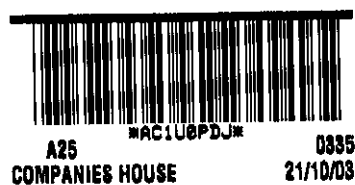


**Lloyds Group Properties Limited
Directors' report and financial statements
for the year ended 31 December 2002**

Registered no: 2158377



Lloyds Group Properties Limited

Annual report for the year ended 31 December 2002

	Pages
Directors' report	1 - 2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

Lloyds Group Properties Limited

Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

Results

Details of the results for the financial year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a final dividend (2001: £nil). No interim dividend was paid during the year (2001: £nil).

Principal activities

The company is engaged in the management of a portfolio of properties occupied by other members of the group.

Review of business and future developments

The directors are pleased with the result for the year but continue to examine ways of improving the performance of the company for the future. At present the directors do not anticipate any short term change in the level of the company's operations.

Political and charitable contributions

Charitable contributions of £nil were made during the year (2001: £nil). No political contributions were made (2001: £Nil).

Directors

The directors of the company, all of whom have been directors for the whole of the year ended 31 December 2002 except where otherwise stated, were as follows:

J Hood (appointed 31 March 2002)

G A Kershaw (resigned 31 March 2002)

R P Smaylen (appointed 31 March 2002)

R C H Vizard (retired 30 September 2002)

M A Ward

In accordance with the Articles of Association, none of the directors are required to retire at the annual general meeting.

Lloyds Group Properties Limited

Directors' interests

According to the register kept under section 325 of the Companies Act 1985, no director had a notifiable interest in the shares of the company or other group companies at any time during the year. As permitted, the register does not contain details of directors' interests in parent undertakings which are incorporated outside Great Britain.

None of the directors had a material interest in any contracts with group companies.

Impact of the Euro

The GEHE Group being, GEHE AG (a company incorporated in Germany) and all its subsidiaries, recognises the wide implications of the Euro for businesses, including impacts on commercial arrangements and financial systems.

Within the UK, the Group's preparations recognise the uncertain position regarding possible entry to the single currency, and the situation is monitored closely.

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 and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.


The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at anytime the financial position of the company and 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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 31 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



P Smerdon
Secretary
12 February 2003

Lloyds Group Properties Limited

Independent Auditors' Report to the members of Lloyds Group Properties Limited

We have audited the financial statements which comprise of the profit and loss account, the balance sheet, and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior

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 is not

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. The other information comprises only the directors' report.

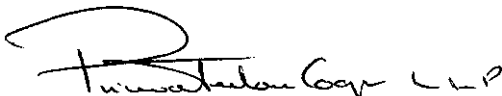
Basis of audit opinion

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

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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

12 Feb 2003

Lloyds Group Properties Limited

Profit and loss account for the year ended 31 December 2002

	Notes	2002 £'000	2001 £'000
Administrative expenses		42	(75)
Operating profit / (loss)		<u>42</u>	<u>(75)</u>
Profit / (loss) on ordinary activities before taxation	5	<u>42</u>	<u>(75)</u>
Tax charge on profit / (loss) on ordinary activities	6	-	(2)
Retained profit / (loss) for the year	12	<u><u>42</u></u>	<u><u>(77)</u></u>

The results have been derived wholly from continuing operations.

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the results above and the results on an unmodified historical cost basis.

Lloyds Group Properties Limited

Balance sheet at 31 December 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	7	<u>2,031</u>	<u>2,433</u>
Current assets			
Debtors:			
Amounts falling due within one year	8	2,203	1,756
Cash at bank and in hand		-	449
		<u>2,203</u>	<u>2,205</u>
Creditors: amounts falling due within one year	9	(3,777)	(4,223)
Net current liabilities		<u>(1,574)</u>	<u>(2,018)</u>
Total assets less current liabilities		457	415
Net assets		<u>457</u>	<u>415</u>
Capital and reserves			
Called-up share capital	11	-	-
Profit and loss account	12	457	415
Equity shareholders' funds	13	<u>457</u>	<u>415</u>

The financial statements on pages 4 to 10 were approved by the board of directors on 12 February 2003 and were signed on its behalf by:



J Hood
Director

Lloyds Group Properties Limited

Notes to the financial statements for the year ended 31 December 2002

1 Principal accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom. Set out below is a summary of the more important accounting policies, which have been applied consistently except where stated otherwise.

Financial Reporting Standard 19 'Deferred Tax' has been adopted in the year but did not require any changes in accounting policies.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Deferred tax liabilities are provided in full but deferred tax assets are recognised only to the extent it is considered more likely than not that the associated tax deduction can be utilised on their reversal. Deferred tax liabilities and assets are not discounted.

Tangible fixed assets

Tangible fixed assets are stated at cost less provision for depreciation. Cost comprises the purchase cost together with any incidental expenses of acquisition.

Depreciation is calculated by reference to the expected lives of the assets concerned. Additional depreciation may be charged where directors consider there to have been an impairment in the underlying value of an asset. The following rates are applied:

Freehold buildings	2% straight line
Leasehold properties	2% straight line or over the period of the lease if less than 50 years

Leased assets

All leases are operating leases and rental costs are charged to the profit and loss account on a straight line basis over the lease term.

