

Company No. 2810109

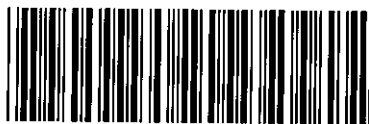
Penn House (Crawley) Limited

Report and Financial Statements

Year Ended

31 March 2006

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BDO Stoy Hayward
Chartered Accountants

Penn House (Crawley) Limited

Annual report and financial statements for the year ended 31 March 2006

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Director

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Director

REIT (Corporate Directors) Limited

Secretary and registered office

REIT (Corporate Services) Limited, 5 Wigmore Street, London W1U 1PB

Company number

2810109

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Penn House (Crawley) Limited

Report of the director for the year ended 31 March 2006

The director presents its report together with the audited financial statements for the year ended 31 March 2006.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The director does not recommend the payment of a dividend (31 March 2005 - £Nil).

Principal activities, trading review and future developments

The principal activity of the company is property investment and the management of its property.

The position of the company at the end of the year is set out in the balance sheet.

The director considers that the company will perform satisfactorily in the forthcoming year.

Director

The director of the company during the period was:

REIT (Corporate Directors) Limited

The director had no beneficial interest in the share capital of the company or the parent company.

Penn House (Crawley) Limited

Report of the director for the year ended 31 March 2006 (*Continued*)

Director's responsibilities

Company law requires the director to prepare financial statements for each financial period 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the financial statements comply with the Companies Act 1985. The director is 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

The director has taken all the steps that it ought to have taken to make itself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the Board

For and on behalf of REIT (~~Corporate Services~~) Limited



Secretary

2 April 2007

Penn House (Crawley) Limited

Report of the independent auditors

To the shareholders of Penn House (Crawley) Limited

We have audited the financial statements of Penn House (Crawley) Limited for the year ended 31 March 2006 on pages 5 to 13 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of the director and the auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Report of the director is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions with the company is not disclosed.

We read the Report of the director and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Penn House (Crawley) Limited

Report of the independent auditors (Continued)

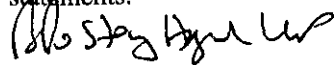
Qualified opinion arising from disagreement about accounting treatment

As explained in note 1, investment properties have historically been included in the financial statements at cost rather than at open market value as required by Statement of Standard Accounting Practice No. 19 'Accounting for investment properties'. We are unable to quantify the effect, if any, on reserves and tangible fixed assets at 31 March 2005 of this non-compliance with accounting standards.

The profit or loss on the disposal of investment property should be calculated by reference to the open market value at 31 March 2005 rather than cost. We are unable to quantify the effect, if any, on the profit on disposal of investment properties currently shown as £103,232 in the profit and loss account for the year ended 31 March 2006. There is no effect on either net assets or reserves at 31 March 2006.

Except for any adjustment that may have been necessary in relation to the profit on disposal of investment properties, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the Report of the director is consistent with the financial statements.



BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

2 April 2007

Penn House (Crawley) Limited

Profit and loss account for the year ended 31 March 2006

| | | Year ended 31 March 2006 £ | 15 month period ended 31 March 2005 £ |
|---|-------------|---|--|
| | Note | | |
| Turnover | 1 | 66,136 | 118,277 |
| Cost of sales | | (380) | - |
| | | <hr/> | <hr/> |
| Gross profit | | 65,756 | 118,277 |
| Administrative expenses | 1 | (8,405) | (25,960) |
| | | <hr/> | <hr/> |
| Operating profit | 2 | 57,351 | 92,317 |
| Profit on sale of investment properties | | 103,232 | - |
| Interest payable and similar charges | | (13,909) | (73,665) |
| Interest receivable and similar income | | 263 | - |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | | 146,937 | 18,652 |
| Taxation on profit on ordinary activities | 3 | 36,513 | (1,711) |
| | | <hr/> | <hr/> |
| Profit on ordinary activities after taxation transferred to reserves | 10 | 183,450 | 16,941 |
| | | <hr/> | <hr/> |

