

MORGAN GRENFELL PROPERTY ASSET MANAGEMENT LIMITED

Company Number: 2478500

REPORTS AND FINANCIAL STATEMENTS

31 December 1996

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REPORT OF THE DIRECTORS

For the year ended 31 December 1996

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The Directors submit the Audited Financial Statements for the year ended 31 December 1996.

**ACTIVITIES AND REVIEW OF BUSINESS**

The Company acts as a property investment management and advisory company and is a member of the Investment Management Regulatory Organisation Limited, a recognised self-regulatory organisation pursuant to Section 10 of the Financial Services Act 1986.

The business of the Company has developed satisfactorily and has not changed materially in nature during the financial year. The Company's position as at the end of the year is reflected in the audited balance sheet set out on page 5. The Board expects that, subject to market conditions, business will continue to develop during the current financial year.

The whole of the issued share capital of the Company is owned by Morgan Grenfell Asset Management Limited, whose ultimate parent undertaking is Deutsche Bank AG.

**RESULTS AND DIVIDENDS**

The results of the Company for the year ended 31 December 1996, after providing for taxation show a profit of £83,000 (1995 - £95,000). The Directors do not recommend the payment of a dividend for the year ended 31 December 1996 (1995 - Nil) leaving a retained profit of £156,000 (1995 - £73,000) to be carried forward.

**DIRECTORS**

The Directors of the Company at 31 December 1996 were as follows:

R.P. Morris (Chairman)  
S.J. Cooke (Managing Director)  
N.A.O. Bennett  
H.C. Benson  
M. Bullock  
R.J. Cundall  
N.K.C. Horlick  
J.W. Petit

Appointments and resignations during the year and subsequent to the year end were as follows:

**APPOINTMENTS**

C.M. Brown - 23 January 1997

**RESIGNATIONS**

K.E. Percy - 28 October 1996  
N.K.C. Horlick - 16 January 1997  
R.J. Cundall - 23 January 1997

REPORT OF THE DIRECTORS (cont'd)  
For the year ended 31 December 1996

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**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;
- 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 which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**DIRECTORS' INTERESTS**

None of the Directors had an interest in the share capital of the Company during the year.

The interests of Messrs M. Bullock and R.P. Morris, Directors of the parent undertaking of the Company, Morgan Grenfell Asset Management Limited, in the loan notes of DB Investments (GB) Limited are shown in the Report and Accounts of Morgan Grenfell Asset Management Limited.

Except as stated above, none of the Directors had any disclosable interest in the shares or debentures of any group company at the end of the year, or were granted or exercised any right to subscribe for shares in, or debentures of, any group company during the year.

**AUDITORS**

KPMG Audit Plc have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board of Directors this 14<sup>th</sup> day of April 1997

K.T. Poole  
Secretary



20 Finsbury Circus  
London EC2M 1NB

AUDITORS' REPORT TO THE MEMBERS OF MORGAN GRENFELL PROPERTY ASSET MANAGEMENT LIMITED

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We have audited the financial statements on pages 4 to 10.

*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 the Company's affairs at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

*Chartered Accountants and  
Registered Auditors*

8 Salisbury Square  
London  
EC4Y 8BB

15 April 1997

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1996

	Note	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
TURNOVER	1(b)	2,410	2,651
GROSS PROFIT		2,410	2,651
Administrative expenses		(2,310)	(2,592)
OPERATING PROFIT		100	59
Other interest receivable from group undertakings		44	102
Other interest payable to group undertakings		(6)	(8)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2-3	138	153
Tax on profit on ordinary activities	4	(55)	(58)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		83	95
RETAINED PROFIT/(LOSS) BROUGHT FORWARD		73	(22)
RETAINED PROFIT CARRIED FORWARD		156	73

BALANCE SHEET  
31 December 1996

	Note	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
<b>CURRENT ASSETS</b>			
Debtors	5	1,084	589
Cash at bank and in hand	6	136	1,389
		<b>1,220</b>	1,978
CREDITORS: amounts falling due within one year	7	242	1,255
<b>NET CURRENT ASSETS</b>		<b>978</b>	723
<b>NET ASSETS</b>		<b>978</b>	723
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	822	650
Profit and loss account		156	73
		<b>978</b>	723

These financial statements were approved by the Board of Directors on the 10<sup>th</sup> day of April 1997

Signed by R. Morris for and on behalf of the Board  
of Directors this 14<sup>th</sup> day of April 1997



STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
For the year ended 31 December 1996

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Profit for the financial year	83	95
Total recognised gains and losses relating to the year	83	95

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 December 1996

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Balance at 1 January	723	628
Earnings attributable to ordinary shareholders	83	95
Issue of shares	172	-
Balance at 31 December	978	723

## NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

## 1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies are described below.

## (a) CONVENTION

These financial statements are prepared in accordance with the historical cost convention.

## (b) TURNOVER

Turnover represents management fees, commissions and other income receivable, exclusive of Value Added Tax. All turnover falls within the Company's continuing ordinary activities.

