

**IVG ASTICUS REAL ESTATE LIMITED**  
(Registered number 2305636)

**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**



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**YEAR ENDED 31 DECEMBER 2005**

**PKF (UK) LLP**

**IVG ASTICUS REAL ESTATE LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

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# **IVG ASTICUS REAL ESTATE LIMITED**

## **DIRECTORS' REPORT**

The directors submit their report and the audited financial statements of the company for the year ended 31 December 2005, which show the state of the company's affairs.

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

The principal activity of the company during the period was the acquisition and the holding of property in central London for commercial letting. The directors plan to develop the activities of the company and the group, taking into account the general economic conditions which are likely to exist in the year ending 31 December 2006.

### **RESULTS**

The profit for the year after taxation amounted to £647,575 (2004: £2,378,742) which is transferred to reserves. A dividend of £5,000,000 was paid during the period (2004: £nil).

### **DIRECTORS**

The following directors served during the period:

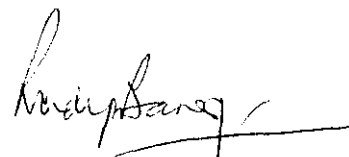
Mr J Svedin  
Mr P Banerjee  
Mr D H Gibson

The directors had no interests during the period which were required to be recorded in the register maintained by the company under Section 325 of the Companies Act 1985.

### **AUDITORS**

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under section 26(5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly, the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

  
P BANERJEE  
Director

27 July 2006

## **IVG ASTICUS REAL ESTATE LIMITED**

### **STATEMENT OF 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 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 these 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; and
- 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IVG ASTICUS REAL ESTATE LIMITED

We have audited the financial statements of IVG Asticus Real Estate Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. The financial statements have been prepared under 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**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

**PKF(UK)LLP**

PKF (UK) LLP  
Registered Auditors

London, UK  
31 July, 2006

**IVG ASTICUS REAL ESTATE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2005**

	<u>Notes</u>	<u>2005</u> <u>£</u>	Year ended 31 December <u>2004</u> <u>£</u>
Turnover - rents receivable	1(c)	4,324,069	4,595,266
Other operating income		1,764,874	982,667
		<u>6,088,943</u>	<u>5,577,933</u>
Operating costs		(2,084,257)	(2,370,083)
Administrative expenses		(1,642,555)	(1,304,351)
<b>Operating profit</b>	2	<u>2,362,131</u>	<u>1,903,499</u>
Profit on disposal of fixed assets	5	-	3,425,518
<b>Profit on ordinary activities before interest</b>		<u>2,362,131</u>	<u>5,329,017</u>
Interest receivable and similar items	6	2,309,522	2,026,913
Interest payable and similar charges	7	(4,517,078)	(4,708,607)
<b>Profit on ordinary activities before taxation</b>		<u>154,575</u>	<u>2,647,323</u>
Taxation	8	493,000	(268,581)
<b>Profit on ordinary activities after taxation</b>	17	<u>647,575</u>	<u>2,378,742</u>
<b>Retained profit for the year</b>		<u>647,575</u>	<u>2,378,742</u>

All amounts relate to continuing operations.

**IVG ASTICUS REAL ESTATE LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2005**

	<u>2005</u> £	Year ended 31 December <u>2004</u> £
Profit for the financial year	647,575	2,378,742
Unrealised surplus on revaluation of investment properties	7,466,268	900,220
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	<u>8,113,843</u>	<u>3,278,962</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

	<u>2005</u> £	Year ended 31 December <u>2004</u> £
Reported profit on ordinary activities before taxation	154,575	2,647,323
Realisation of property valuation gains of prior years	-	885,000
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	<u>154,575</u>	<u>3,532,323</u>
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation and dividends	<u>647,575</u>	<u>3,263,742</u>



