

ASTICUS (UK) LIMITED
(Registered number 2305636)

ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2001



PKF

ASTICUS (UK) LIMITED
ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2001

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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 2001, 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 £1,668,545 which is transferred to reserves. No dividend is recommended.

DIRECTORS

The following directors served during the year:

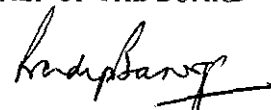
Mr J Svedin
Mr P Banerjee
Mr T A Seifert
Mr D H Gibson (Appointed 20 February 2001)

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

14 . 2 . 2002

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.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
ASTICUS (UK) LIMITED**

We have audited the financial statements of Asticus (UK) Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 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.

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 with the company 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 United Kingdom 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 as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF

PKF
Registered Auditors

London, UK

25 February 2002

ASTICUS (UK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Rents receivable		3,380,246	4,308,916
Other operating income		683,216	1,006,185
		<hr/>	<hr/>
		4,063,462	5,315,101
Operating costs		(996,398)	(1,612,674)
Administrative expenses		(1,173,534)	(863,334)
		<hr/>	<hr/>
Operating profit	2	1,893,530	2,839,093
Loss on disposal of properties	7	-	(287,150)
Interest receivable and similar items	4	90,420	285,235
Interest payable and similar charges	5	(315,405)	(2,088,739)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,668,545	748,439
Taxation	6	-	-
		<hr/>	<hr/>
Retained profit for the year	14	<u>1,668,545</u>	<u>748,439</u>

All amounts relate to continuing operations.

ASTICUS (UK) LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2001

	<u>2001</u> £	<u>2000</u> £
Profit for the financial year	1,668,545	748,439
Unrealised surplus on revaluation	100,000	1,731,289
	<hr/>	<hr/>
Total gains & losses recognised since last annual report	<u>1,768,545</u>	<u>2,479,728</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>2001</u> £	<u>2000</u> £
Reported profit on ordinary activities after taxation	1,668,545	748,439
Realisation of property revaluation deficits of previous years	-	(324,792)
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation	<u>1,668,545</u>	<u>423,647</u>

ASTICUS (UK) LIMITED
BALANCE SHEET
31 DECEMBER 2001

	<u>Notes</u>	<u>£</u>	<u>2001</u>	<u>£</u>	<u>2000</u>	<u>£</u>
FIXED ASSETS						
Tangible assets	8		116,719,422		96,685,956	
Investments	9		18,104,614		18,104,614	
			<hr/>		<hr/>	
			134,824,036		114,790,570	
CURRENT ASSETS						
Debtors	10	2,385,556		1,227,587		
Cash at bank and in hand		1,989,874		1,454,443		
		<hr/>		<hr/>		
		4,375,430		2,682,030		
CREDITORS						
Amounts falling due within one year	11	7,836,304		3,251,733		
		<hr/>		<hr/>		
NET CURRENT (LIABILITIES)			(3,460,874)		(569,703)	
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>	
			131,363,162		114,220,867	
CREDITORS						
Amounts falling due after more than one year	11		80,350,305		64,976,555	
			<hr/>		<hr/>	
			51,012,857		49,244,312	
			<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		5,502,320		5,402,320	
Profit and loss account	15		4,035,537		2,366,992	
			<hr/>		<hr/>	
SHAREHOLDER'S FUNDS	16		51,012,857		49,244,312	
			<hr/>		<hr/>	

Approved by the board on 14.2.2002

J SVEDIN



Director

**ASTICUS (UK) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2001**

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Operating profit		1,893,530	2,839,093
Depreciation		38,016	36,931
(Increase)/decrease in trade debtors		(1,162,241)	2,112,193
Increase/(decrease) in creditors		4,908,416	(840,097)
Net cash inflow from operating activities		<u>5,677,721</u>	<u>4,148,120</u>
CASHFLOW STATEMENT			
Net cash inflow from operating activities		5,677,721	4,148,120
Returns on investments and servicing of finance	17	(508,558)	(2,250,045)
Capital expenditure (less receipts)	17	(20,007,482)	(3,472,491)
Cash outflow before financing		(14,838,919)	(1,574,416)
Financing	17	15,373,750	(1,002,283)
Increase/(decrease) in cash in the period		<u>535,431</u>	<u>(2,576,699)</u>
Reconciliation of net cash flow movement to movement in net debt	18		
Increase/(decrease) in cash in the period		535,431	(2,576,699)
Cash and other (inflow)/outflow from movement in debt		(15,373,750)	1,002,283
Movement in net debt in the period		(14,838,319)	(1,574,416)
Net debt at 1 January 2001		(63,522,112)	(61,947,696)
Net debt at 31 December 2001		<u>(78,360,431)</u>	<u>(63,522,112)</u>

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

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

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 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 2001

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

The operating profit is stated after charging:

	<u>2001</u> £	<u>2000</u> £
Auditors' remuneration - for audit services	21,280	18,700
- for other services	54,130	38,347
Depreciation	38,016	36,931
Directors' remuneration	179,865	164,403
Operating lease rentals in respect of land and buildings	493,672	479,029
	<u> </u>	<u> </u>

3 STAFF COSTS AND NUMBERS

Staff costs, including directors were:

Wages and salaries	326,551	298,584
Social security costs	67,398	50,750
Pension contributions	30,918	26,823
	<u> </u>	<u> </u>
	424,867	376,157
	<u> </u>	<u> </u>
	<u>Number</u>	<u>Number</u>
Average monthly number of persons employed during the year		
Administration	5	5
	<u> </u>	<u> </u>