2 Cash flow statement and related party disclosure

The company is a wholly owned subsidiary of GEHE AG, a company registered in Germany, and is included in the financial statements of GEHE AG, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

The company has not disclosed transactions with fellow group companies, in accordance with the exemption under the terms of Financial Reporting Standard 8.

Lloyds Group Properties Limited

3 Directors' emoluments

	2002 £'000	2001 £'000
Aggregate emoluments	<u>91</u>	<u>-</u>

The emoluments of Mr Kershaw were paid by a fellow company (AAH Subsidiaries Limited) which made no recharge to the company. Mr Kershaw was a director of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of each of these subsidiaries. Accordingly no emoluments in respect of Mr Kershaw are disclosed. His emoluments are included in the aggregate of the directors' emoluments disclosed in the financial statements of AAH Subsidiaries Limited.

Mr Hood is paid by a fellow company (Lloyds Pharmacy Limited). Mr Hood is a director of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of each of these subsidiaries. Accordingly no emoluments in respect of Mr Hood are disclosed. His emoluments are included in the aggregate of the directors' emoluments disclosed in the financial statements of Lloyds Pharmacy Limited.

The emoluments of Mr Vizard and Mr Ward were paid by the parent company (AAH Subsidiaries Limited) until the 31 March 2002. Mr Smaylen, Mr Vizard & Mr Ward were then paid by a fellow company (Lloyds Pharmacy Limited) for the remainder of the year or until retirement as appropriate. Neither company makes a recharge. Mr Vizard and Mr Ward are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of these subsidiaries. Accordingly no emoluments in respect of Mr Vizard and Mr Ward are disclosed. Their emoluments are included in the aggregate of the directors' emoluments disclosed in the financial statements of GEHE UK plc.

4 Employee information

The company had no employees during the year, other than executive directors (2001:nil)

5 Profit / (loss) on ordinary activities before taxation

Profit / (loss) on ordinary activities before taxation is stated after charging the following:

	2002 £'000	2001 £'000
Depreciation - tangible owned assets:		
Charge for the year	66	69
Auditors' remuneration - for audit	<u>3</u>	<u>3</u>

Lloyds Group Properties Limited

6 Tax charge on profit / (loss) on ordinary activities

	2002 £'000	2001 £'000
UK corporation tax at 30% (2001: 30%)	-	-
Adjustment in respect of previous years	-	2
	<u>-</u>	<u>2</u>
The reconciliation of the current tax charge is as follows:		
Profit before tax multiplied by the full UK corporation tax rate of 30% (2001:30%)	13	(23)
Difference between accounting profit and chargeable gain on sale of properties	(33)	-
Expenses for which no relief is available Permanent Differences	20	23
Adjustments to the tax charge for previous years	-	2
Current tax charge for the year	<u>-</u>	<u>2</u>

7 Tangible fixed assets

Movements in the year ended 31 December 2002

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Total £'000
Cost			
At 1 January	2,641	804	3,445
Disposals	(507)	-	(507)
At 31 December	2,134	804	2,938
Depreciation			
At 1 January	850	162	1,012
Charge for year	50	16	66
Disposals	(171)	-	(171)
At 31 December	729	178	907
Net book value			
At 31 December	1,405	626	2,031
At 1 January	1,791	642	2,433

Lloyds Group Properties Limited

8 Debtors

	2002 £'000	2001 £'000
--	---------------	---------------

Amounts falling due within one year:

Amounts owed by parent and fellow subsidiaries	<u>2,203</u>	<u>1,756</u>
--	--------------	--------------

9 Creditors

	2002 £'000	2001 £'000
--	---------------	---------------

Amounts falling due within one year:

Amounts owed to parent and fellow subsidiaries	3,773	4,220
Accruals and deferred income	4	3
	<u>3,777</u>	<u>4,223</u>

10 Deferred taxation

The company had no liability for deferred taxation at 31 December 2002 (2001: £nil).

11 Called-up share capital

	2002 £'000	2001 £'000
Authorised		
100 ordinary shares of £1 each	<u>-</u>	<u>-</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>-</u>	<u>-</u>

12 Reserves

	Profit and loss account £'000
At 1 January 2002	415
Retained profit for the financial year	<u>42</u>
At 31 December 2002	<u>457</u>

13 Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
Profit / (loss) for the financial year	42	(77)
Opening shareholders' funds	<u>415</u>	<u>492</u>
Closing shareholders' funds	<u>457</u>	<u>415</u>

Lloyds Group Properties Limited

14 Financial commitments

The company had no annual commitments under non-cancellable operating leases at 31 December 2002 (2001: £nil).

15 Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is Lloyds Chemists Limited. The company's ultimate parent undertaking and controlling party is Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent GEHE AG and its consolidation of the GEHE AG Group results into its own consolidated financial statements.

Consolidated financial statements for the largest group of undertakings are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, D-47119 Duisburg, Ruhrort, Germany.

Consolidated accounts for the smallest group of companies are prepared by GEHE AG and may be obtained from GEHE AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany.