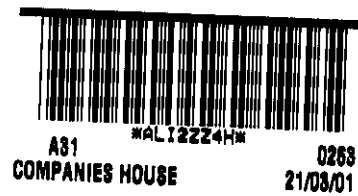


ASTICUS (UK) LIMITED
(Registered number 2305636)

ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2000



PKF

ASTICUS (UK) LIMITED
ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2000

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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 2000, 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.

During the year the company disposed of its interests in 15 Regent Street, and in the residential apartments at 40/41 Conduit Street, London. The disposals have been treated as exceptional items and further detail can be found in note 7 to the accounts.

RESULTS

The profit for the year after taxation amounted to £798,439 which is transferred to reserves. No dividend is recommended.

DIRECTORS

The following directors served during the year:


Mr J Svedin
Mr P Banerjee
Mr T A Seifert
Mr U I Johansson (Resigned 31 October 2000)

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, PKF, will be proposed at the annual general meeting.

ON BEHALF OF THE BOARD


P BANERJEE
Director

7 - 3 - 2001

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 SHAREHOLDER 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

15 March 2001

PKF
Registered Auditors

ASTICUS (UK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
Rents receivable		4,308,916	4,761,562
Other operating income		1,006,185	803,726
		5,315,101	5,565,288
Operating costs		(1,612,674)	(1,530,192)
Administrative expenses		(863,334)	(640,623)
Operating profit	2	2,839,093	3,394,473
Loss on disposal of properties	7	(287,150)	-
Interest receivable and similar items	4	285,235	221,455
Interest payable and similar charges	5	(2,088,739)	(2,057,680)
Profit on ordinary activities before taxation		748,439	1,558,248
Taxation	6	-	-
Retained profit for the year	14	748,439	1,558,248

All amounts relate to continuing operations.

ASTICUS (UK) LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2000

	<u>2000</u> £	<u>1999</u> £
Profit for the financial year	748,439	1,558,248
Unrealised surplus on revaluation	<u>1,731,289</u>	<u>4,200,000</u>
Total gains & losses recognised since last annual report	<u><u>2,479,728</u></u>	<u><u>5,758,248</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>2000</u> £	<u>1999</u> £
Reported profit on ordinary activities after taxation	748,439	1,558,248
Realisation of property revaluation deficits of previous years	<u>(324,792)</u>	<u>-</u>
Historical cost profit for the year retained after taxation	<u><u>423,647</u></u>	<u><u>1,558,248</u></u>

ASTICUS (UK) LIMITED
BALANCE SHEET
31 DECEMBER 2000

	<u>Notes</u>	<u>£</u>	<u>2000</u>	<u>£</u>	<u>1999</u>	<u>£</u>
FIXED ASSETS						
Tangible assets	8		96,685,956		91,394,026	
Investments	9		18,104,614		18,104,614	
			<hr/>		<hr/>	
			114,790,570		109,498,640	
CURRENT ASSETS						
Debtors	10	1,227,587		3,342,695		
Cash at bank and in hand		1,454,443		4,031,142		
		<hr/>		<hr/>		
		2,682,030		7,373,837		
CREDITORS						
Amounts falling due within one year	11	3,251,733		4,129,055		
		<hr/>		<hr/>		
NET CURRENT (LIABILITIES)/ ASSETS			(569,703)		3,244,782	
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>	
			114,220,867		112,743,422	
CREDITORS						
Amounts falling due after more than one year	11		64,976,555		65,978,838	
			<hr/>		<hr/>	
			49,244,312		46,764,584	
			<hr/>		<hr/>	
CAPITAL AND RESERVES						
Called up share capital	12		40,000,000		40,000,000	
Capital contribution	13		1,475,000		1,475,000	
Revaluation reserve	14		5,402,320		3,346,239	
Profit and loss account	15		2,366,992		1,943,345	
			<hr/>		<hr/>	
SHAREHOLDER'S FUNDS	16		49,244,312		46,764,584	
			<hr/>		<hr/>	

