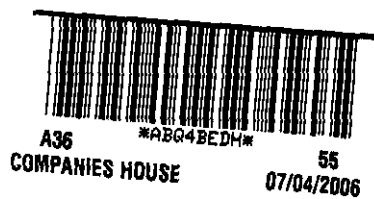


DUELGUIDE PROPERTY INVESTMENTS LIMITED
(formerly Chelsfield Property Investments Limited)

FINANCIAL STATEMENTS

31 DECEMBER 2004



DUELGUIDE PROPERTY INVESTMENTS LIMITEDDIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2004.

Principal activity

The company's principal activity is property investment. It is anticipated that this principal activity will continue for the foreseeable future.

Changes of ownership

The company's ultimate holding company became DGL Acquisitions Limited on 23 November 2004 following an offer by that company for Duelguide plc, which had previously acquired the whole of the issued share capital of Duelguide Holdings Limited (formerly Chelsfield plc).

Change of name

The name of the company was changed from Chelsfield Property Investments Limited to Duelguide Property Investments Limited on 7 June 2005.

Results and dividend

The results for the year are shown in the profit and loss account on page 3. The retained profit for the year of £21,847,226 (2003 – £87,189) has been transferred to reserves.

The directors do not recommend the payment of a dividend (2003 - £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

E Bernerd	(resigned 23 November 2004)
RE Butler	(resigned 29 June 2005)
WN Hugill	(resigned 29 June 2005)
D Phillips	(resigned 20 May 2005)
DMA Wisniewski	(resigned 30 June 2005)

None of the directors had any interest in the share capital of the company during the year. Their interests in the share capital of DGL Acquisitions Limited, the ultimate holding company at 31 December 2004, are disclosed in the financial statements of that company.

Subsequent to the balance sheet date, on 17 January 2005, RS Barrott, SA Nahum, JC Shaw and MR Turner were appointed as directors. RA McDiven and TP Nathan were appointed as directors on 16 May 2005, KM Pedersen was appointed as a director on 24 October 2005 and JE McGivern was appointed as a director on 26 January 2006. RS Barrott and JC Shaw resigned on 6 April 2005, TP Nathan resigned on 24 October 2005 and KM Pedersen resigned on 26 January 2006.

Auditors

The auditors, KPMG Audit Plc, will continue in office as the company has passed an elective resolution to dispense with their annual re-appointment.

By order of the board


Company secretary

E.L. Services Limited
February 2006

25 Harley Street
London
W1G 9BR

DUELGUIDE PROPERTY INVESTMENTS LIMITEDSTATEMENT 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 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 to 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUELGUIDE PROPERTY INVESTMENTS LIMITED

We have audited the financial statements on pages 3 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described above, 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.

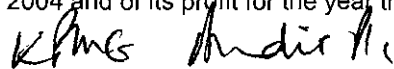
Basis of audit opinion

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 as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

LONDON

21 February 2006

DUELGUIDE PROPERTY INVESTMENTS LIMITEDPROFIT AND LOSS ACCOUNTFor the year ended 31 December 2004

	Notes	2004 £	2003 £
Net rents receivable	1	2,608,646	9,003,494
Administrative expenses	2	(736,273)	(987,433)
Other income		851	7,455
Operating profit		<u>1,873,224</u>	<u>8,023,516</u>
Profit on disposal of fixed assets	3	5,714,568	246,947
Profit on ordinary activities before net finance costs		<u>7,587,792</u>	<u>8,270,463</u>
Net finance income/(costs)	4	1,392,140	(5,382,133)
Profit on ordinary activities before taxation		<u>8,979,932</u>	<u>2,888,330</u>
Taxation credit/(charge)	5	12,867,294	(2,801,141)
Retained profit for the year	13	<u>21,847,226</u>	<u>87,189</u>

The above results relate entirely to continuing operations.

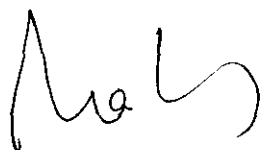
Details of reserve movements are set out in notes 12 and 13 to these accounts.

DUELGUIDE PROPERTY INVESTMENTS LIMITEDBALANCE SHEETAt 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	6	26,984,528	153,914,975
Investments	6	5,049,511	5,049,511
		<u>32,034,039</u>	<u>158,964,486</u>
Current assets			
Debtors	7	55,781,132	10,252,341
Cash at bank and in hand		40,632	831,182
		<u>55,821,764</u>	<u>11,083,523</u>
Creditors - amounts falling due within one year	8	<u>(5,362,428)</u>	<u>(96,701,760)</u>
Net current assets/(liabilities)		<u>50,459,336</u>	<u>(85,618,237)</u>
Total assets less current assets/(liabilities)		<u>82,493,375</u>	<u>73,346,249</u>
Creditors - amounts falling due after more than one year	9	(3,261,953)	(3,076,823)
Provision for liabilities and charges	10	-	(12,867,294)
Net assets		<u>79,231,422</u>	<u>57,402,132</u>
Capital and reserves			
Called up share capital	11	36,400,002	36,400,002
Revaluation reserve	12	(5,990,924)	20,356,692
Profit and loss account	13	48,822,344	645,438
Equity shareholders' funds		<u>79,231,422</u>	<u>57,402,132</u>

Approved by the board of directors on 21 February 2006 and signed on its behalf by:

Director



Director



DUELGUIDE PROPERTY INVESTMENTS LIMITEDSTATEMENT OF TOTAL RECOGNISED GAINS AND LOSSESFor the year ended 31 December 2004

	2004 £	2003 £
Profit for the year	21,847,226	87,189
Unrealised deficit on revaluation of investment properties	(17,936)	(2,459,221)
Total recognised gains and losses	<u>21,829,290</u>	<u>(2,372,032)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSESFor the year ended 31 December 2004

Profit on ordinary activities before taxation	8,979,932	2,888,330
Realisation of property revaluation surplus/(deficit) of previous years	26,329,680	(2,440,164)
Historical cost profit on ordinary activities before taxation	<u>35,309,612</u>	448,166
Historical cost profit/(loss) on ordinary activities after taxation	<u>48,176,906</u>	<u>(2,352,975)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDSFor the year ended 31 December 2004

Total recognised gains and losses, as above	21,829,290	(2,372,032)
Opening shareholders' funds	57,402,132	59,774,164
Closing shareholders' funds	<u>79,231,422</u>	<u>57,402,132</u>

DUELGUIDE PROPERTY INVESTMENTS LIMITEDACCOUNTING POLICIESBasis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules, as modified for the revaluation of certain land and buildings.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to produce group accounts.

Properties

Properties held as investments are shown as fixed assets and are stated at cost in the year of acquisition and at valuation on the basis of open market value in subsequent years. If, in the opinion of the directors, a property has been subject to a material change in value as a result of a change in circumstances in the year of acquisition, then it is stated at valuation on the basis of open market value.

In accordance with Statement of Standard Accounting Practice No. 19 (as amended):

- (i) investment properties are revalued annually at open market value. All surpluses and deficits arising on valuation are taken directly to the revaluation reserve, except that any permanent diminution in the value of an investment property is taken to the profit and loss account for the year; and
- (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the property valuations and the amount which might otherwise have been shown cannot be separately identified or quantified.

Profit/(loss) on sales of investment properties is recognised in the profit and loss account on completion of the sale and by reference to carrying value.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on all timing differences that have originated but not reversed at the balance sheet date, where an event has occurred that results in an obligation to pay more or less tax in the future, except that:

- (i) provision is not made in respect of property revaluation surpluses unless an unconditional sales agreement has been signed and rollover relief is not available to cover any gain arising; and
- (ii) deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profit from which future reversal of the relevant timing differences can be deducted.

Deferred tax is measured on a non discounted basis at the tax rates which apply at the balance sheet date.

Cashflow statement

A consolidated cashflow is published in the group accounts of DGL Acquisitions Limited, the ultimate holding company. The company is exempt under Financial Reporting Standard No. 1 from publishing its own cashflow statement.

Related party transactions

As the company is a wholly owned subsidiary of DGL Acquisitions Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of DGL Acquisitions Limited, within which this company is included, can be obtained from the address given in note 14.

