

**CAPITAL AND LANHAM PLC**

**Report and Financial Statements**

**25 December 1998**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London  
EC4A 3TR**



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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M Barber  
X Pullen  
R M Boyland  
L S Coral  
A Lewis-Pratt  
R W Gore  
S J Berry

**SECRETARY**

G Inglis

**REGISTERED OFFICE**

22 Grosvenor Gardens  
London  
SW1W 0DH

**AUDITORS**

Deloitte & Touche  
Hill House  
1 Little New Street  
London  
EC4A 3TR

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 25 December 1998.

### PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company for part of the UK interests of the Capital and Regional Properties plc group. The subsidiaries are involved in commercial property development and investment.

### CHANGE OF NAME

The company changed its name from Capital and Lanham PLC to Capital and Lanham Limited on 19 January 1999.

### RESULTS AND DIVIDENDS

The profit and loss account is set out on page 6 and shows the profit for the year.

The directors recommend the payment of a final dividend of £115 per ordinary share (1997: £nil).

### PAYMENT OF SUPPLIERS

The policy of the Company is to settle supplier invoices within the terms of trade agreed with individual suppliers. Where no specific terms have been agreed, payment is usually made within one month of receipt of the goods or service. At the year end the company had no purchases outstanding.

### DIRECTORS

The directors of the company during the year and at the year end were:

M Barber  
X Pullen  
R M Boyland  
L S Coral  
A Lewis-Pratt  
R W Gore  
S J Berry

### DIRECTORS INTERESTS

The interests of M Barber, X Pullen, R M Boyland, L S Coral and A Lewis-Pratt in the share capital and share options of the ultimate parent company, Capital and Regional Properties plc, are disclosed in the Report and Accounts of that company.

The beneficial interests of R W Gore and S J Berry in the ultimate parent company are as follows:

|              | Ordinary shares of £1 each at 25 December |         |         |         |
|--------------|---|---------|---------|---------|
|              | 1998                                      |         | 1997    |         |
|              | Shares                                    | Options | Shares  | Options |
| R W Gore *   | 121,581                                   | 170,989 | 209,181 | 85,000  |
| S J Berry ** | 89,020                                    | 115,756 | 70,690  | 65,000  |

\* R W Gore is only beneficially interested in 71,797 shares.

R W Gore's options held over the ordinary shares in Capital and Regional Properties plc are exercisable as follows: 85,989 not until 18 June 2000 at a price of 229p per share and 85,000 not until 15 May 2001 at a price of 279.5p.

\*\* S J Berry is only beneficially interested in 37,069 shares.

S J Berry's options held over the ordinary shares in Capital and Regional Properties plc are exercisable as follows: 65,756 not until 18 June 2000 at a price of 229p per share and 50,000 not until 15 May 2001 at a price of 279.5p.

**DIRECTORS' REPORT****DIRECTORS INTERESTS (continued)**

Directors' interests in other group companies are as follows:

|   | Ordinary 'B' shares of 1p each at 25 December |         |        |         |
|---|---|---------|--------|---------|
|   | 1998  |         | 1997   |         |
| <u>Capital &amp; Regional (Wolverhampton) Limited</u> | Shares  | Options | Shares | Options |
| A Lewis-Pratt*  | 2,500   | -       | 2,500  | -       |
| R W Gore  | 855   | -       | 855    | -       |
| S J Berry   | 400   | -       | 400    | -       |

\* A Lewis-Pratt is himself only beneficially interested in 1,050 ordinary 'B' shares of 1p each.

Except as noted above, none of the directors had any beneficial interest at any time during the year, in the share capital of the company or any other company in the Group.

**YEAR 2000**

The directors have reviewed the company's exposure to risks arising from Year 2000 issues and is progressing any action required to ensure all computer equipment hardware and software is Year 2000 compliant. The costs associated with addressing these issues have been borne by another group company.

**EURO**

The company is reviewing the potential effect of the introduction of the single European currency on the administration of its business.

**AUDITORS**

The auditors, Deloitte & Touche, have signified their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board



G M Inglis

Secretary

30th April

1999

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the company's state of affairs as at the end of the financial year and of the profit or loss of the company for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them on a consistent basis;
- make judgements and estimates that are prudent and reasonable;
- confirm that 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 not appropriate to presume 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 MEMBERS OF

### CAPITAL AND LANHAM PLC

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 8.