Approved by the board on 7.3 2001

J SVEDIN

Director



ASTICUS (UK) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
Operating profit		2,839,093	3,394,473
Depreciation		36,931	32,553
Decrease/(increase) in trade debtors		2,112,193	(997,189)
(Decrease)/increase in creditors		(840,097)	1,437,531
		<hr/>	<hr/>
Net cash inflow from operating activities		4,148,120	3,867,368
		<hr/>	<hr/>
CASHFLOW STATEMENT			
Net cash inflow from operating activities		4,148,120	3,867,368
Returns on investments and servicing of finance	17	(2,250,045)	(2,058,805)
Capital expenditure (less receipts)	17	(3,472,491)	(22,782,718)
		<hr/>	<hr/>
Cash outflow before financing		(1,574,416)	(20,974,155)
Financing	17	(1,002,283)	23,758,533
		<hr/>	<hr/>
(Decrease)/increase in cash in the period		(2,576,699)	2,784,378
		<hr/>	<hr/>
Reconciliation of net cash flow movement to movement in net debt	18		
(Decrease)/increase in cash in the period		(2,576,699)	2,784,378
Cash and other outflow/(inflow) from movement in debt		1,002,283	(23,758,533)
		<hr/>	<hr/>
Movement in net debt in the period		(1,574,416)	(20,974,155)
Net debt at 1 January 2000		(61,947,696)	(40,973,541)
		<hr/>	<hr/>
Net debt at 31 December 2000		(63,522,112)	(61,947,696)
		<hr/>	<hr/>

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

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, PKF, 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 continued until the property was let or until 18 months had elapsed from the date of practical completion, whichever was 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 2000

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

2000
£

1999
£

The operating profit is stated after charging:

Auditors' remuneration	- for audit services	18,700	13,422
	- for other services	38,347	43,185
Depreciation		36,931	32,553
Directors' remuneration		164,403	138,834
Operating lease rentals in respect of	- motor vehicles	-	16,095
	- land and buildings	479,029	733,232
		=====	=====

3 STAFF COSTS AND NUMBERS

Staff costs, including directors were:

Wages and salaries	298,584	232,950
Social security costs	50,750	51,938
Pension contributions	26,823	34,434
	=====	=====

376,157

319,322

Number

Number

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

Administration	5	4
	=====	=====

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

4 INTEREST RECEIVABLE AND SIMILAR ITEMS	2000	1999
	£	£
Group interest	153,505	145,656
Bank interest	131,730	75,799
	<hr/>	<hr/>
	285,235	221,455
	<hr/> <hr/>	<hr/> <hr/>
 5 INTEREST PAYABLE AND SIMILAR CHARGES		
Group interest	181,854	-
Bank interest	1,906,885	2,057,680
	<hr/>	<hr/>
	2,088,739	2,057,680
	<hr/> <hr/>	<hr/> <hr/>

Interest payable of £822,789 (1999 - £Nil) 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.

7 LOSS ON DISPOSAL OF PROPERTIES

During the year company sold the long leasehold property at 15 Regent Street, London and the residential flats at 40/41 Conduit Street, London. The loss realised on a historical cost basis was £611,942.

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

8 TANGIBLE FIXED ASSETS

	<u>Freehold and long leasehold investment properties</u>	<u>Fixtures, fittings and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£
Cost or valuation				
At 1 January 2000	91,332,487	313,002	-	91,645,489
Additions	26,728,462	28,431	25,679	26,782,572
Revaluation	1,731,289	-	-	1,731,289
Disposal	(23,185,000)	-	-	(23,185,000)
 At 31 December 2000	 96,607,238	 341,433	 25,679	 96,974,350
 Depreciation				
At 1 January 2000	-	251,463	-	251,463
Charge for the year	-	33,721	3,210	36,931
 At 31 December 2000	 -	 285,184	 3,210	 288,394
 Net book amounts				
At 31 December 2000	96,607,238	56,249	22,469	96,685,956
 At 31 December 1999	 91,332,487	 61,539	 -	 91,394,026

At 31 December 2000 the freehold property is stated at a valuation by the directors following a professional open market valuation obtained from F P D Savills International Property Consultants at 30 September 2000. 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 £91,204,919 (1999 - £110,647,861).

