

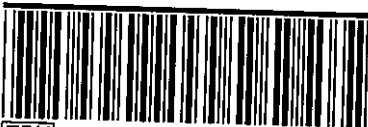
SEPARATOR SHEET



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3232512

GROSVENOR LAND HOLDINGS PLC



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COMPANIES HOUSE 140996

If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

A copy of this prospectus has been delivered for registration to the Registrar of Companies in England and Wales in accordance with regulation 4(2) of the Public Offers of Securities Regulations 1995. This document has been drawn up in accordance with those regulations.

Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of English Trust Company Limited, 12a Charterhouse Square, London EC1M 6AX for 14 days from the time and date on which Admission takes place, which is expected to be 11th September, 1996.

The Directors of the Company, whose names appear on page 3 of this document, accept responsibility for the information contained in this prospectus including individual and collective responsibility for compliance with the Alternative Investment Market Rules. To the best of the knowledge of the Directors, the information contained in this document is in accordance with the facts and this prospectus makes no omission likely to affect the import of such information.

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# GROSVENOR LAND HOLDINGS PLC

*(incorporated in England under the Companies Act 1985 with Registered No. 3232512)*

## ADMISSION TO TRADING ON THE ALTERNATIVE INVESTMENT MARKET

### PLACING OF UP TO 1,500,000 ORDINARY SHARES AT 12.5p PER SHARE

#### Nominated Adviser English Trust Company Limited

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#### SHARE CAPITAL

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£1,000,000	100,000,000	Ordinary Shares of 1p each	£116,414.72	11,641,472

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Application has been made for the issued Ordinary Shares in Grosvenor Land Holdings PLC to be admitted to trading on the Alternative Investment Market of the London Stock Exchange. It is emphasised that no application is being made for admission of these securities to the Official List of the London Stock Exchange.

The Alternative Investment Market is a market designed primarily for emerging or smaller companies. The rules of the Alternative Investment Market are less demanding than those of the Official List. The London Stock Exchange has not itself examined this document.

English Trust Company Limited is acting for Grosvenor Land Holdings PLC and no one else in connection with the admission of the Company's issued Ordinary Shares to trading on the Alternative Investment Market. Accordingly, English Trust Company Limited will not be responsible to anyone other than Grosvenor Land Holdings PLC for providing the protections afforded to its own clients or for affording advice in connection with such admission or any investment in Grosvenor Land Holdings PLC. No liability is accepted by English Trust Company Limited for the accuracy of any information contained in this document.

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## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“the Acts”	the Companies Acts 1985 and 1989
“Admission”	admission to trading of the issued Ordinary Shares on AIM
“AIM”	the Alternative Investment Market of the London Stock Exchange Limited
“Grosvenor” or “the Company”	Grosvenor Land Holdings PLC
“the Directors” or “the Board”	the board of directors of the Company
“the Group”	the Company and its subsidiary, Plymouth & Exeter
“Oakburn”	Oakburn Properties PLC
“Ordinary Shares”	ordinary shares of 1p each in the share capital of the Company
“Plymouth & Exeter”	Plymouth & Exeter Properties Limited, a wholly owned subsidiary of the Company
“Placing”	the placing of up to 1,500,000 Ordinary Shares at 12.5p per share

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## MARKET STATISTICS

Number of Ordinary Shares in issue after the Placing	11,641,472
Issue Price	12.5p
Market capitalisation	£1,455,184
Pro forma net asset value per share after the Placing, before expenses	12.5p

## DIRECTORS AND ADVISERS

### Directors:

Philippe H. Edmonds MA, *Non-Executive Chairman*  
Douglas Blausten MA, FRICS, *Managing Director*  
Simon A. Blausten TD, BSc, FRICS, *Executive Director*

all of 25 Gilbert Street, Grosvenor Square, London W1Y 2EJ

### Company Secretary and Registered Office:

Martin Danbrook  
8 Baker Street  
London W1M 1DA

### Nominated Adviser:

English Trust Company Limited  
12a Charterhouse Square  
London EC1M 6AX

### Nominated Broker:

Charles Stanley & Co. Limited  
25 Luke Street  
London EC2A 4AR

### Solicitors to the Company:

Franks Charlesly & Co.  
Hulton House  
161/166 Fleet Street  
London EC4A 2DY

### Auditors:

BDO Stoy Hayward  
Chartered Accountants  
8 Baker Street  
London W1M 1DA

### Valuers:

King Sturge & Co.  
Chartered Surveyors  
7 Stratford Place  
London W1N 9AE

### Property Managers:

Cyril Leonard & Co.  
Chartered Surveyors  
25 Gilbert Street  
London W1Y 2EJ

### Registrars:

Moorgate Registrars PLC  
Dukesmead House  
39 High Street  
Chelmsford  
Essex CM1 1DE

### Bankers:

The Royal Bank of Scotland plc  
49 Charing Cross  
Admiralty Arch  
London SW1A 2DX

## PART I

### 1. HISTORY

Grosvenor was incorporated on 26th July, 1996 and was formed for the sole purpose of being the holding company for a group which owns a portfolio of mainly retail investments acquired in September 1994 which are held as trading stock. The principal trading subsidiary, Plymouth & Exeter, was incorporated in 1987, in which year it acquired a number of commercial properties in the cities of Plymouth and Exeter. During the next few years all of these properties were sold at a profit in the normal course of business with the exception of one property in Exeter which continues to be held as part of the Group's property portfolio.