# IVG ASTICUS REAL ESTATE LIMITED

BALANCE SHEET  
31 DECEMBER 2005

	<u>Notes</u>	£	<u>2005</u>	£	£	<u>2004</u>	£
<b>FIXED ASSETS</b>							
Tangible assets	9		70,629,698			63,164,194	
Investments	10		63,117,433			47,360,864	
			<hr/>			<hr/>	
			133,747,131			110,525,058	
<b>CURRENT ASSETS</b>							
Debtors	11	6,819,347		11,068,690			
Cash at bank and in hand		2,395,108		1,870,633			
		<hr/>		<hr/>			
			9,214,455		12,939,323		
<b>CREDITORS</b>							
Amounts falling due within one year	12	(3,923,341)		(3,589,119)			
		<hr/>		<hr/>			
<b>NET CURRENT ASSETS</b>			5,291,114			9,350,204	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<hr/>			<hr/>	
			139,038,245			119,875,262	
<b>CREDITORS</b>							
Amounts falling due after more than one year	12		(85,232,412)			(68,690,272)	
<b>PROVISIONS</b>							
Deferred taxation	13		(2,469,000)			(2,962,000)	
			<hr/>			<hr/>	
			51,336,833			48,222,990	
			<hr/>			<hr/>	
<b>CAPITAL AND RESERVES</b>							
Called up share capital	14		40,000,000			40,000,000	
Capital contribution	15		1,475,000			1,475,000	
Revaluation reserve	16		7,021,244			(445,024)	
Profit and loss account	17		2,840,589			7,193,014	
			<hr/>			<hr/>	
<b>SHAREHOLDER'S FUNDS</b>	18		51,336,833			48,222,990	
			<hr/>			<hr/>	

Approved by the board on 27 July 2006

  
P BANERJEE Director

# IVG ASTICUS REAL ESTATE LIMITED

## CASH FLOW STATEMENT YEAR ENDED 31 DECEMBER 2005

		<u>2005</u> £	Year ended 31 December <u>2004</u> £
	<u>Notes</u>		
<b>Operating profit</b>		<b>2,362,131</b>	1,903,499
Depreciation		5,278	6,984
Decrease in debtors		(1,049,625)	(2,761,634)
Increase in creditors		(9,269)	192,861
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		<b>1,308,515</b>	(658,290)
		<hr/>	<hr/>
<b>CASH FLOW STATEMENT</b>			
Net cash inflow from operating activities		1,308,515	(658,290)
Returns on investments and servicing of finance	19	(2,239,538)	(2,698,863)
Taxation		-	(736,009)
Capital expenditure (less receipts)	19	(10,462,115)	25,084,093
Equity dividends paid		(5,000,000)	-
		<hr/>	<hr/>
<b>Cash inflow before financing</b>		<b>(16,393,138)</b>	20,990,931
Financing	19	16,917,613	(20,055,033)
		<hr/>	<hr/>
<b>Increase in cash in the period</b>		<b>524,475</b>	935,898
		<hr/>	<hr/>
<b>Reconciliation of net cash flow movement to movement in net debt</b>	20		
Increase in cash in the period		524,475	935,898
Cash and other (inflow)/outflow from movement in debt		(16,917,613)	20,055,033
		<hr/>	<hr/>
<b>Movement in net debt in the period</b>		<b>(16,393,138)</b>	20,990,931
Net debt at 31 December 2004		(66,819,639)	(87,810,570)
		<hr/>	<hr/>
<b>Net debt at 31 December 2005</b>		<b>(83,212,777)</b>	(66,819,639)
		<hr/>	<hr/>

**IVG ASTICUS REAL ESTATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**1 ACCOUNTING POLICIES**

**(a) Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of investment property.

**(b) Consolidated financial statements**

Consolidated accounts have not been prepared as permitted by section 228 of the Companies Act 1985. The financial statements present information about the company as an individual undertaking and not about the group as a whole.

Investments in subsidiaries are stated at cost.

**(c) Turnover**

Rents receivable represent amounts due from tenants, excluding VAT in respect of the period. All rents are generated from within the United Kingdom.

