

**ASTICUS (GMS) LIMITED**  
**(Registered number 2514463)**

**ANNUAL REPORT**

**YEAR ENDED 31 DECEMBER 1999**



**PANNELL KERR FORSTER**

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

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

The directors submit their report and the audited financial statements of the company for the year ended 31 December 1999.

**RESULTS**

The principal activity of the company is the leasing of properties in central London. During the year the development of 15-18 Great Marlborough Street was completed and commercially let for the first time.

**PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The profit for the year after taxation and exceptional items amounted to £7,241,927 which is added to the loss carried forward. No dividend is recommended.

**DIRECTORS**

The following directors served during the year:

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

The directors had no interest 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 (GMS) 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 (GMS) LIMITED**

We have audited the financial statements on pages 4 to 13, which have been prepared under the accounting policies set out on page 8.

**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.



PANNELL KERR FORSTER  
Registered Auditors

London

2 October 2000

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

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
<b>Rents receivable</b>		2,085,132	-
Operating costs		(192,520)	-
Administrative expenses		(149,695)	(20,728)
<b>Operating profit/(loss)</b>	2	1,742,917	(20,728)
Interest receivable and similar items	3	111,811	-
Interest payable and similar charges	4	(838,220)	-
<b>Exceptional item</b>			
Write back of provision for diminution in value	6	6,225,419	-
<b>Profit/(loss) on ordinary activities before taxation</b>		7,241,927	(20,728)
Taxation	5	-	-
<b>Retained profit/(loss) for the year</b>		7,241,927	(20,728)

All amounts relate to continuing operations.

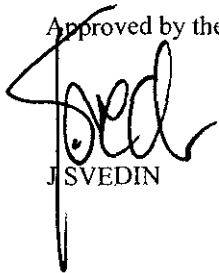
**ASTICUS (GMS) LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 1999**

	<u>1999</u> £	<u>1998</u> £
Profit/(loss) for the financial year	7,241,927	(20,728)
Unrealised surplus on revaluation	22,860,808	-
Total gains and losses recognised since last annual report	<u>30,102,735</u>	<u>(20,728)</u>

**ASTICUS (GMS) LIMITED**  
**BALANCE SHEET**  
**AT 31 DECEMBER 1999**

	<u>Notes</u>	<u>£</u>	<u>1999</u>	<u>£</u>	<u>1998</u>	<u>£</u>
<b>FIXED ASSETS</b>						
Tangible asset	6		92,150,000		45,484,393	
Investment	7		2		2	
			<hr/>		<hr/>	
			92,150,002		45,484,395	
<b>CURRENT ASSETS</b>						
Debtors	8	11,658,728		345,799		
Cash at bank and in hand		4,690,864		1,227,164		
		<hr/>		<hr/>		
		16,349,592		1,572,963		
<b>CREDITORS</b>						
Amounts falling due within one year	9	(4,671,517)		(17,906,647)		
		<hr/>		<hr/>		
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			11,678,075		(16,333,684)	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<hr/>		<hr/>	
			103,828,077		29,150,711	
<b>CREDITORS</b>						
Amounts falling due after more than one year	9		44,574,631		-	
			<hr/>		<hr/>	
<b>NET ASSETS</b>			59,253,446		29,150,711	
			<hr/>		<hr/>	
<b>CAPITAL AND RESERVES</b>						
Called up share capital	10		16,800,000		16,800,000	
Capital contribution	11		19,600,000		19,600,000	
Revaluation reserve	12		22,860,808		-	
Profit and loss account	13		(7,362)		(7,249,289)	
			<hr/>		<hr/>	
<b>SHAREHOLDERS' FUNDS</b>	14		59,253,446		29,150,711	
			<hr/>		<hr/>	