#### Respective responsibilities of directors and auditors

As described on page 4 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 the company's affairs at 25 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and  
Registered Auditors

11 June 1999

**PROFIT AND LOSS ACCOUNT**  
**Year ended 25 December 1998**

|   |      |             | For the period<br>1 January 1997 to<br>25 December 1997 |
|---|------|-------------|---|
|   | Note | 1998<br>£   | £   |
| Administrative expenses   |      | 144,923     | (189,165)   |
| Income from shares in group undertakings  |      | 8,205,335   | -   |
| <b>OPERATING PROFIT/(LOSS)</b>  |      | 8,350,258   | (189,165)   |
| Other investments written off   | 8    | (1,977,771) | -   |
|   |      | 6,372,487   | (189,165)   |
| Interest receivable and similar income  | 2    | -           | 95  |
| Interest payable and similar charges  | 3    | (365)       | (10,648)  |
| <b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE<br/>TAXATION</b>                               | 4    | 6,372,122   | (199,718)   |
| Tax charge on loss on ordinary activities   | 5    | -           | (1,186)   |
| <b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER<br/>TAXATION AND PROFIT FOR THE YEAR/PERIOD</b> |      | 6,372,122   | (200,904)   |
| Equity dividends  | 6    | (5,750,000) | -   |
| <b>RETAINED PROFIT/(LOSS) FOR THE YEAR/PERIOD</b>   |      | 622,122     | (200,904)   |
| Retained (loss)/profit brought forward  |      | (396,144)   | (195,240)   |
| <b>RETAINED PROFIT/(LOSS) CARRIED FORWARD</b>   |      | 225,978     | (396,144)   |

All the company's activities during the year relate to continuing operations within the meaning of Financial Reporting Standard No.3.

The company had no recognised gains and losses other than the profit for the current year and the preceding financial year and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the current and preceding year stated above, and their historical cost equivalent

The notes on pages 8 to 12 form part of these financial statements.



**BALANCE SHEET**  
As at 25 December 1998

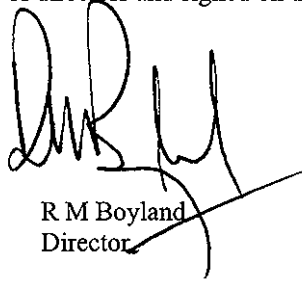
|  | Note | £                   | 1998<br>£      | £                  | 1997<br>£        |
|--|------|---------------------|----------------|--------------------|------------------|
| <b>FIXED ASSETS</b>  |      |                     |                |                    |                  |
| Investments in subsidiaries                                    | 7    |                     | 4              |                    | 4                |
| Other investments  | 8    |                     | -              |                    | -                |
|  |      |                     | <u>4</u>       |                    | <u>4</u>         |
| <b>CURRENT ASSETS</b>  |      |                     |                |                    |                  |
| Debtors  | 9    | 15,789,686          |                | 4,313,132          |                  |
| Cash at bank and in hand                                       |      | <u>48,703</u>       |                | <u>21,194</u>      |                  |
|  |      | 15,838,389          |                | 4,334,326          |                  |
| <b>CREDITORS: amounts falling due within one year</b>          | 10   | <u>(15,562,415)</u> |                | <u>(4,380,474)</u> |                  |
| <b>NET CURRENT LIABILITIES</b>                                 |      |                     | <u>275,974</u> |                    | <u>(46,148)</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                     | 275,978        |                    | (46,144)         |
| <b>CREDITORS: amounts falling due after more than one year</b> | 11   |                     | <u>-</u>       |                    | <u>(300,000)</u> |
| <b>NET ASSETS/(LIABILITIES)</b>                                |      |                     | <u>275,978</u> |                    | <u>(346,144)</u> |
| <b>CAPITAL AND RESERVES</b>                                    |      |                     |                |                    |                  |
| Called up share capital  | 12   |                     | 50,000         |                    | 50,000           |
| Profit and loss account  |      |                     | <u>225,978</u> |                    | <u>(396,144)</u> |
| <b>EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)</b>                    | 13   |                     | <u>275,978</u> |                    | <u>(346,144)</u> |

The financial statements were approved by the board of directors and signed on their behalf on 30th April 1999 by:

L S Coral  
Director



R M Boyland  
Director



The notes on pages 8 to 12 form part of these financial statements.

## NOTES TO THE ACCOUNTS

### Year ended 25 December 1998

#### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable UK Accounting Standards under the historical cost convention. The following principal accounting policies which have been applied consistently, have been used:

##### Investments

Investments are stated at the lower of cost or net realisable value. A provision is made to write down cost where there is considered to be a permanent diminution in the value of the investment.

##### Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

##### Basis of accounting

The company is a wholly owned subsidiary of Capital and Regional Properties plc, a company incorporated Great Britain and registered in England and Wales. It is therefore exempt under Section 228 of the Companies Act 1985 from preparing consolidated financial statements.

##### Cash flow statement

The company is a wholly owned subsidiary of Capital and Regional Properties plc and the cash flows of the company are included in the consolidated cash flow statement of Capital and Regional Properties plc. Consequently the company is exempt under Financial Reporting Standard No. 1 (Revised) from the requirement to prepare a cash flow statement.

#### 2. INTEREST RECEIVABLE AND SIMILAR INCOME

|                | 1998 | For the period ended<br>25 December 1997 |
|----------------|------|--|
|                | £    | £  |
| Other interest | -    | 95                                       |

#### 3. INTEREST PAYABLE AND SIMILAR CHARGES

|                             | 1998       | For the period ended<br>25 December 1997 |
|-----------------------------|------------|--|
|                             | £          | £  |
| Bank overdrafts             | -          | 298                                      |
| Interest to group companies | -          | 10,350                                   |
| Other interest              | 365        | -  |
|                             | <u>365</u> | <u>10,648</u>                            |

**NOTES TO THE ACCOUNTS**  
**Year ended 25 December 1998**

**4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

The auditors' remuneration was borne by another group company. The company's auditors received £nil during the period for provision of non-audit services to the company (1997: £nil).

The directors received no emoluments in respect of their services to the company (1997: £nil).

**5. TAXATION**

|   | 1998              | For the period ended<br>25 December 1997 |
|---|-------------------|--|
|   | £                 | £  |
| UK Corporation tax at 31% (1997: 31.5%) |                   |  |
| Under provision in prior years          | -                 | (1,186)                                  |
|   | <u>          </u> | <u>          </u>                        |

There is no tax charge in respect of the profit in the period, due to the claiming of the benefit of tax losses from other group companies, for which no payment is due.

**6. EQUITY DIVIDENDS**

|  | 1998              | For the period ended<br>25 December 1997 |
|--|-------------------|--|
|  | £                 | £  |
| Proposed final dividend of £115 per ordinary share<br>(1997: £nil) | 5,750,000         | -  |
|  | <u>          </u> | <u>          </u>                        |

**7. INVESTMENTS IN SUBSIDIARIES**

|                              | 1998              | 1997              |
|------------------------------|-------------------|-------------------|
|                              | £                 | £                 |
| At beginning and end of year | 4                 | 4                 |
|                              | <u>          </u> | <u>          </u> |

In the directors' opinion the aggregate value of the company's investments is not less than the aggregate of the amount stated in the balance sheet

**NOTES TO THE ACCOUNTS**  
**Year ended 25 December 1998**

**7. INVESTMENTS IN SUBSIDIARIES (continued)**

The principal subsidiary undertakings held at 25 December 1998 were as follows:-

| <u>Principal subsidiary and associated undertakings</u> | <b>Nature of<br/>property<br/>business</b> | <b>Company's<br/>effective<br/>share of<br/>business</b> |
|---|--|--|
| Capital and Lanham Holdings Limited                     | Investment                                 | 100%   |
| Capital and Lanham (Wembley) Ltd                        | Investment                                 | 100%   |

**Capital and Lanham (Wembley) Ltd has nineteen subsidiaries**

**The principal subsidiaries are:**

|   |             |      |
|---|-------------|------|
| Capital and Lanham Retail Parks Developments Ltd  | Development | 100% |
| Capital and Lanham Developments (Northampton) Ltd | Development | 100% |
| Capital and Lanham Developments (Pontefract) Ltd  | Development | 100% |
| Capital and Lanham Developments (Doncaster) Ltd   | Development | 100% |
| Capital and Lanham Developments (Telford) Ltd     | Development | 100% |
| Capital and Lanham Developments (Croydon) Ltd     | Development | 100% |
| Capital and Lanham Developments (Dagenham) Ltd    | Development | 100% |
| Capital and Lanham Developments (Orchard) Ltd     | Development | 100% |
| Capital and Lanham Developments (Barnstaple) Ltd  | Development | 100% |
| Capital and Lanham Intown (Leamington) Ltd        | Development | 100% |
| Capital and Lanham Developments (Cannock) Ltd     | Development | 100% |
| Capital and Lanham Construction (Coventry) Ltd    | Development | 100% |
| Capital and Lanham Scotland Ltd.                  | Development | 100% |