DUELGUIDE PROPERTY INVESTMENTS LIMITEDNOTES TO THE ACCOUNTS

1	<u>NET RENTS RECEIVABLE</u>	2004 £	2003 £
	Gross rents receivable	4,673,764	13,015,677
	Direct property outgoings	(2,065,118)	(4,012,183)
		<u>2,608,646</u>	<u>9,003,494</u>

2	<u>ADMINISTRATIVE EXPENSES</u>		
	Group management charge	729,168	934,232
	Other administrative expenses	7,105	53,201
		<u>736,273</u>	<u>987,433</u>

None of the directors received any remuneration from the company during the year (2003 - £nil).

The company has no employees.

Audit fees are paid by Duelguide Management Services Limited and accounted for on a group basis.

3	<u>PROFIT ON DISPOSAL OF FIXED ASSETS</u>		
	Sale proceeds	139,909,418	36,660,000
	Cost of investments/property	(134,194,850)	(36,413,053)
		<u>5,714,568</u>	<u>246,947</u>

4	<u>NET FINANCE COSTS</u>		
	Other finance costs	(185,545)	(174,160)
	Bank interest payable	(721)	(4,071)
	Interest payable to group undertakings	(37,553)	(5,205,520)
		<u>(223,819)</u>	<u>(5,383,751)</u>
	Interest receivable from group undertakings	1,574,917	-
	Other interest receivable	6,579	1,618
	Bank interest receivable	34,463	-
		<u>1,392,140</u>	<u>(5,382,133)</u>

DUELGUIDE PROPERTY INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS (continued)****5 TAXATION****2004**
£**2003**
£**(i) Analysis of charge for the year****Current tax:**

UK corporation tax charge on results (note 5(ii)) - (31,829)

Deferred tax:

Accelerated capital allowances

Tax losses

Capitalised interest

Short term timing differences

5,241,066	3,154,220
-	-
798,449	904,247
6,827,779	(6,827,779)

Total deferred tax (note 10) **12,867,294** (2,769,312)Tax credit/(charge) on profit on ordinary activities **12,867,294** (2,801,141)**(ii) Factors affecting the tax charge for the year**Profit on ordinary activities before tax **8,979,932** 2,888,330Profit on ordinary activities multiplied by standard rate
of corporation tax in UK of 30 per cent (2003 - 30 per cent) **2,693,980** 866,499

Effect of:

St Catherines House equity results (669,777) -

Capital allowances in excess of depreciation - (943,912)

Permanent differences - 178,800

Notional transfer of capital gains (to)/from other group company (7,133,487) 855,888

Differences arising from taxation of chargeable gains **5,419,116** (925,446)Receipt of losses from other group companies for which no
compensation will be paid (309,832) -

Current tax charge for the year - 31,829

(iii) Factors that may affect future tax charges

For the current year the company has no capital losses to carry forward for future use. At 31 December 2003 the company had approximately £560,000 of capital losses to utilise against future tax liabilities and no deferred asset was recognised in respect of these amounts.

No provision has been made for taxation that might become payable if the company's investment properties were sold at the net amount at which they are stated in the financial statements. The sale of the properties would not give rise to an additional taxation liability at 31 December 2004 (2003 - £nil). Instead capital losses are expected to arise. In the event that the losses can be used within the group their cash value is estimated to be £1,797,000 (2003 - £1,045,000).

DUELGUIDE PROPERTY INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS (continued)**

6	<u>FIXED ASSETS</u>	Investment properties £
	Tangible Assets	
	At 1 January 2004	153,914,975
	Additions	2,655,565
	Revaluation deficit	(17,936)
	Disposals	(129,568,075)
	At 31 December 2004	<u>26,984,528</u>

The freehold and leasehold investment properties were valued by the directors at 31 December 2004. The valuation is not materially different from the independent valuation carried out at 31 December 2003 by CB Richard Ellis Limited, Chartered Surveyors, uplifted for additions during 2004. The 2003 valuation was on the basis of 'open market value' as defined in The Guidance Notes prepared by the Assets Valuation Standards Committee of the Royal Institution of Chartered Surveyors.

The value of land and buildings comprises:	2004	2003
	£	£
Freehold buildings at valuation/cost	18,635,644	103,207,343
Long leasehold buildings at valuation	8,348,884	50,707,632
	<u>26,984,528</u>	<u>153,914,975</u>

The cost of the buildings held at valuation was £32,975,452 (2003 - £109,379,131).

The balance at 31 December 2004 did not include any capitalised interest (2003 - £3,014,161).

At 31 December 2004 the investment properties acted as security for a bank loan to Duelguide (UK) Limited, which was repaid subsequent to the balance sheet date.

Investments	Subsidiary undertakings £	Limited Partnership £	Total investments £
At 1 January and 31 December 2004	<u>5,000,011</u>	<u>49,500</u>	<u>5,049,511</u>

The investment in subsidiary undertakings represents 100% of the issued share capital of London Fields Limited and Duelguide (Lavington Street) Limited (formerly Chelsfield (Lavington Street) Limited), which are registered in England and Wales, and Southwark Properties Limited, New Street Properties Limited, 185 Park Street One Limited and 185 Park Street Two Limited which are registered in Jersey.

The investment in limited partnership represents a 49.5% share of The St Catherine's House Limited Partnership.

Group accounts are not produced as the company is a wholly owned subsidiary of a UK company which produces group accounts. In the opinion of the directors, the value of the investment in the subsidiary is not less than the amount shown above.

DUELGUIDE PROPERTY INVESTMENTS LIMITEDNOTES TO THE ACCOUNTS (continued)

7	<u>DEBTORS</u>	2004 £	2003 £
	Trade debtors	115,738	721,033
	Amounts owed by other group undertakings	55,377,623	189,018
	Group relief receivable	-	2,773,031
	Other debtors	155,916	1,446,019
	Prepayments and accrued income	131,855	5,123,240
		<u>55,781,132</u>	<u>10,252,341</u>
8	<u>CREDITORS: amounts falling due within one year</u>		
	Bank overdraft	319,249	1,479,602
	Rents in advance	186,133	813,572
	Trade creditors	157,136	315,543
	Amounts owed to other group undertakings	4,007,356	88,933,497
	Accruals and deferred income	692,554	5,159,546
		<u>5,362,428</u>	<u>96,701,760</u>
9	<u>CREDITORS: amounts falling due after more than one year</u>		
	Deferred consideration on acquisition of investment property	<u>3,261,953</u>	<u>3,076,823</u>
10	<u>PROVISION FOR LIABILITIES AND CHARGES</u>		
	Deferred tax provision :		
	At 1 January	12,867,294	10,097,982
	(Credit) / charge for the year	<u>(12,867,294)</u>	<u>2,769,312</u>
	At 31 December	<u>-</u>	<u>12,867,294</u>
	Analysis of balances:		
	Accelerated capital allowances	-	5,241,066
	Capitalised interest	-	798,449
	Short term timing differences	-	6,827,779
		<u>-</u>	<u>12,867,294</u>
11	<u>CALLED UP SHARE CAPITAL</u>		
	Authorised		Allotted, called up and fully paid
	£		£
	Ordinary shares of £1 each	<u>37,000,000</u>	<u>36,400,002</u>

There were no changes during the year in either the authorised or allotted share capital.

DUELGUIDE PROPERTY INVESTMENTS LIMITEDNOTES TO THE ACCOUNTS (continued)

12	<u>REVALUATION RESERVE</u>	2004 £	2003 £
	At 1 January	20,356,692	20,375,749
	Net deficit on revaluation of investment properties	(17,936)	(2,459,221)
	Net (surplus)/deficit realised on sale of investment properties	(26,329,680)	2,440,164
	At 31 December	<u>(5,990,924)</u>	<u>20,356,692</u>
13	<u>PROFIT AND LOSS ACCOUNT</u>		
	At 1 January	645,438	2,998,413
	Retained profit for the year	21,847,226	87,189
	Net surplus/(deficit) realised from revaluation reserve on sale of investment properties	26,329,680	(2,440,164)
	At 31 December	<u>48,822,344</u>	<u>645,438</u>
14	<u>HOLDING COMPANIES</u>		

The immediate holding and controlling company is Duelguide (UK) Limited (formerly Chelsfield (UK) plc) and the ultimate and controlling company is DGL Acquisition Limited. Both companies are registered in England and Wales and the accounts of that ultimate holding company, which is both the largest and smallest group in which these results of the company are consolidated, are available from 40 Berkeley Square, London, W1J 5AL