Approved by the board on 21 September 2000

  
J. SVEDIN

Director



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

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
<b>Operating profit/(loss)</b>		<b>1,742,917</b>	<b>(20,728)</b>
(Increase)/decrease in debtors		<b>(11,312,929)</b>	<b>8,042,813</b>
Increase in creditors		<b>2,917,276</b>	<b>6,834</b>
		<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(6,652,736)</b>	<b>8,028,919</b>
		<hr/>	<hr/>
<b>CASHFLOW STATEMENT</b>			
Net cash (outflow)/inflow from operating activities		<b>(6,652,736)</b>	<b>8,028,919</b>
Returns on investments and servicing of finance	15	<b>(1,771,301)</b>	<b>(802,087)</b>
Capital expenditure	15	<b>(17,604,344)</b>	<b>(15,355,034)</b>
		<hr/>	<hr/>
<b>Cash outflow before financing</b>		<b>(26,028,381)</b>	<b>(8,128,202)</b>
Financing	15	<b>29,492,081</b>	<b>9,082,550</b>
		<hr/>	<hr/>
<b>Increase in cash in the period</b>		<b>3,463,700</b>	<b>954,348</b>
		<hr/>	<hr/>
<b>Reconciliation of net cash flow movement to movement in net debt</b>	16		
Increase in cash in the period		<b>3,463,700</b>	<b>954,348</b>
Cash (inflow)/outflow from increase in debt		<b>(29,492,081)</b>	<b>10,517,450</b>
		<hr/>	<hr/>
Movement in net debt in the period		<b>(26,028,381)</b>	<b>11,471,798</b>
Net debt at 1 January 1999		<b>(13,855,386)</b>	<b>(25,327,184)</b>
		<hr/>	<hr/>
<b>Net debt at 31 January 1999</b>		<b>(39,883,767)</b>	<b>(13,855,386)</b>
		<hr/>	<hr/>

**1 ACCOUNTING POLICIES**

**(a) Basis of accounting**

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

**(b) 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.

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.

**(c) Consolidated financial statements**

The group qualifies as 'medium' 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 subsidiary undertakings are stated at cost.

**(d) 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.

**(e) Turnover**

Turnover represents the amounts, excluding value added tax, of rent and recharges received from the tenants.

**(f) 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.

**(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.

**(h) Operating leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

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

<b>2</b>	<b>OPERATING PROFIT/(LOSS)</b>	<u>1999</u> £	<u>1998</u> £
	Operating profit/(loss) is stated after charging:		
	Auditors' remuneration - for audit services	8,960	7,450
	- for other services	13,735	13,278
		<u>          </u>	<u>          </u>
	None of the directors received any emoluments from the company for their services.		
<b>3</b>	<b>INTEREST RECEIVABLE AND SIMILAR ITEMS</b>	<u>1999</u> £	<u>1998</u> £
	Group interest	56,569	-
	Bank interest	55,242	-
		<u>          </u>	<u>          </u>
		111,811	-
		<u>          </u>	<u>          </u>
<b>4</b>	<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>	<u>1999</u> £	<u>1998</u> £
	Group interest	50,163	-
	Bank interest	788,057	-
		<u>          </u>	<u>          </u>
		838,220	1,590,832
		<u>          </u>	<u>          </u>
<b>5</b>	<b>TAXATION</b>		
	No taxation charge arises on the result for the year due to the availability of tax losses.		
<b>6</b>	<b>TANGIBLE FIXED ASSET</b>	<b>Freehold investment property £</b>	
	<b>Cost or valuation</b>		
	At 1 January 1999	45,484,393	
	Additions at cost	17,579,380	
	Revaluation - write back of provision	6,225,419	
	- surplus taken to revaluation reserve	22,860,808	
		<u>          </u>	
	At 31 December 1999	92,150,000	
		<u>          </u>	

Prior to 30 June 1997 the property at 14/17 Great Marlborough Street was accounted for as an investment property using a directors' valuation as at December 1996 of £8.8 million on an open market basis.

From 1 July 1997 the property was accounted for as a development property and all costs associated with the development, net of incidental receipts and including interest payable on loans taken out to finance the project, are capitalised.

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

**6 TANGIBLE FIXED ASSET (Continued)**

The adjoining property, at 18 Great Marlborough Street, transferred from Asticus (Marlborough) Development Limited during 1997, was accounted for as a development property.

At 31 December 1997, based on professional advice, the directors assessed the site value of 14-18 Great Marlborough Street to be £21.6m. Accordingly, they wrote back part of the provision previously made against the value of the property in the year ended 31 December 1997.

At 31 December 1999, a professional open market valuation for account purposes was obtained from FPD Savills International Property Consultants for £92.15m. The valuation was carried out in accordance with the practice Statements of the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, and was undertaken by external valuers as defined in Practice Statement 5. Accordingly, £6,225,419, representing deficits previously recognised through the profit and loss account, have been written back to the profit and loss account. The valuation surplus of £22,860,808 has been credited to the revaluation reserve.

The historical cost of the total property is £69,310,100 (1998: £51,730,720). Included in the cost are interest charges of £6,867,565 (1998: £5,860,687).

**7 FIXED ASSET INVESTMENT**

The fixed asset investment represents the cost of the company's holding of 100% of the issued ordinary £1 shares of Asticus (Marlborough) Limited.

Asticus (Marlborough) Limited is registered in England and Wales. At 31 December 1999 the reserves of Asticus (Marlborough) Limited were £199,470. The company was dormant during the year.