**(d) Investment property**

All costs associated with the acquisition and construction of investment property, net of incidental receipts and including interest payable on loans taken out to finance the project, are capitalised. Capitalisation of interest finishes at the date of practical completion, while expenses continue to be capitalised where appropriate after this date. Properties under construction are retained at cost until the date of practical completion and subsequently revalued at the next balance sheet date.

In accordance with Statement of Standard Accounting Practice No. 19 (SSAP 19), investment property is stated in the balance sheet at open market value. Revaluation surpluses and deficits are taken to a revaluation reserve except to the extent that they represent reversals of deficits previously recognised through the profit and loss account.

Also in accordance with SSAP 19 no depreciation is provided in respect of investment property. This is a departure from the requirement of the Companies Act 1985 which requires all assets having a limited useful economic life to be depreciated. The directors consider this treatment necessary in order to show a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which would otherwise have been shown cannot be separately quantified.

**(e) Other tangible fixed assets**

Other tangible fixed assets are depreciated by equal annual instalments over their estimated useful lives as follows:

Fixtures, fittings and equipment      -      25%

**IVG ASTICUS REAL ESTATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**1 ACCOUNTING POLICIES (Continued)**

**(f) Deferred taxation**

As required by Financial Reporting Standard 19 "Deferred Tax", full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which FRS19 specifies that deferred tax should not be recognised.

Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

**(g) Foreign currency translation**

Assets and liabilities denominated in foreign currencies are translated to sterling at the rate prevailing at the balance sheet date. Transactions in foreign currencies are converted at the rate prevailing at the date of the transaction. All exchange gains and losses are taken to the profit and loss account.

**(h) Operating leases**

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreement as incurred.

**(i) Pension contributions**

The company makes contributions into personal pension plans, which are charged to the profit and loss account as they arise.

**(j) Operating lease incentives**

In accordance with UITF 28 rent receivable in the period, from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is spread evenly over that period. The cost of other incentives is spread on a straight-line basis over a similar period. Unamortised amounts are included in debtors and prepayments.

UITF 28 also requires that the carrying value of investment properties reported in the balance sheet should not include any amount that is reported as a separate asset. These amounts have been excluded from fixed assets and the revaluation reserve by netting them off against the revaluation of investment properties for the year.

**2 OPERATING PROFIT/(LOSS)**

		Year ended 31 December	
		<u>2005</u> £	<u>2004</u> £
The operating profit/(loss) is stated after charging:			
Auditors' remuneration	- for audit services	59,386	46,135
	- for other services	228,798	133,117
Depreciation		5,278	6,984
Operating lease rentals in respect of	- land and buildings	540,062	484,971
	- other	-	7,243
		<hr/>	<hr/>

**IVG ASTICUS REAL ESTATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**3 STAFF COSTS AND NUMBERS**

	<u>2005</u> £	31 December <u>2004</u> £
Staff costs, including directors were:		
Wages and salaries	413,628	321,643
Social security costs	64,561	43,976
Pension contributions	29,755	22,814
	<hr/> 507,944 <hr/>	<hr/> 388,433 <hr/>
	<u>Number</u>	<u>Number</u>
Average monthly number of persons employed during the period		
Administration	<hr/> 7 <hr/>	<hr/> 6 <hr/>

**4 DIRECTORS' REMUNERATION**

	<u>2005</u> £	31 December <u>2004</u> £
Emoluments	263,225	197,880
Contributions to personal pension scheme	16,829	10,391
Benefits in kind	39,236	82,650
	<hr/> 319,290 <hr/>	<hr/> 290,921 <hr/>
Emoluments of highest paid director	161,184	113,130
Contributions to personal pension scheme	9,967	5,788
Benefits in kind	12,430	100
	<hr/> 183,581 <hr/>	<hr/> 119,018 <hr/>

Contributions were made into personal pension schemes for two directors (2004: three).

