

ASTICUS (UK) LIMITED
(Registered number 2305636)

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 1999



PANNELL KERR FORSTER

**ASTICUS (UK) LIMITED
ANNUAL REPORT
YEAR ENDED 31 DECEMBER 1999**

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**ASTICUS (UK) LIMITED
DIRECTORS' REPORT**

The directors submit their report and the audited financial statements of the company for the year ended 31 December 1999, 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 year was the acquisition and the holding of property in central London for commercial letting.

RESULTS

The profit for the year after taxation amounted to £1,558,248 which is transferred to reserves. No dividend is recommended.

FIXED ASSETS

Details of movements in tangible fixed assets are given in note 7 to the financial statements.

DIRECTORS

The following directors served during the year:


Mr J Svedin
Mr P Banerjee
Mr T A Seifert
Mr U I Johansson

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

AUDITORS

A resolution to reappoint the auditors, Pannell Kerr Forster, will be proposed at the annual general meeting.

ON BEHALF OF THE BOARD


P BANERJEE
Director

ASTICUS (UK) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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;
- 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' REPORT TO THE SHAREHOLDERS OF
ASTICUS (UK) LIMITED**

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

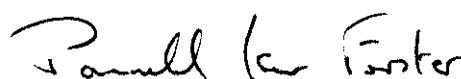
Basis of opinion

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 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 affairs of the company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



London

PANNELL KERR FORSTER
Registered Auditors

2 October 2000

ASTICUS (UK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
Rents receivable		4,761,562	3,266,006
Other operating income		803,726	663,949
		<hr/>	<hr/>
		5,565,288	3,929,955
Operating costs		(1,530,192)	(1,268,265)
Administrative expenses		(640,623)	(609,675)
		<hr/>	<hr/>
Operating profit	2	3,394,473	2,052,015
Interest receivable and similar items	4	221,455	1,054,022
Interest payable and similar charges	5	(2,057,680)	(1,590,832)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,558,248	1,515,205
Taxation	6	-	-
		<hr/>	<hr/>
Retained profit for the year	14	1,558,248	1,515,205
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.


ASTICUS (UK) LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 1999

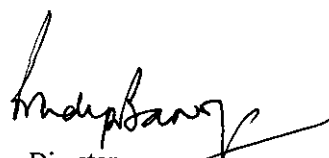
	<u>1999</u> £	<u>1998</u> £
Profit for the financial year	1,558,248	1,515,205
Unrealised surplus on revaluation	4,200,000	12,346,239
	<hr/>	<hr/>
Total gains & losses recognised since last annual report	5,758,248	13,861,444
	<hr/> <hr/>	<hr/> <hr/>

ASTICUS (UK) LIMITED
BALANCE SHEET
31 DECEMBER 1999

	<u>Notes</u>	<u>£</u>	<u>1999</u>	<u>£</u>	<u>1998</u>	<u>£</u>
FIXED ASSETS						
Tangible assets	7		91,394,026		64,787,837	
Investments	8		18,104,614		18,104,614	
			<hr/>		<hr/>	
			109,498,640		82,892,451	
CURRENT ASSETS						
Debtors	9	3,342,695		2,338,319		
Cash at bank and in hand		4,031,142		1,246,764		
		<hr/>		<hr/>		
			7,373,837		3,585,083	
CREDITORS						
Amounts falling due within one year	10	4,129,055		27,250,893		
		<hr/>		<hr/>		
NET CURRENT ASSETS/(LIABILITIES)			3,244,782		(23,665,810)	
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>	
			112,743,422		59,226,641	
CREDITORS						
Amounts falling due after more than one year	10		65,978,838		18,220,305	
			<hr/>		<hr/>	
			46,764,584		41,006,336	
			<hr/>		<hr/>	
CAPITAL AND RESERVES						
Called up share capital	11		40,000,000		40,000,000	
Capital contribution	12		1,475,000		1,475,000	
Revaluation reserve	13		3,346,239		(853,761)	
Profit and loss account	14		1,943,345		385,097	
			<hr/>		<hr/>	
SHAREHOLDERS' FUNDS	15		46,764,584		41,006,336	
			<hr/>		<hr/>	

Approved by the board on *21 September* 2000


SVEDIN


Director

ASTICUS (UK) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
Operating profit		3,224,473	2,052,015
Depreciation		32,553	26,984
(Increase)/ Decrease in trade debtors		(827,189)	23,266,491
Increase in creditors		1,437,531	1,137,745
		<hr/>	<hr/>
Net cash inflow from operating activities		3,867,368	26,483,235
		<hr/>	<hr/>
CASHFLOW STATEMENT			
Net cash inflow from operating activities		3,867,368	26,483,235
Returns on investments and servicing of finance	16	(2,058,805)	(608,881)
Capital expenditure	16	(22,782,718)	(3,515,486)
		<hr/>	<hr/>
Cash (outflow)/inflow before financing		(20,974,155)	22,358,868
Financing	16	23,758,533	(21,596,674)
		<hr/>	<hr/>
Increase in cash in the period		2,784,378	762,194
		<hr/>	<hr/>
Reconciliation of net cash flow movement to movement in net debt	17		
Increase in cash in the period		2,784,378	762,194
Cash and other (inflow)/outflow from movement in debt		(23,758,533)	22,725,135
		<hr/>	<hr/>
Movement in net debt in the period		(20,974,155)	23,487,329
Net debt at 1 January 1999		(40,973,541)	(64,460,870)
		<hr/>	<hr/>
Net debt at 31 December 1999		(61,947,696)	(40,973,541)
		<hr/>	<hr/>

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property.

