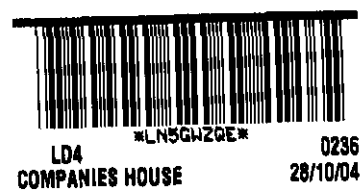


Company Registration No: 2809523

D S ESTATES (LANCASTER) LIMITED

Report and Financial Statements

31 December 2003



D S ESTATES (LANCASTER) LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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D S ESTATES (LANCASTER) LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M H Marx
Development Securities Estates PLC

SECRETARY

S A Lanes

REGISTERED OFFICE

Portland House
Stag Place
London SW1E 5DS

D S ESTATES (LANCASTER) LIMITED

DIRECTORS' REPORT

The directors present their annual report and financial statement for the year ended 31 December 2003.

PRINCIPAL ACTIVITY AND REVIEW OF DEVELOPMENTS

The principal activity of the company at present and for the foreseeable future is that of property investment. The company did not trade during the current and preceding financial year. The directors do not foresee any changes in the future activities of the company.

DIVIDENDS

The directors do not recommend the payment of a dividend (2002: £nil).

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office and served during the year and to date were as follows:

M H Marx
Development Securities Estates PLC

None of the directors had any interests in the shares of the company nor any other group company during the year except as noted below.

The interests of M H Marx at 31 December 2003 and 31 December 2002 in the 50p ordinary shares of Development Securities PLC, the ultimate parent company, and the options granted to him under that company's share option scheme are disclosed in the 2003 Annual Report and Financial Statements of that company.

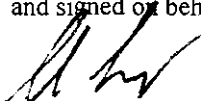
PAYMENT POLICY

Amounts due to suppliers are settled promptly by Development Securities PLC on behalf of the company within their terms of payment, except in cases of dispute. The number of creditor days outstanding for Development Securities PLC at 31 December 2003 was three days (2002: four days).

AUDITORS

The company has been dormant throughout the current and preceding financial year and no members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249b(2).

Approved by the Board of Directors
and signed on behalf of the Board



S A Lanes
Secretary

26 October 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of its profit or loss for that year. 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 United Kingdom 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 are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

D S ESTATES (LANCASTER) LIMITED

BALANCE SHEET 31 December 2003

	Note	2003 £	2002 £
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	3	605,180	605,180
CREDITORS: amounts falling due within one year	4	<u>(366,337)</u>	<u>(366,337)</u>
NET ASSETS		<u>238,843</u>	<u>238,843</u>
CAPITAL AND RESERVES			
Called up share capital	5	100	100
Profit and loss account		<u>238,743</u>	<u>238,743</u>
SHAREHOLDERS' FUNDS		<u>238,843</u>	<u>238,843</u>
REPRESENTED BY:			
EQUITY SHAREHOLDERS' FUNDS		238,747	238,747
NON-EQUITY SHAREHOLDERS' FUNDS	5	<u>96</u>	<u>96</u>
SHAREHOLDERS' FUNDS		<u>238,843</u>	<u>238,843</u>


For the year ended 31 December 2003 the company was entitled to exemption under section 249aa(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249b(2).

The directors acknowledge their responsibility for: (i) Ensuring the company keeps accounting records which comply with section 221; and (ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Board of Directors on 26 October 2004.

Signed on behalf of the Board of Directors


M H Marx
Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

1 ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The accounting policies adopted are consistent with the previous year.

2 PROFIT AND LOSS ACCOUNT

The company did not trade during the current or preceding financial year and made neither a profit nor a loss. There are no recognised gains or losses or movements in shareholders' funds for the current or preceding financial year.

M H Marx did not receive any emoluments from the company during the year (2002: £nil) for his services as director.

The company does not have any employees (2002: none).

3 DEBTORS

	2003 £	2002 £
Amounts due after more than one year:		
Amounts due from parent company	<u>605,180</u>	<u>605,180</u>

4 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Amounts due to group undertaking	<u>366,337</u>	<u>366,337</u>

5 CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised, allotted and fully paid:		
2 Ordinary shares of £1 each	2	2
2 'A' Ordinary shares of £1 each	2	2
96 Participating Preference shares of £1 each	<u>96</u>	<u>96</u>
	<u>100</u>	<u>100</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2003

5 CALLED UP SHARE CAPITAL (continued)

Preference shareholders are entitled to receipt of a non-cumulative fixed dividend of 10% in priority to the receipt of dividends to any other class of share. Subject thereto, any profit not exceeding £3,000,000 is to be distributed pro-rata to the holders of Preference shares and Ordinary shares. Profits in excess of £3,000,000 shall be distributed as to 99% to the holders of the Ordinary shares and 1% amongst the holders of "A" Ordinary shares.

Upon winding up, Preference shareholders are to have priority in terms of receipt of the amount of the paid-up capital. Any excess up to £3,000,000 is also to form the entitlement, pro-rata, of the Preference shareholders. Any further surplus shall be awarded to the Ordinary shareholders. The "A" Ordinary shareholders are not entitled to participate in any distribution of capital on winding up.

Preference shareholders have no right to attend or to vote at General Meetings. Ordinary shareholders and "A" Ordinary shareholders have the right to one vote per Ordinary share held.

6 ULTIMATE AND IMMEDIATE CONTROLLING PARTIES

The ultimate parent and controlling company of the largest group of which D S Estates (Lancaster) Limited is a member and for which consolidated accounts are produced is Development Securities PLC. The immediate parent company of the smallest group of which D S Estates (Lancaster) Limited is a member and for which consolidated accounts are produced is Development Securities (Investments) PLC. Both companies are registered in England and Wales. Copies of the Annual Report and Financial Statements of Development Securities PLC and Development Securities (Investments) PLC can be obtained from Portland House, Stag Place, London SW1E 5DS.

7 RELATED PARTY DISCLOSURE

The company is a wholly owned subsidiary undertaking and, in accordance with the exemption provided by Financial Reporting Standard No. 8, "Related Party Disclosures," transactions with other undertakings within the Development Securities PLC group have not been disclosed within these financial statements.