**5 PROFIT ON DISPOSAL OF FIXED ASSETS**

During 2004 the company sold its freehold investment property at 40/41 Conduit Street, London. There have been no disposals in 2005.

**6 INTEREST RECEIVABLE AND SIMILAR ITEMS**

	<u>2005</u> £	31 December <u>2004</u> £
Group interest	2,235,845	1,699,278
Bank interest	73,677	327,635
	<hr/> 2,309,522 <hr/>	<hr/> 2,026,913 <hr/>

**IVG ASTICUS REAL ESTATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>2005</u> £	31 December <u>2004</u> £
Group interest	1,959,396	522,787
Bank interest	2,260,205	4,149,294
Other interest	297,477	36,526
	<hr/> 4,517,078 <hr/>	<hr/> 4,708,607 <hr/>

**8 TAXATION**

	<u>2005</u> £	31 December <u>2004</u> £
(a) The charge for the period comprises:		
Current tax:		
Corporation tax at 30% (2004: 30%)	-	450,000
Adjustments in respect of prior years	-	1,581
	<hr/>	<hr/>
Total current tax (note 7(b))	-	451,581
Deferred taxation:		
Origination and reversal of timing differences	(493,000)	(183,000)
	<hr/>	<hr/>
Tax on profit on ordinary activities	(493,000)	268,581
	<hr/>	<hr/>

- (b) The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	<u>2005</u> £	31 December <u>2004</u> £
Profit on ordinary activities before tax	154,575	2,647,323
	<hr/>	<hr/>
Profit on ordinary activities at standard rate of corporation tax in the UK of 30%	46,373	794,197
Effects of:		
Expenses not deductible for tax purposes	223,920	143,347
Capital allowances in excess of depreciation	1,703	(250,811)
Interest not deductible until paid	506,521	-
Group relief claimed	(1,050,086)	-
Interest imputation on loan to group companies	271,569	-
Losses carried forward	-	340,922
Gain on sale of property offset by losses brought forward	-	(577,655)
Adjustments in respect of prior periods	-	1,581
	<hr/>	<hr/>
Current tax charge for the year (note 7(a))	-	451,581
	<hr/>	<hr/>

The future tax charge will be affected by a combination of capital allowances and available losses.

**IVG ASTICUS REAL ESTATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**9 TANGIBLE FIXED ASSETS**

	<u>Freehold and long leasehold investment properties</u> £	<u>Fixtures, fittings and equipment</u> £	<u>Total</u> £
<b>Cost or valuation</b>			
At 1 January 2005	63,150,220	360,289	63,510,509
Additions	-	4,514	4,514
Revaluation	7,466,268	-	7,466,268
	<hr/>	<hr/>	<hr/>
At 31 December 2005	70,616,488	364,803	70,981,291
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 2005	-	346,315	346,315
Charge for the year	-	5,278	5,278
	<hr/>	<hr/>	<hr/>
At 31 December 2005	-	351,593	351,593
	<hr/>	<hr/>	<hr/>
<b>Net book amounts</b>			
At 31 December 2005	70,616,488	13,210	70,629,698
	<hr/>	<hr/>	<hr/>
At 31 December 2004	63,150,220	13,974	63,164,194
	<hr/>	<hr/>	<hr/>

At 31 December 2005 the freehold property is stated at a valuation following a professional open market valuation obtained from FPD Savills International Property Consultants.

The valuations were carried out in accordance with the Practice Statements of the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, and were undertaken by external valuers as defined in Practice Statement 5.

The historical cost of the properties was £63,595,244 (2004: £63,595,244). Included in the cost are interest charges of £2,030,320 (2004: £2,030,320).

The revaluation figure disclosed above of £7,466,268 comprises a revaluation on investment properties for the year of £10,849,780 reduced by lease incentives of £3,383,512, see note 1 (j).