(b) Consolidated financial statements

The group qualifies as 'medium' sized within the definition of section 249 of the Companies Act 1985. Accordingly, by virtue of section 248 of the Companies Act 1985, consolidated financial statements are not presented. The company's auditors, Pannell Kerr Forster, have confirmed to the directors that the company is entitled to rely on the exemption granted by section 248.

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 amount due from tenants, excluding VAT. All rents are generated from within the United Kingdom.

(d) Investment property

All costs associated with the acquisition and development of investment property, net of incidental receipts and including interest payable on loans taken out to finance the project, are capitalised. For properties completed prior to 31 December 1997 capitalisation of interest and expenses continues until the property is let or until 18 months have elapsed from the date of practical completion, whichever is earlier. For properties whose practical completion is after 31 December 1997, capitalisation of interest finishes at the date of practical completion, while expenses continue to be capitalised where appropriate after this 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) Development property

All costs associated with the acquisition and development of development property, net of incidental receipts and including interest payable on loans taken out to finance the project are capitalised. No depreciation is provided prior to the completion of the development.

(f) 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%
Motor vehicles	-	25% or the term of the lease

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

1 ACCOUNTING POLICIES (Continued)

(g) Deferred taxation

Provision is made for deferred tax, using the liability method, to the extent that it is probable that a liability will crystallise in the foreseeable future.

(h) 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.

(i) 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.

(j) Pension Contributions

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

2 OPERATING PROFIT	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
The operating profit is stated after charging:		
Auditors' remuneration - for audit services	13,422	13,350
- for other services	43,185	38,665
Depreciation	32,553	26,984
Directors' remuneration	138,834	95,884
Operating lease rentals in respect of motor vehicles	16,095	-
	<u><u>340,089</u></u>	<u><u>274,923</u></u>

3 STAFF COSTS AND NUMBERS

Staff costs, including directors were:

Wages and salaries	232,950	238,636
Social security costs	51,938	28,555
Pension contributions	34,434	9,865
	<u><u>319,322</u></u>	<u><u>277,056</u></u>
	<u>Number</u>	<u>Number</u>

Average monthly number of persons employed during the year (excluding directors):

Administration	4	4
	<u><u>4</u></u>	<u><u>4</u></u>

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

4 INTEREST RECEIVABLE AND SIMILAR ITEMS	<u>1999</u> £	<u>1998</u> £
Group interest	145,656	459,435
Bank interest	75,799	66,410
Foreign exchange gains (net)	-	528,177
	<hr/> 221,455 <hr/>	<hr/> 1,054,022 <hr/>

5 INTEREST PAYABLE AND SIMILAR CHARGES		
Group interest	-	177,844
Bank interest	2,057,680	1,412,988
	<hr/> 2,057,680 <hr/>	<hr/> 1,590,832 <hr/>

Interest payable of £Nil (1998 - £543,912) has been capitalised within the cost of development property and is excluded from the above.

6 TAXATION

No taxation charge arises on the profit for the year due to the availability of tax losses.

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

7 TANGIBLE FIXED ASSETS

	<u>Freehold and long leasehold investment properties</u> £	<u>Fixtures, fittings and equipment</u> £	<u>Total</u> £
Cost or valuation			
At 1 January 1999	64,703,711	303,036	65,006,747
Additions	22,428,776	9,966	22,438,742
Revaluation	4,200,000	-	4,200,000
	<hr/>	<hr/>	<hr/>
At 31 December 1999	91,332,487	313,002	91,645,489
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 1999	-	218,910	218,910
Charge for the year	-	32,553	32,553
	<hr/>	<hr/>	<hr/>
At 31 December 1999	-	251,463	251,463
	<hr/>	<hr/>	<hr/>
Net book amounts			
At 31 December 1999	91,332,487	61,539	91,394,026
	<hr/>	<hr/>	<hr/>
At 31 December 1998	64,703,711	84,126	64,787,837
	<hr/>	<hr/>	<hr/>

At 31 December 1999 the properties were revalued by FPD Savills, International Property Consultants, to their open market value for accounts purposes. 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 £110,647,861 (1998 - £88,219,085).