**Capital and Lanham Holdings Ltd has two subsidiaries:**

|                                 |             |      |
|---------------------------------|-------------|------|
| Capital and Lanham Estates Ltd  | Development | 100% |
| Lanham Holdings (Stratford) Ltd | Investment  | 100% |

**The Group also has a 50% interest in a company 100% owned by  
Capital and Regional Properties plc Group**

|                                  |             |     |
|----------------------------------|-------------|-----|
| Sports Villages Developments Ltd | Development | 50% |
|----------------------------------|-------------|-----|

The subsidiary and associated undertakings are registered and operate in England, Wales and Scotland.

**NOTES TO THE ACCOUNTS**  
**Year ended 25 December 1998**

**8. OTHER INVESTMENTS**

|                                   | 1998<br>£   | 1997<br>£ |
|-----------------------------------|-------------|-----------|
| At beginning of year              | -           | -         |
| Additions                         | 1,977,771   | -         |
| Write down in value of investment | (1,977,771) | -         |
|                                   | <hr/>       | <hr/>     |
| At end of year                    | -           | -         |
|                                   | <hr/>       | <hr/>     |

The company acquired 1,977,771 Redeemable £1 Shares in Zedmate Developments Limited as consideration for a debt of £1,977,771 due from Zedmate Developments Limited as at 25 December 1997. As a result of a permanent diminution in the value of the investment a full provision has been made and charged to the profit and loss account

**9. DEBTORS**

|   | 1998<br>£  | 1997<br>£ |
|---|------------|-----------|
| Amount owed by ultimate parent company  | 5,235,415  | -         |
| Amounts owed by subsidiary undertakings | 2,094,717  | 2,299,788 |
| Amounts owed by associated undertakings | 249,377    | 35,571    |
| Dividends receivable                    | 8,205,335  | -         |
| Other debtors                           | 4,842      | 1,977,773 |
|   | <hr/>      | <hr/>     |
|   | 15,789,686 | 4,313,132 |
|   | <hr/>      | <hr/>     |

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

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|   | 1998<br>£  | 1997<br>£ |
|---|------------|-----------|
| Trade creditors                         | -          | 3,700     |
| Amount owed to ultimate parent company  | -          | 2,082,680 |
| Amounts owed to subsidiary undertakings | 9,812,415  | 2,178,539 |
| Proposed dividend                       | 5,750,000  | -         |
| Other creditors                         | -          | 115,555   |
|   | <hr/>      | <hr/>     |
|   | 15,562,415 | 4,380,474 |
|   | <hr/>      | <hr/>     |

**NOTES TO THE ACCOUNTS**  
**Year ended 25 December 1998**

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                        | 1998<br>£ | 1997<br>£      |
|------------------------|-----------|----------------|
| Loan Stock             | -         | 185,000        |
| Convertible Loan Stock | -         | 115,000        |
|                        | <u>-</u>  | <u>300,000</u> |

**12. SHARE CAPITAL**

|   | 1998<br>£      | 1997<br>£      |
|---|----------------|----------------|
| Authorised<br>100,000 ordinary shares of £1 each.                     | <u>100,000</u> | <u>100,000</u> |
| Issued, called up and fully paid<br>50,000 ordinary shares of £1 each | <u>50,000</u>  | <u>50,000</u>  |

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|   | 1998<br>£          | 1997<br>£        |
|---|--------------------|------------------|
| Profit/(loss) on ordinary activities after taxation | 6,372,122          | (200,904)        |
| Equity dividends                                    | <u>(5,750,000)</u> | <u>-</u>         |
| Retained profit/(loss) for the year/period          | 622,122            | (200,904)        |
| Opening shareholders' funds                         | <u>(346,144)</u>   | <u>(145,240)</u> |
| Closing shareholders' funds                         | <u>275,978</u>     | <u>(346,144)</u> |

**14. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption under FRS 8 (Related party disclosures) from disclosing all transactions with entities within the group.

**15. IMMEDIATE HOLDING COMPANY AND ULTIMATE AND CONTROLLING PARENT COMPANY**

The immediate, ultimate and controlling parent company is Capital and Regional Properties plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Capital and Regional Properties plc can be obtained from The Secretary, 22 Grosvenor Gardens, London, SW1W 0DH.

**16. POST BALANCE SHEET EVENT**

The company changed its name from Capital and Lanham PLC to Capital and Lanham Limited on the 19 January 1999.