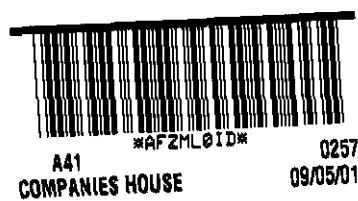


Citytowns Limited

Annual report

for the year ended 30 September 2000

Registered Number 1911852



Citytowns Limited

Annual report

for the year ended 30 September 2000

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Citytowns Limited

Directors and Advisors for the year ended 30 September 2000

Directors

R H Dickinson

S Dickinson

A R Cunningham

Secretary and registered office

G J Davis

Times Square

Newcastle upon Tyne

NE1 4EP

Auditors

PricewaterhouseCoopers

89 Sandyford Road

Newcastle upon Tyne

NE99 1PL

Solicitors

Dickinson Dees

St Ann's Wharf

112 Quayside

Newcastle upon Tyne

NE99 1SB

Bankers

Barclays Bank Plc

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3PN

Citytowns Limited

Directors' report for the year ended 30 September 2000

The directors present their report and the audited financial statements for the year ended 30 September 2000.

Principal activities and review of business

The company did not trade during the year and does not intend to trade in the foreseeable future. As a result, no profit and loss account has been prepared.

Directors and directors' interests

The directors who served during the year and to the date of this report, unless otherwise stated were:

R H Dickinson (Chairman)
S Dickinson
A R Cunningham

The directors have no beneficial interests in the share capital of the company. The interests of Mr R H Dickinson, Mr S Dickinson and Mr A R Cunningham in the shares of the ultimate holding company, Grainger Trust p.l.c., are shown in the annual report of Grainger Trust p.l.c.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 September 2000. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers will be proposed at the annual general meeting.

By order of the Board


G J Davis
Secretary

28 March 2001

Citytowns Limited

Auditors' report to the members of Citytowns Limited

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 the 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 at 30 September 2000 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
28 March 2001

Citytowns Limited

Profit and loss account for the year ended 30 September 2000

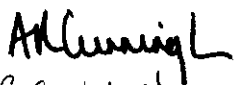
The company has not traded during the period and therefore there is no profit or loss.

Citytowns Limited

Balance sheet as at 30 September 2000

	Note	2000 £	1999 £
Current assets			
Debtors	2	11,475	11,475
Creditors : amounts falling due within one year	3	(11,475)	(11,475)
Net current assets		-	-
Net assets		-	-
Capital and reserves			
Called up share capital	4	250,000	250,000
Profit and loss account	5	(250,000)	(250,000)
Equity shareholders' funds		-	-

The financial statements on pages 4 to 8 were approved by the board of directors on 28 March 2001 and were signed on its behalf by:


A. Cunningham
Director

Citytowns Limited

Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently, is set out below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern assumption as the ultimate parent undertaking has indicated its willingness to provide financial support for the foreseeable future.

Deferred tax

Provision is made for deferred taxation using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Cash flow

The company is a wholly owned subsidiary of Grainger Trust p.l.c. and the cash flows of the company is included in the consolidated cash flow statement of Grainger Trust p.l.c. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

Citytowns Limited

Notes to the financial statements for the year ended 30 September 2000

1 Directors and employees

There are no persons holding service contracts with Citytowns Limited.

None of the directors received any remuneration from the company during the year, or in the previous year.

2 Debtors

	2000	1999
	£	£
Amounts falling due within one year:		
Amounts owed by parent company and fellow subsidiaries	11,475	11,475

3 Creditors – amounts falling due within one year

	2000	1999
	£	£
Corporation tax	11,475	11,475

4 Called up share capital

	2000	1999
	£	£
Authorised		
250,000 (1999: 250,000) ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid		
250,000 (1999: 250,000) ordinary shares of £1 each	250,000	250,000

Citytowns Limited

5 Reserves

	Profit and loss account
	£
At 1 October 1999 and 30 September 2000	(250,000)

6 Contingent liabilities

The company, together with certain of its fellow subsidiaries, has guaranteed mortgages and loans of £70,347,000 of certain fellow subsidiaries by means of a legal charge over its assets and book debts.

7 Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard No.8 and has not disclosed transactions with companies that are part of the Grainger Trust p.l.c. group.

8 Ultimate parent undertaking

Northumberland & Durham Property Trust Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.

The directors regard Grainger Trust p.l.c., a company incorporated in England and Wales, as the immediate and ultimate controlling party and parent company by virtue of its 100% shareholding. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Grainger Trust p.l.c., Times Square, Newcastle upon Tyne, NE1 4EP.