8 INVESTMENTS

	<u>Investments in subsidiaries</u> £	<u>Loans</u> £	<u>Total</u> £
At 1 January 1999 and 31 December 1999	2	18,104,612	18,104,614
	<hr/>	<hr/>	<hr/>

At 31 December 1999 the company owned directly, or indirectly, the entire share capital of the following subsidiaries, both of which are registered in England and Wales, and were dormant for the whole year:

	<u>Proportion and class of shares held</u>	<u>Reserves at 31 December 1999</u> £
Brooksav Limited	100% of ordinary shares	-
Asticus (Mayfair) Limited	100% of ordinary shares	8,220,305
		<hr/>

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

9 DEBTORS	1999	1998
	£	£
Amounts falling due within one year:		
Trade debtors	873,366	941,515
Amounts due from fellow subsidiary	2,060,448	1,271,469
Other debtors	23,215	6,183
Prepayments and accrued income	313,196	119,152
	<hr/>	<hr/>
	3,270,225	2,338,319
 Amounts falling due after more than one year:		
Rent deposit	72,470	-
	<hr/>	<hr/>
	3,342,695	2,338,319
	<hr/> <hr/>	<hr/> <hr/>
 10 CREDITORS		
Amounts falling due within one year:		
Other tax and social security	283,174	192,823
Accruals and deferred income	3,845,881	3,058,070
Bank loan	-	24,000,000
	<hr/>	<hr/>
	4,129,055	27,250,893
	<hr/> <hr/>	<hr/> <hr/>
 Amounts falling due after more than one year:		
Amounts due from subsidiary undertaking	18,220,305	18,220,305
Bank loan	47,758,533	-
	<hr/>	<hr/>
	65,978,838	18,220,305
	<hr/> <hr/>	<hr/> <hr/>
<p>The bank loan represents an advance under a group revolving loan facility, ultimately repayable in November 2006. The current advance expires in January 2000 but the company has the option to rollover the loan.</p>		
 11 CALLED UP SHARE CAPITAL		
Authorised		
45,000,000 ordinary shares of £1 each	45,000,000	45,000,000
	<hr/> <hr/>	<hr/> <hr/>
Allotted, issued and fully paid		
40,000,000 ordinary shares of £1 each	40,000,000	40,000,000
	<hr/> <hr/>	<hr/> <hr/>
 12 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.

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

13 REVALUATION RESERVE

	£
At 1 January 1999	(853,761)
Revaluation of freehold land and buildings	4,200,000
	<hr/>
At 31 December 1999	3,346,239
	<hr/> <hr/>

14 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1999	385,097
Profit for the financial year	1,558,248
	<hr/>
At 31 December 1999	1,943,345
	<hr/> <hr/>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
At 1 January 1999	41,006,336	25,669,892
Profit for the financial year	1,558,248	1,515,205
Revaluation of freehold land & buildings	4,200,000	12,346,239
Capital contribution from parent undertaking	-	1,475,000
	<hr/>	<hr/>
At 31 December 1999	46,764,584	41,006,336
	<hr/> <hr/>	<hr/> <hr/>

16 ANALYSIS OF CASHFLOW FOR HEADINGS NETTED IN THE CASHFLOW STATEMENT

	1999 £	1998 £
Returns on investment and servicing of finance		
Interest received	214,268	1,228,008
Interest paid	(2,273,073)	(1,836,889)
	<hr/>	<hr/>
	(2,058,805)	(608,881)
	<hr/> <hr/>	<hr/> <hr/>
Capital Expenditure		
Payments to acquire tangible fixed assets	22,782,718	3,515,486
	<hr/> <hr/>	<hr/> <hr/>
Financing		
Repayment of loans	(24,000,000)	(47,071,674)
New loans	47,758,533	24,000,000
Capital contribution	-	1,475,000
	<hr/>	<hr/>
	23,758,533	(21,596,674)
	<hr/> <hr/>	<hr/> <hr/>

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January <u>1999</u> £	Cash Flows £	At 31 December <u>1999</u> £
Cash in hand and at bank	1,246,764	2,784,378	4,031,142
Net debt due within one year	(24,000,000)	24,000,000	-
Net debt due in more than one year	(18,220,305)	(47,758,533)	(65,978,838)
	<u>(40,973,541)</u>	<u>(20,974,155)</u>	<u>(61,947,696)</u>

18 DEFERRED TAXATION

If the properties were to be sold at their balance sheet values, no deferred taxation liability would arise.

19 LEASE COMMITMENTS

	<u>1999</u> £	<u>1998</u> £
Plant and machinery		
Annual commitments in respect of operating leases expiring:		
Between two and five years	-	-

20 ULTIMATE PARENT COMPANY AND PARENT GROUPS

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

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

The parent undertaking of the smallest group for which group accounts are prepared is Asticus AB, incorporated in Sweden.

Group accounts of IVG Holding 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 Asticus AB or fellow subsidiaries in accordance with the exemptions allowed by Financial Reporting Standard No. 8.