Penn House (Crawley) Limited

**Statement of total recognised gains and losses and reconciliation of movements in shareholders' funds
for the year ended 31 March 2006**

| | Year ended 31 March 2006 £ | 15 month period ended 31 March 2005 £ |
|--|---|--|
| Statement of total recognised gains and losses | | |
| Profit for the year | 183,450 | 16,941 |
| Deficit arising on revaluation of properties | - | - |
| | <hr/> | <hr/> |
| Total recognised gains and losses for the period | 183,450 | 16,941 |
| | <hr/> | <hr/> |
| None of historical cost profits and losses | | |
| Profit on ordinary activities before taxation | 146,937 | 18,652 |
| Realisation of property revaluation gains of previous years | 163,768 | - |
| | <hr/> | <hr/> |
| Historical cost profit on ordinary activities before taxation | 310,705 | 18,652 |
| | <hr/> | <hr/> |
| Retained historical cost profit for the period after taxation and dividends | 347,218 | 16,941 |
| | <hr/> | <hr/> |
| Reconciliation of movements in shareholders' funds | | |
| Profit for the year | 183,450 | 16,941 |
| Deficit arising on revaluation of properties | - | - |
| | <hr/> | <hr/> |
| Net movement in shareholders' funds | 183,450 | 16,941 |
| Opening shareholders' funds/deficit | 235,208 | 218,267 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 418,658 | 235,208 |
| | <hr/> | <hr/> |

Penn House (Crawley) Limited

Balance sheet at 31 March 2006

| | Note | 31 March 2006 £ | 31 March 2006 £ | 31 March 2005 £ | 31 March 2005 £ |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| Fixed assets | | | | | |
| Tangible assets | 4 | | - | | 1,100,000 |
| Current assets | | | | | |
| Debtors | 5 | 457,948 | | 1,667 | |
| Creditors: amounts falling due within one year | 6 | (39,290) | | (829,946) | |
| Net current liabilities | | | 418,658 | | (828,279) |
| Total assets less current liabilities | | | 418,658 | | 271,721 |
| Provisions for liabilities and charges | 7 | | - | | (36,513) |
| Net assets | | | 418,658 | | 235,208 |
| Capital and reserves | | | | | |
| Called up share capital | 8 | | 2 | | 2 |
| Revaluation reserve | 9 | | - | | 163,768 |
| Profit and loss account | 10 | | 418,656 | | 71,438 |
| Equity shareholders' funds | | | 418,658 | | 235,208 |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved and authorised for issue by the Board on 2 April 2007.

For and on behalf of REIT (Corporate Directors) Limited
Director



The notes on pages 8 to 13 form part of these financial statements.

Penn House (Crawley) Limited

Notes forming part of the financial statements for the year ended 31 March 2006

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover derives from one class of business and represents gross rents receivable. All turnover derives from activities within the United Kingdom.

Administrative expenses

Group administrative expenses are charged to the company by the parent company in proportion to gross rental income receivable.

Interest

Interest is payable on amounts due to the parent company. The cost to the group is charged to the company in line with established Intra-Group Loan Agreements. All interest is charged to the profit and loss account as accrued.

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards except as detailed below:

Statement of Standard Accounting Practice No. 19 ("SSAP 19") requires investment properties to be included in the financial statements at their period end open market value. The directors do not believe the additional information this would provide justifies the cost of the valuation and have therefore included investment properties in the financial statements at historic cost.

Investment properties

Properties held for investment are held at cost. As explained above this is not in compliance with SSAP 19. In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold investment properties. This treatment is a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However these properties are not held for consumption but investment and therefore the directors consider that systematic annual depreciation would be inappropriate. Therefore the accounting policy adopted is necessary for the accounts to give a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified as it is impracticable and, in the opinion of the director, would be misleading.

Sales of properties

Sales of investment properties are recognised when contracts are unconditionally exchanged. The surpluses arising on the sale of investment properties, based on the excess of sale proceeds over book value, are included within the profit and loss account. Surpluses resulting from revaluation of property, previously taken to revaluation reserves, are included in the surplus on realisation, and shown as a movement on reserves.

Penn House (Crawley) Limited

Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)

1 Accounting policies (Continued)

Deferred taxation

Deferred tax is provided in full on timing differences which, at the balance sheet date result in obligation to pay more tax, or a right to pay less tax, at a future date. Such provision is made at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities are not discounted.

2 Operating profit

The company had no employees during the current or preceding period.

The director of the company did not receive any emoluments during the current or preceding period in respect of services to the company.

Auditors' remuneration was borne by the parent company in the current and preceding period.

Details of employee costs and auditors' remuneration are shown in the financial statements of the parent company.

