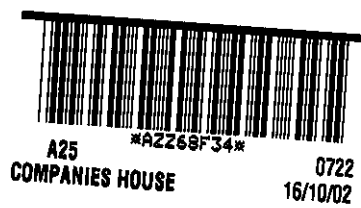


**PARINV NORTHERN LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

31st March 2002

Registered number: 2523037



**PARINV NORTHERN LIMITED**

**REPORT AND FINANCIAL STATEMENTS 31ST MARCH 2002**

**CONTENTS**

	<b>PAGE</b>
Directors' Report	1
Auditors' Report	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	5-6

# PARINV NORTHERN LIMITED

## DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31st March 2002.

### 1. PRINCIPAL ACTIVITY

It is intended that the company will invest in commercial property in the future.

### 2. 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 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 in the financial statements
- 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. The directors have a 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.

### 3. DIRECTORS

The following served as directors during the year:

H J M Price  
H R Mould  
P L Vaughan

None of the directors had any interest in the shares of the company during the year.

The interests of the directors who held office at the end of the year in the shares of the parent company, Pillar Property PLC, are shown in the report and accounts of that company.

### 4. AUDITORS

A resolution is to be proposed at the Annual General Meeting for the reappointment of KPMG Audit Plc as auditors of the company.

### 5. INSURANCE

The company has maintained liability insurance for its directors through a group wide scheme.

Lansdowne House  
Berkeley Square  
London  
W1J 6HQ



By Order of the Board  
P J Martin  
Secretary  
23rd August 2002

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF  
PARINV NORTHERN LIMITED**

We have audited the financial statements on pages 3 to 6.

*Respective responsibilities of directors and auditors*

The directors are responsible for preparing the director's report. As described on page 1, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

*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.

*Opinions*

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st March 2002 and its loss 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  
Registered Auditor  
London

23rd August 2002

**PARINV NORTHERN LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2002**

	NOTE	Year ended 31 <sup>st</sup> March 2002 £	Year ended 31 <sup>st</sup> March 2001 £
TURNOVER	Rental income	11,240	903,399
ADMINISTRATIVE AND OTHER EXPENSES		(247,860)	(270,195)
OPERATING (LOSS)/PROFIT	2	(236,620)	633,204
NET INTEREST RECEIVABLE AND SIMILAR CHARGES	3	-	7,130
(LOSS) ON DISPOSAL OF INVESTMENT PROPERTIES		(241,910)	(190,778)
(LOSS)/ PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		(478,530)	449,556
PROPOSED DIVIDEND		-	(6,500,000)
RETAINED (LOSS) FOR THE YEAR		(478,530)	(6,050,444)
<b>HISTORICAL COST PROFITS AND LOSSES</b>			
REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(478,530)	449,556
REALISATION OF PROPERTY GAINS FROM PREVIOUS YEARS		-	6,465,021
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(478,530)	6,914,577
HISTORICAL COST (LOSS)/PROFIT ON RETAINED AFTER TAXATION AND DIVIDENDS		(478,530)	414,577

All items in the profit and loss account derive from continuing operations.  
There were no recognised gains or losses other than those shown in the profit and loss account.

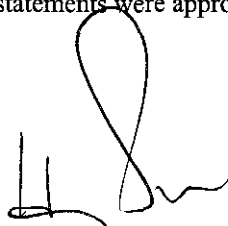
**PARINV NORTHERN LIMITED**

**BALANCE SHEET**

**AS AT 31ST MARCH 2002**

		NOTE	2002 £	2001 £
CURRENT ASSETS	Debtors	5	36,365	822,313
CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)		6	<u>100,316</u>	<u>407,734</u>
NET CURRENT (LIABILITIES)/ASSETS			(63,951)	414,579
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(63,951)</u>	<u>414,579</u>
NET (LIABILITIES)/ASSETS			<u>(63,951)</u>	<u>414,579</u>
CAPITAL AND RESERVES	Called up share capital	7	2	2
	Profit and loss account	9	<u>(63,953)</u>	<u>414,577</u>
SHAREHOLDERS' FUNDS			<u>(63,951)</u>	<u>414,579</u>