**10 INVESTMENTS**

	<u>Investments in subsidiaries</u> £	<u>Loans to subsidiaries</u> £	<u>Total</u> £
At 1 January 2005	3	47,360,861	47,360,864
Additions	-	15,756,569	15,756,569
	<hr/>	<hr/>	<hr/>
At 31 December 2005	3	63,117,430	63,117,433
	<hr/>	<hr/>	<hr/>

**IVG ASTICUS REAL ESTATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**10 INVESTMENTS (continued)**

At 31 December 2005 the company owned directly, or indirectly, the entire share capital of the following subsidiaries, all of which are registered in England and Wales:

	<u>Proportion and class of shares held</u>	<u>Profit/(loss) for the year ended 31 December 2005</u>	<u>Capital and reserves at 31 December 2005</u> £
Brooksavie Limited - dormant	100% of ordinary shares	-	2
IVG Asticus (Caxton) Limited - property development	100% of ordinary shares	264,519	18,877,849
IVG Asticus (Lombard) Limited - property investment	100% of ordinary shares	(18,092)	2,025,948

**11 DEBTORS**

	<u>2005</u> £	<u>2004</u> £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,526,993	1,488,700
Amounts due from fellow subsidiary	145,158	5,444,126
Other debtors	1,185,468	226,554
Prepayments and accrued income	1,239,582	685,061
	<u>4,097,201</u>	<u>7,844,441</u>
<b>Amounts falling due after more than one year:</b>		
Trade debtors	251,758	213,540
Prepayments and accrued income	2,470,388	3,010,709
	<u>6,819,347</u>	<u>11,068,690</u>

**12 CREDITORS**

	<u>2005</u> £	<u>2004</u> £
<b>Amounts falling due within one year:</b>		
Amounts due to subsidiary undertaking	375,473	-
Corporation tax	450,000	450,000
Other creditors including taxation and social security	762,884	823,583
Accruals and deferred income	2,334,984	2,315,536
	<u>3,923,341</u>	<u>3,589,119</u>
<b>Amounts falling due after more than one year:</b>		
Bank loan	-	59,347,000
Amounts due to subsidiary undertaking	-	9,343,272
Amount due to parent company	85,232,412	-
	<u>85,232,412</u>	<u>68,690,272</u>

The bank loan represented an advance under a group revolving loan facility and was repaid during the year.



**IVG ASTICUS REAL ESTATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**13 DEFERRED TAXATION**

	<u>2005</u> £	<u>2004</u> £
At 1 January 2005	2,962,000	3,145,000
Credit for the period	(493,000)	(183,000)
	<hr/>	<hr/>
At 31 December 2005	2,469,000	2,962,000
	<hr/>	<hr/>

The deferred tax balance comprises the following, provided at 30% where appropriate:

Accelerated capital allowances	2,356,000	2,342,000
Short-term timing differences	113,000	620,000
	<hr/>	<hr/>
	2,469,000	2,962,000
	<hr/>	<hr/>

**14 CALLED UP SHARE CAPITAL**

	<u>2005</u> £	<u>2004</u> £
<b>Authorised</b>		
45,000,000 ordinary shares of £1 each	45,000,000	45,000,000
	<hr/>	<hr/>
<b>Allotted, issued and fully paid</b>		
40,000,000 ordinary shares of £1 each	40,000,000	40,000,000
	<hr/>	<hr/>

**15 CAPITAL CONTRIBUTION**

In 1998 a capital contribution of £1,475,000 was received from the company's parent undertaking, Stockned BV. This contribution is not repayable and bears no interest.

**16 REVALUATION RESERVE**

	<u>2005</u> £	<u>2004</u> £
At 1 January 2005	(445,024)	(460,244)
Revaluation of freehold land and buildings	7,466,268	900,220
Transfer to profit and loss reserve (note 17)	-	(885,000)
	<hr/>	<hr/>
At 31 December 2005	7,021,244	(445,024)
	<hr/>	<hr/>

The revaluation figure disclosed above of £7,466,268 comprises a revaluation on investment properties for the year of £10,849,780 reduced by lease incentives of £3,383,512, see note 1 (j).