3 Taxation on profit on ordinary activities

| | Year ended 31 March 2006 £ | 15 month period ended 31 March 2005 £ |
|--|-------------------------------------|---|
| <i>Current tax</i> | | |
| UK corporation tax on profits of the period | - | - |
| | <hr/> | <hr/> |
| <i>Deferred tax</i> | | |
| Capital allowances in excess of depreciation | 36,513 | - |
| | <hr/> | <hr/> |

Penn House (Crawley) Limited

Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)

3 Taxation on profit on ordinary activities (Continued)

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

| | Year ended 31 March 2006 £ | 15 month period ended 31 March 2005 £ |
|--|---|--|
| Profit on ordinary activities before tax | 146,937 | 18,652 |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (31 March 2005 - 30%) | 44,081 | 5,595 |
| Effects of: | | |
| Capital allowances in excess of depreciation | (596) | (1,711) |
| Group relief received | (12,515) | (3,884) |
| Accounting profit on capital disposals in excess of taxable profit | (30,970) | - |
| Current tax charge for period | - | - |

4 Tangible assets

| | Freehold land and buildings £ |
|--------------------------|--|
| <i>Cost or valuation</i> | |
| At 1 April 2005 | 1,100,000 |
| Disposals | (1,100,000) |
| At 31 March 2006 | - |

5 Debtors

| | 2006 £ | 2005 £ |
|------------------------------------|-------------------|-------------------|
| Trade debtors | - | 914 |
| Amounts owed by group undertakings | 457,636 | 753 |
| Other debtors | 312 | - |
| | 457,948 | 1,667 |

All amounts shown under debtors fall due for payment within one year

Penn House (Crawley) Limited

Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)

6 Creditors: amounts falling due within one year

| | 31 March 2006 £ | 31 March 2005 £ |
|-----------------------------------|--------------------------------|--------------------------------|
| Trade creditors | 615 | - |
| Amounts due to group undertakings | 38,675 | 804,946 |
| Accruals | - | 25,000 |
| | <hr/> | <hr/> |
| | 39,290 | 829,946 |
| | <hr/> | <hr/> |

7 Provision for liabilities and charges

| | 31 March 2006 £ | 31 March 2005 £ |
|---|--------------------------------|--------------------------------|
| Deferred taxation: | | |
| Capital allowances in excess of depreciation | - | 36,513 |
| | <hr/> | <hr/> |
| Analysis of movement in the deferred tax liability: | | £ |
| Liability at 1 April 2005 | | 36,513 |
| Profit and loss credit for the year | | (36,513) |
| | | <hr/> |
| Liability at 31 March 2006 | | - |
| | | <hr/> |

Penn House (Crawley) Limited

Notes forming part of the financial statements for the year ended 31 March 2006 (Continued)

8 Share capital

| | Authorised | | | |
|----------------------------|---|-------------------------------------|--------------------------------|--------------------------------|
| | 31 March 2006 Number | 31 March 2005 Number | 31 March 2006 £ | 31 March 2005 £ |
| Ordinary shares of £1 each | 100 | 100 | 100 | 100 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | Allotted, called up and fully paid | | | |
| | 31 March 2006 Number | 31 March 2005 Number | 31 March 2006 £ | 31 March 2005 £ |
| Ordinary shares of £1 each | 2 | 2 | 2 | 2 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

9 Revaluation reserve

| | |
|---|-----------|
| | £ |
| At 1 April 2005 | 163,768 |
| Realised on disposal and transferred to profit and loss account (note 10) | (163,768) |
| | <hr/> |
| At 31 March 2006 | - |
| | <hr/> |

10 Profit and loss account

| | |
|---|----------|
| | £ |
| At 1 April 2005 | 71,438 |
| Profit for the period | 183,450 |
| Transfer of realised revaluation reserve (note 9) | 163,768 |
| | <hr/> |
| At 31 March 2006 | 418,656 |
| | <hr/> |

11 Related party transactions

The company is taking advantage of the exemption granted by paragraph 3(c) of FRS 8 – Related Party Disclosures not to disclose transactions with group companies which are related parties.

12 Immediate and ultimate parent company

The immediate parent company is Forecourt Properties Limited and the largest parent company in the UK is Estates & General Limited for which group financial statements are prepared. Both are incorporated and registered in England and Wales. The ultimate controlling entity, in the director's opinion is Trafalgar Overseas Limited, a company registered in the British Virgin Islands.

Penn House (Crawley) Limited

Notes forming part of the financial statements for the year ended 31 March 2006 (*Continued*)

13 Cash flow statement

The company is not presenting a cash flow statement. It has taken advantage of the exemption in FRS 1 as the parent company, Estates & General Limited, has included a consolidated cash flow statement within its own consolidated financial statements.