## (c) DEFERRED TAXATION

Deferred taxation is provided in full, at the rate at which it is estimated that tax will be payable, in respect of all timing differences to the extent that it is probable that a liability or asset will crystallise in the future.

## (d) FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at market rates of exchange ruling at the balance sheet date. Income and expenditure in foreign currencies are translated into sterling at the rate of exchange ruling on the date of the transaction or at contracted rates, where such rates exist. These translation differences are taken to the profit and loss account.

## (e) PENSION SCHEMES

Directors of the Company are members of group schemes operated by Deutsche Morgan Grenfell Group plc, details of which are disclosed in the financial statements of that company.

The expected cost of pensions payable under the Group's fully funded defined benefit schemes and other post retirement benefits is charged to the Profit and Loss Account so as to spread this cost over the service lives of employees in the schemes. Variations from regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed annually in accordance with the advice of qualified actuaries.

## (f) CASH FLOW STATEMENT

A cash flow statement has not been prepared as the Company is a wholly owned subsidiary of Deutsche Morgan Grenfell Group plc and is therefore exempt from the requirement.

## 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Profit before taxation is arrived at after charging:		
Auditors remuneration:		
Audit work	6	7
Non audit work	1	-



## NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

## 3. DIRECTORS' EMOLUMENTS

The aggregate emoluments of persons who were Directors of the Company during the year ended 31 December 1996, paid by the Company, its parent undertaking or its fellow subsidiary undertakings, including pension contributions, were £374,000 (1995 - £160,000). Emoluments of those directors who are also directors of the parent company are shown in that Company's accounts.

Particulars of emoluments in respect of duties wholly or mainly discharged in the UK, excluding pension contributions, were:

Chairman: £Nil (1995 - £Nil)

Highest paid Director: £214,000 (1995 - £52,000)

The number of Directors, including the Chairman and highest paid Director, in the following ranges was:

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
£0 - £5,000	6	5
£25,001 - £30,000	1	1
£30,001 - £35,000	-	1
£35,001 - £40,000	-	1
£50,001 - £55,000	-	1
£100,001 - £105,000	1	-
£210,001 - £215,000	1	-

## 4. TAX ON PROFIT ON ORDINARY ACTIVITIES:

Taxation is based on the results for the year and comprises:

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Group relief payable at 33% (1995 - 33%)	55	58

## 5. DEBTORS

Trade debtors  
Amounts owed by fellow subsidiary undertakings  
Sundry debtors

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Trade debtors	31	403
Amounts owed by fellow subsidiary undertakings	1,053	183
Sundry debtors	-	3
	<u>1,084</u>	<u>589</u>

## 6. CASH AT BANK AND IN HAND

Cash at bank represents balances held with Morgan Grenfell & Co. Limited.

## NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

## 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Amounts owed to parent and fellow subsidiary undertakings	33	1,064
Other creditors	109	91
Subordinated loan	100	100
	<hr/>	<hr/>
	242	1,255
	<hr/>	<hr/>

The subordinated loan is repayable as specified in the written notice received from the lender and subject to IMRO approval. The loan bears interest at LIBOR.

## 8. CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
Authorised:		
1,000,000 Ordinary shares of £1 each	£1,000,000	£650,000
Allotted, called up and fully paid:		
822,000 Ordinary shares of £1 each	£822,000	£650,000

On 21 March 1996 the authorised share capital was increased to £1,000,000 by the creation of 350,000 Ordinary shares of £1 each, such shares ranking pari passu with the existing share capital of the Company.

On 29 March 1996 a further 172,000 Ordinary shares of £1 each were issued to Morgan Grenfell Asset Management Limited for cash at par value.

On the 3 April 1997 the authorised share capital was increased to £2,500,000 by the creation of 1,500,000 Ordinary shares of £1 each, such shares ranking pari passu with the existing share capital of the company.

On the 3 April 1997 a further 1,000,000 Ordinary shares of £1 each were issued to Morgan Grenfell Asset Management Limited for cash at par value.

## 9. ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS

Deutsche Morgan Grenfell Group plc, a company registered in England and Wales, is the Company's immediate controlling entity and the parent undertaking of the smallest group of undertakings for which group financial statements are drawn up.

Deutsche Bank AG, a company incorporated in Germany, is the Company's ultimate controlling entity, also being the ultimate parent company and the parent undertaking of the largest such group.

Copies of group financial statements prepared in respect of Deutsche Morgan Grenfell Group plc may be obtained from the Company Secretary, Deutsche Morgan Grenfell Group plc, 23 Great Winchester Street, London EC2P 2AX; copies of the group financial statements prepared in respect of Deutsche Bank AG may be obtained from Deutsche Bank AG, London Branch, 6 Bishopsgate, London, EC2P 2AT.

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

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10. RELATED PARTY TRANSACTIONS

As permitted by paragraph 3(c) of FRS8, no disclosure is made of transactions with members or associates of the Deutsche Bank AG group.

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