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

4	INTEREST RECEIVABLE AND SIMILAR ITEMS	<u>2001</u> £	<u>2000</u> £
	Group interest	-	153,505
	Bank interest	90,420	131,730
		<hr/>	<hr/>
		90,420	285,235
		<hr/>	<hr/>
5	INTEREST PAYABLE AND SIMILAR CHARGES		
	Group interest	165,021	181,854
	Bank interest	150,384	1,906,885
		<hr/>	<hr/>
		315,405	2,088,739
		<hr/>	<hr/>

Interest payable of £3,033,245 (2000 - £822,789) 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 2000 the 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 2001

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 2001	96,607,238	341,433	25,679	96,974,350
Additions at cost	19,964,797	-	6,685	19,971,482
Revaluation	100,000	-	-	100,000
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2001	116,672,035	341,433	32,364	117,045,832
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2001	-	285,184	3,210	288,394
Charge for the year	-	30,761	7,255	38,016
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2001	-	315,945	10,465	326,410
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amounts				
At 31 December 2001	116,672,035	25,488	21,899	116,719,422
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	96,607,238	56,249	22,469	96,685,956
	<hr/>	<hr/>	<hr/>	<hr/>

Properties in the course of development are stated at cost. Investment properties are stated at a valuation following a professional valuation.

At 31 December 2001 the freehold property is stated at a valuation by the directors following a professional open market valuation obtained from FPD Savills International Property Consultants at 30 September 2001.

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 £111,169,716 (2000 - £91,204,919). Included in the cost are interest charges of £3,856,034 (2000 : £822,789).

9 INVESTMENTS

	<u>Investments in subsidiaries</u> £	<u>Loans</u> £	<u>Total</u> £
At 1 January 2001 and 31 December 2001	2	18,104,612	18,104,614
	<hr/>	<hr/>	<hr/>

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 2001</u> £
Brooksav Limited	100% of ordinary shares	2
Asticus (Mayfair) Limited	100% of ordinary shares	18,220,305
		<hr/>

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

10	DEBTORS	<u>2001</u> £	<u>2000</u> £
	Amounts falling due within one year:		
	Trade debtors	240,042	294,388
	Amounts due from fellow subsidiary	355,000	381,243
	Other debtors	1,285,301	8,973
	Prepayments and accrued income	432,743	471,013
		<hr/> 2,313,086	<hr/> 1,155,117
	Amounts falling due after more than one year:		
	Rent deposit	72,470	72,470
		<hr/> 2,385,556	<hr/> 1,227,587
		<hr/> <hr/>	<hr/> <hr/>
11	CREDITORS		
	Amounts falling due within one year:		
	Other tax and social security	-	52,460
	Accruals and deferred income	7,836,304	3,199,273
		<hr/> 7,836,304	<hr/> 3,251,733
		<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	62,130,000	46,756,250
		<hr/> 80,350,305	<hr/> 64,976,555
		<hr/> <hr/>	<hr/> <hr/>
	The bank loan represents an advance under a group revolving loan facility, ultimately repayable in November 2006. The current advance expires on 28 February 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 2001

14 REVALUATION RESERVE

	£
At 1 January 2001	5,402,320
Revaluation of freehold land and buildings	100,000
	<hr/>
At 31 December 2001	5,502,320
	<hr/> <hr/>

15 PROFIT AND LOSS ACCOUNT

	£
At 1 January 2001	2,366,992
Profit for the financial year	1,668,545
	<hr/>
At 31 December 2001	4,035,537
	<hr/> <hr/>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u> £	<u>2000</u> £
At 1 January 2001	49,244,312	46,764,584
Profit for the financial year	1,668,545	748,439
Revaluation of freehold land & buildings	100,000	1,731,289
	<hr/>	<hr/>
At 31 December 2001	51,012,857	49,244,312
	<hr/> <hr/>	<hr/> <hr/>

17 ANALYSIS OF CASHFLOW FOR HEADINGS NETTED IN THE CASHFLOW STATEMENT

	<u>2001</u> £	<u>2000</u> £
Returns on investment and servicing of finance		
Interest received	94,692	288,150
Interest paid	(603,250)	(2,538,195)
	<hr/>	<hr/>
	(508,558)	(2,250,045)
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure (less receipts)		
Payments to acquire tangible fixed assets	(20,007,482)	(26,370,341)
Proceeds from sale of fixed assets	-	22,897,850
	<hr/>	<hr/>
	(20,007,482)	(3,472,491)
	<hr/> <hr/>	<hr/> <hr/>
Financing		
Repayment of loans	-	(1,002,283)
New loans	15,373,750	-
	<hr/>	<hr/>
	15,373,750	(1,002,283)
	<hr/> <hr/>	<hr/> <hr/>

ASTICUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January <u>2001</u> £	Cash Flows £	At 31 December <u>2001</u> £
Cash in hand and at bank	1,454,443	535,431	1,989,874
Net debt due in more than one year	(64,976,555)	(15,373,750)	(80,350,305)
	<u>(63,522,112)</u>	<u>(14,838,319)</u>	<u>(78,360,431)</u>

19 LEASE COMMITMENTS

	Land and buildings <u>2001</u> £	<u>2000</u> £	<u>2001</u> £	Other <u>2000</u> £
Annual commitments in respect of operating leases expiring:				
Between two and five years	574,700	121,260	8,485	14,185
After five years	-	362,224	-	-
	<u>574,700</u>	<u>483,484</u>	<u>8,485</u>	<u>14,185</u>

20 CONTRACTUAL COMMITMENTS

The company had contractual commitments at 31 December 2001 for building works on Soho Square and 29 Gresham Street of £15,234,847 (2000: £339,973).

21 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.