% of ordinary shares of £1	Property Investment Company

The subsidiaries are valued at underlying net asset value as the Directors believe that this is the fairest approach to take. The historic cost of the Company's investments in subsidiary undertakings is £300,101 (1998: £300,100)

6 Debtors	1999 £	1998 £
Accrued interest receivable from group undertaking	492,380	668,465
Loans to group undertakings	1,545,602	-
Loans to a subsidiary undertaking	9,933,730	-
Corporation tax recoverable	3,530	1,487
	<u>11,975,242</u> =====	<u>669,952</u> =====
7 Cash at bank and in hand	1999 £	1998 £
Cash held with group undertakings	88,465,366 =====	90,710,121 =====

NOTES TO THE FINANCIAL STATEMENTS (continued)
 at December 31, 1999

8	Creditors: amounts falling due within one year	1999 £	1998 £
	Overdraft with group undertakings	3,707,837	288,529
	Amounts payable to group undertakings	3,763,383	864,958
	Other creditors	64	64
		<u>7,471,284</u>	<u>1,153,551</u>
		=====	=====

9	Called up share capital	1999 No	1999 £	1998 No	1998 £
	Authorised:				
	Ordinary shares of £1 each	10,000	10,000	10,000	10,000
	'B' class shares of £1 each	49,990,000	49,990,000	49,990,000	49,990,000
		<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
		=====	=====	=====	=====

Allotted, called up and fully paid:

Ordinary shares of £1 each	6,235	6,235	6,235	6,235
'B' class shares of £1 each	49,152,008	49,152,008	49,152,008	49,152,008
	<u>49,158,243</u>	<u>49,158,243</u>	<u>49,158,243</u>	<u>49,158,243</u>
	=====	=====	=====	=====

In the event of a return of capital each holder of 'B' shares shall be entitled in priority to any payment to the holders of any other class of shares, to receive out of the assets of the company available for distribution among the members an amount in respect of each 'B' share equal to the aggregate of the nominal value of such 'B' share and the premium (if any) paid on such 'B' share on issue but shall have no other right to share in such event in the assets of the company.

Except as set out above and subject to article 34 of the articles of association, which provides the Directors with the authority to pay different dividends to the holders of different classes of shares as they think fit, the rights of the Ordinary share holders and 'B' share holders are the same.

NOTES TO THE FINANCIAL STATEMENTS (continued)
 at December 31, 1999

10 Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At December 31, 1998	49,158,243	7,921,234	4,210,289	56,091,947	117,381,713
Profit for the year	-	-	-	6,883,642	6,883,642
Revaluation of investments	-	-	565,936	-	565,936
At December 31, 1999	49,158,243 =====	7,921,234 =====	4,776,225 =====	62,975,589 =====	124,831,291 =====

11 Ultimate parent company

The Company's ultimate parent company within the EU, and the parent of the smallest group for which financial statements are prepared, is Bankers Trust Holdings (U.K.) Limited, which is registered in England.

From June 4, 1999 Deutsche Bank AG, a company registered in Germany, is the Company's ultimate controlling entity, also being the ultimate parent company and the parent undertaking of the largest group for which group financial statements are drawn up.

Copies of the financial statements prepared in respect of Bankers Trust Holdings (U.K.) Limited and Deutsche Bank AG may be obtained from the Company Secretary, Winchester House, 1 Great Winchester Street, London EC2N 2DB.