**8 DEBTORS**

	<u>1999</u> £	<u>1998</u> £
<b>Amounts falling due within one year:</b>		
Trade debtors	546,313	-
Amounts due from group undertakings	300,000	-
Other debtors	1,598,581	318,949
Prepayments and accrued income	631,126	350
	<hr/>	<hr/>
	3,076,020	319,299
<b>Amounts falling due after more than one year:</b>		
Other debtors	-	26,500
Prepayments and accrued income	8,582,708	-
	<hr/>	<hr/>
	11,658,728	345,799
	<hr/> <hr/>	<hr/> <hr/>

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

<b>9 CREDITORS</b>	<u><b>1999</b></u> <b>£</b>	<u><b>1998</b></u> <b>£</b>
<b>Amounts falling due within one year:</b>		
Bank loan	-	15,082,550
Amount due to related party	90,448	5,934
Amount due to subsidiary undertaking	199,472	199,472
Accruals and deferred income	4,381,597	2,618,691
	<hr/>	<hr/>
	4,671,517	17,906,647
	<hr/>	<hr/>
<b>Amounts falling due after more than one year:</b>		
Bank loan	44,574,631	-
	<hr/>	<hr/>

The bank loan represents an advance under a group revolving loan facility, ultimately repayable in November 2006. The current advance expires in March 2000 but the company has the option to rollover the loan.

<b>10 CALLED UP SHARE CAPITAL</b>	<u><b>1999</b></u> <b>£</b>	<u><b>1998</b></u> <b>£</b>
<b>Authorised</b>		
20,000,000 ordinary shares of £1 each	20,000,000	20,000,000
	<hr/>	<hr/>
<b>Allotted, issued and fully paid</b>		
16,800,000 ordinary shares of £1 each	16,800,000	16,800,000
	<hr/>	<hr/>

There has been no movement in share capital during the year.

**11 CAPITAL CONTRIBUTION**

During 1998 a capital contribution was received from the company's parent undertaking, Stockned BV. This contribution is not repayable and bears no interest.

<b>12 REVALUATION RESERVE</b>	<b>£</b>
At 1 January 1999	-
Revaluation surplus	22,860,808
	<hr/>
At 31 December 1999	22,860,808
	<hr/>

<b>13 PROFIT AND LOSS ACCOUNT</b>	<b>£</b>
At 1 January 1999	(7,249,289)
Retained profit for the year	7,241,927
	<hr/>
At 31 December 1999	(7,362)
	<hr/>

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

14	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1999 £	1998 £	
	Balance at 1 January 1999	29,150,711	9,571,439	
	Capital contribution from parent undertaking	-	19,600,000	
	Profit/(loss) for the financial year	7,241,927	(20,728)	
	Revaluation surplus	22,860,808	-	
	Balance at 31 December 1999	59,253,446	29,150,711	
15	ANALYSIS OF CASHFLOW FOR HEADINGS NETTED IN THE CASHFLOW STATEMENT	1999 £	1998 £	
	Returns on investment and servicing of finance			
	Interest received	110,773	218,514	
	Interest paid	(1,882,074)	(1,020,601)	
		(1,771,301)	(802,087)	
	Capital Expenditure			
	Payments to acquire tangible fixed assets	(17,604,344)	(15,355,034)	
	Financing			
	Repayment of loans	(15,082,550)	(25,600,000)	
	New loans	44,574,631	15,082,550	
	Capital contribution received	-	19,600,000	
		29,492,081	9,082,550	
16	ANALYSIS OF CHANGES IN NET DEBT	At 1 January 1999 £	Cash Flows 1999 £	At 31 December 1999 £
	Cash in hand and at bank	1,227,164	3,463,700	4,690,864
	Net debt due within one year	(15,082,550)	15,082,550	-
	Net debt due in more than one year	-	(44,574,631)	(44,574,631)
		(13,855,386)	(26,028,381)	(39,883,767)
17	COMMITMENTS	1999 £	1998 £	
	As at 31 December 1998 the company had annual commitments under non-cancellable operating leases in respect of land and buildings expiring as follows:			
	In more than five years	-	53,000	

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

**18 CONTINGENT LIABILITY**

If the properties owned by the company were sold above cost a liability to corporation tax would arise. The directors have no present intention of disposing of these properties.

No provision has been made for these contingent liabilities, estimated not to exceed £1,760,000 if the properties were sold at book value.

**19 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY**

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

IVG Holding AG, a company incorporated in Germany is regarded by the directors as the ultimate parent company and ultimate controlling party, 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 or balances with group companies by virtue of the exemptions allowed by Financial Reporting Standard No.8.