9 INVESTMENTS

	<u>Investments in subsidiaries</u>	<u>Loans</u>	<u>Total</u>
	£	£	£
At 1 January 2000 and 31 December 2000	2	18,104,612	18,104,614

At 31 December 2000 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 2000</u>
		£
Brooksav Limited	100% of ordinary shares	2
Asticus (Mayfair) Limited	100% of ordinary shares	18,220,305

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

10	DEBTORS	<u>2000</u>	<u>1999</u>
		£	£
	Amounts falling due within one year:		
	Trade debtors	294,388	873,366
	Amounts due from fellow subsidiary	381,243	2,060,448
	Other debtors	8,973	23,215
	Prepayments and accrued income	471,013	313,196
		<hr/>	<hr/>
		1,155,117	3,270,225
	Amounts falling due after more than one year:		
	Rent deposit	72,470	72,470
		<hr/>	<hr/>
		1,227,587	3,342,695
		<hr/>	<hr/>
11	CREDITORS		
	Amounts falling due within one year:		
	Other tax and social security	52,460	283,174
	Accruals and deferred income	3,199,273	3,845,881
		<hr/>	<hr/>
		3,251,733	4,129,055
		<hr/>	<hr/>
	Amounts falling due after more than one year:		
	Amounts due from subsidiary undertaking	18,220,305	18,220,305
	Bank loan	46,756,250	47,758,533
		<hr/>	<hr/>
		64,976,555	65,978,838
		<hr/>	<hr/>

The bank loan represents an advance under a group revolving loan facility, ultimately repayable in November 2006. The current advance expires on 30 January 2001 but the company has the option to rollover the loan.

12 CALLED UP SHARE CAPITAL

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

13 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 2000

14 REVALUATION RESERVE

	£
At 1 January 2000	3,346,239
Revaluation of freehold land and buildings	1,731,289
Transferred from profit and loss account	324,792
	<hr/>
At 31 December 2000	5,402,320
	<hr/> <hr/>

15 PROFIT AND LOSS ACCOUNT

	£
At 1 January 2000	1,943,345
Profit for the financial year	748,439
Transfer to revaluation reserve	(324,792)
	<hr/>
At 31 December 2000	2,366,992
	<hr/> <hr/>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
At 1 January 2000	46,764,584	41,006,336
Profit for the financial year	748,439	1,558,248
Revaluation of freehold land & buildings	1,731,289	4,200,000
	<hr/>	<hr/>
At 31 December 2000	49,244,312	46,764,584
	<hr/> <hr/>	<hr/> <hr/>

17 ANALYSIS OF CASHFLOW FOR HEADINGS NETTED IN THE CASHFLOW STATEMENT

	2000 £	1999 £
Returns on investment and servicing of finance		
Interest received	288,150	214,268
Interest paid	(2,538,195)	(2,273,073)
	<hr/>	<hr/>
	(2,250,045)	(2,058,805)
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure (less receipts)		
Payments to acquire tangible fixed assets	(26,370,341)	(22,782,718)
Proceeds from sale of fixed assets	22,897,850	-
	<hr/>	<hr/>
	(3,472,491)	(22,782,718)
	<hr/> <hr/>	<hr/> <hr/>
Financing		
Repayment of loans	(1,002,283)	(24,000,000)
New loans	-	47,758,533
	<hr/>	<hr/>
	(1,002,283)	23,758,533
	<hr/> <hr/>	<hr/> <hr/>

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January <u>2000</u> £	Cash <u>Flows</u> £	At 31 December <u>2000</u> £
Cash in hand and at bank	4,031,142	(2,576,699)	1,454,443
Net debt due in more than one year	(65,978,838)	1,002,283	(64,976,555)
	<u>(61,947,696)</u>	<u>(1,574,416)</u>	<u>(63,522,112)</u>

19 DEFERRED TAXATION

If the properties were to be sold at their balance sheet values, no capital gains would arise on which corporation tax would become payable. A sale of the properties could lead to the claw-back of previously claimed capital allowances, depending on how the sales were structured. A total claw-back would use the company's tax losses of approximately £6 million which would otherwise be available to set against rental income.

20 LEASE COMMITMENTS

	<u>Land and buildings</u> <u>2000</u> £	<u>1999</u> £	<u>2000</u> £	Other <u>1999</u> £
Annual commitments in respect of operating leases expiring:				
Between two and five years	121,260	121,260	14,185	-
After five years	362,224	287,224	-	-
	<u>483,484</u>	<u>408,484</u>	<u>14,185</u>	<u>-</u>

21 CONTRACTUAL COMMITMENTS

The company had contractual commitments at 31 December 2000 for building works on 29 St Gresham Street of £339,973 (1999: Nil).

22 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 and smallest group for which group accounts are prepared.

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.