The financial statements were approved by the Board of Directors on 23rd August 2002 and signed on its behalf by:



H.J.M.Price  
Director

# PARINV NORTHERN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

Accounting Convention	The financial statements have been prepared under the historical cost accounting rules as modified by the revaluation of investment properties and in accordance with applicable accounting standards and with the Companies Act 1985 except as noted below under investment properties. The adoption of FRS 17 Retirement Benefits, FRS 18 Accounting Policies, FRS 19 Deferred Taxation and UITF 28 Operating Lease Incentives during the period has had no material impact on these results.
Accounting Basis	The accounts have been prepared on a going concern basis which is dependent on the continued financial support of the ultimate parent company. The ultimate parent company has confirmed its intention to provide, or arrange the provision of, such financial and other assistance as may be necessary to enable the company to meet its liabilities as they fall due for payment.
Turnover	Turnover, which is stated net of VAT, is derived from rental income from operations in the United Kingdom.
Operating Lease Incentives	Rent frees given to tenants are amortised over the earlier of either the period of the lease, or, to when rent is adjusted to the prevailing market rate, usually the first rent review. Capital contributions given to tenants are shown as a debtor, and amortised over the earlier of either the period of the lease, or, to when the rent is adjusted to the prevailing market rate, usually the first rent review. The valuation of the properties is reduced by the total of the unamortised capital contributions and rent frees. On the disposal of properties, the unamortised rent incentives are charged against rental income and the balance of the unamortised capital contributions are charged to the disposal of investment properties.
Cash flow statement	Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and the parent company, which is incorporated in Great Britain, prepares a cash flow statement.
Related party transactions	As the company is a wholly owned subsidiary of Pillar Property PLC, the company has taken advantage of the exemption contained in FRS 8 and therefore has not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Pillar Property PLC, within which this company is included, can be obtained from the address in note 10.

### 2. PROFIT AND LOSS ACCOUNT

Directors' emoluments and audit fees are both nil (2001 - £nil). The company has no employees (2001 nil).

### 3. NET INTEREST RECEIVABLE AND SIMILAR CHARGES

	2002 £	2001 £
Interest receivable	-	7,130

### 4. TAXATION

The corporation tax liability has been reduced to nil due to the receipt of group relief from the parent company for nil consideration.

### 5. DEBTORS

	2002 £	2001 £
Amounts falling due within one year:		
Amount due from parent company	-	694,523
Trade debtors	533	533
Other debtors	11,402	20,512
Prepayments and accrued income	24,430	106,745
	<u>36,365</u>	<u>822,313</u>

**PARINV NORTHERN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

6. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)		2002	2001
		£	£
	Amount due to fellow subsidiary	100,316	-
	Accruals and deferred income	-	407,734
		<u>100,316</u>	<u>407,734</u>
7. CALLED UP SHARE CAPITAL		2002	2001
		£	£
	Authorised		
	100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	Issued, allotted, called up and fully paid		
	2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS		2002	2001
		£	£
	Loss for the year	(478,530)	(6,050,444)
		<u>(478,530)</u>	<u>(6,050,444)</u>
	Opening shareholders' funds	414,579	6,465,023
	Closing shareholders' funds	<u>(63,951)</u>	<u>414,579</u>
		Profit and Loss Account	Revaluation Reserve
9. RESERVES	At 31st March 2001	414,577	-
	Retained (loss) for the year	(478,530)	-
	At 31st March 2002	<u>(63,953)</u>	<u>-</u>
10. PARENT COMPANY			
	The parent company is Pillar Property PLC, a company incorporated and registered in England and Wales. Copies of the financial statements for each company can be obtained from their registered office, Lansdowne House, Berkeley Square, London W1J 6HQ.		