**IVG ASTICUS REAL ESTATE LIMITED**  
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**17 PROFIT AND LOSS ACCOUNT**

	<u>2005</u> £	<u>2004</u> £
At 1 January 2005	7,193,014	3,929,272
Profit for the year	647,575	2,378,742
Transfer from revaluation reserve (note 16)	-	885,000
Dividends paid during the year	(5,000,000)	-
	<hr/>	<hr/>
At 31 December 2005	<u>2,840,589</u>	<u>7,193,014</u>

**18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	<u>2005</u> £	<u>2004</u> £
At 1 January 2005	48,222,990	44,944,028
Profit for the period	647,575	2,378,742
Revaluation of freehold land and buildings	7,466,268	900,220
Dividends paid	(5,000,000)	-
	<hr/>	<hr/>
At 31 December 2005	<u>51,336,833</u>	<u>48,222,990</u>

**19 ANALYSIS OF CASH FLOW FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	<u>2005</u> £	<u>2004</u> £
<b>Returns on investment and servicing of finance</b>		
Interest received	2,309,522	2,026,913
Interest paid	(4,549,060)	(4,725,776)
	<hr/>	<hr/>
	(2,239,538)	(2,698,863)
	<hr/>	<hr/>
<b>Capital expenditure (less receipts)</b>		
Proceeds from sale of tangible fixed assets	-	21,725,518
Payments to acquire tangible fixed assets	(4,514)	(9,093)
Repayments of loans made to other group entities	5,298,968	11,124,719
New loans to subsidiaries	(15,756,569)	(7,757,051)
	<hr/>	<hr/>
	(10,462,115)	25,084,093
	<hr/>	<hr/>
<b>Financing</b>		
Repayments of bank loan	(59,347,000)	(11,178,000)
Repayments of loans from other group entities	(8,967,799)	(8,877,033)
Loan from parent company	85,232,412	-
	<hr/>	<hr/>
	<u>16,917,613</u>	<u>(20,055,033)</u>

**IVG ASTICUS REAL ESTATE LIMITED**  
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**20 ANALYSIS OF CHANGES IN NET DEBT**

	At 31 December <u>2004</u> £	Cash Flows £	At 31 December <u>2005</u> £
Cash in hand and at bank	1,870,633	524,475	2,395,108
Net debt due within one year	-	(375,473)	(375,473)
Net debt due in more than one year	(68,690,272)	(16,542,140)	(85,232,412)
	<u>(66,819,639)</u>	<u>(16,393,138)</u>	<u>83,212,777</u>

**21 LEASE COMMITMENTS**

	<u>Land and buildings</u> <u>2005</u> £	<u>2004</u> £	<u>2005</u> £	<u>Other</u> <u>2004</u> £
Annual commitments in respect of operating leases expiring:				
Within one year	256,006	146,277	-	1,811
Between two and five years	338,855	467,245	-	-
After more than five years	-	-	-	-
	<u>594,861</u>	<u>613,522</u>	<u>-</u>	<u>1,811</u>

**22 EVENT OCCURRING AFTER THE END OF THE YEAR**

On 28 April 2006, 20 Soho Square was sold for gross proceeds of £52.5m realising a surplus over book value of approximately £15m.

**23 ULTIMATE PARENT COMPANY AND PARENT GROUPS**

The company's immediate parent undertaking is Stockned Holding BV, a company incorporated in the Netherlands.

IVG Immobilien AG, incorporated in Germany, is regarded by the directors as the ultimate parent company and is the parent undertaking of the largest and smallest group for which group accounts are prepared.

Group accounts of IVG Immobilien AG are available to the public from Zanderstr. 5, D-53177 Bonn, Germany.

No disclosure has been made within these financial statements of any transactions with group companies by virtue of the exemptions allowed by Financial Reporting Standard No. 8.