Plymouth & Exeter was formerly the property trading subsidiary of Oakburn Properties Plc, an unquoted company which was incorporated in 1959 and in which the Blausten family has a substantial interest. Following the Placing, Grosvenor will be owned as to 87 per cent by Oakburn. Oakburn has no present intention of disposing of any of its shares in Grosvenor and has undertaken not to dispose of any shares prior to the publication of the preliminary announcement of the Group's results for the year ending 25th March, 1997.

As part of the reorganisation carried out immediately prior to the Placing and Admission to AIM, Oakburn subscribed in cash the sum of £1,050,000 for new Ordinary Shares of the Company. This sum has been applied in reducing Group borrowings and as a result, following the Placing, the Group will have pro forma net assets, before expenses, of £1,455,184 (12.5p per share). In the twelve months ended 25th March, 1996 Plymouth & Exeter, the Group's principal trading subsidiary reported a profit on ordinary activities before and after taxation of £6,444.

The Directors will seek additional properties which they believe will represent good value, show potential for growth in capital value and which will provide opportunities for additional value through effective management. The trading facility for the Company's shares on AIM is expected to increase the profile of the Group and facilitate acquisitions of additional properties.

### 2. DESCRIPTION OF THE GROUP'S BUSINESS

#### Portfolio Acquisition

The Group's policy is to purchase portfolios of mainly secondary commercial investments and trading properties with a substantial element of well secured income to show attractive yields and with opportunities to increase income and value through active management. This involves lease restructuring, reorganising tenancies and refurbishing buildings to improve the physical structure and use of accommodation. Such works would include, for example, the upgrading and restyling of a shopping mall to encourage greater pedestrian flows and negotiating grants with local authorities on listed buildings.

The Company employs the services of Cyril Leonard & Co., a firm of Chartered Surveyors in Mayfair, London, to provide a full asset management, building surveying, investment, lettings and acquisitions service. As part of this arrangement, Cyril Leonard & Co. make available to the Company office, support and secretarial services. These services are provided under an agreement which expires in September 2000 on normal commercial terms which have been negotiated on an arm's length basis. Two of the Directors, Douglas Blausten and Simon Blausten, are equity partners in Cyril Leonard & Co.

#### Rental Income

The Group's policy is to ensure a high level of occupancy throughout its portfolio of properties. The portfolio currently produces a yield of just over 10 per cent. As part of its management services, the Group will seek to add value to a property thus enhancing and maximising the portfolio rental stream. This may involve, for example, improving a property to enable the tenant to develop its trade to better advantage.

The majority of leases are on a full repairing and insuring basis. In cases of multi-occupancy, the landlord collects a service charge calculated on estimated costs and this is charged quarterly. At the end of a financial year, a balancing charge is made based on actual expenditure for the period and this is invoiced to the tenant in accordance with his responsibilities under his lease.

## Insurance

The Group's properties are all insured against fire and usual perils on buildings and for legal liabilities. All buildings are covered for loss of rental income. Once the Group has placed the insurance, the premium is recovered from all occupational tenants. The Group bears the cost of insurance for any properties which are unlet.

## 3. THE GROUP'S PROPERTY PORTFOLIO

The Group's policy is to acquire investments and trading properties where the Directors believe there is an opportunity either to add value through effective management or where they believe particular opportunities exist to realise a higher value than the acquisition price.

The Directors believe that such opportunities exist in all sectors of the property market. With the retained resources of Cyril Leonard & Co. fully available to the Group as part of its management agreement, the Directors believe they have an experienced team and a broad based resource available to help the Group exploit opportunities both within its portfolio and in potential acquisition targets.

A detailed list and valuation of the Group's properties is set out in Part II.

Save for one property in Exeter, the Group acquired its portfolio of properties in September 1994. The other properties are located in Cheadle, Croydon, Rushden, Whitstable and Woolwich and tenants include The Post Office, Victoria Wine Company, The Co-Op, Stead & Simpson, Fads and the Woolwich Building Society. The Group's portfolio has been valued by King Sturge & Co., Chartered Surveyors, on the basis of open market value, at £4,635,000 and the estimated current annual rental income from the portfolio is £477,013.

As at the date of Admission, the Group has borrowings of £3,250,000 secured on the portfolio. The borrowings are for a fixed term of four years, repayable in 2000 at an interest rate of 1.5 per cent over base rate during which time no capital repayments are required.

## 4. PLACING

Up to 1,500,000 new Ordinary Shares, representing 12.88 per cent. of the enlarged issued share capital of the Company, have been conditionally placed by English Trust in association with Charles Stanley & Co. Limited at 12.5p per share. The Placing will raise £187,500 for the Company and will be used as additional working capital and to defray the costs of Admission estimated to amount to £95,000.

## 5. FINANCIAL INFORMATION

The trading record of Plymouth & Exeter, extracted from the audited financial information set out in Part III, is summarised below:

	<i>Year ended 25th March</i>		
	<i>1996</i>	<i>1995</i>	<i>1994</i>
	£	£	£
Operating profit/(loss)	391,176	206,187	(8,211)
Interest payable	(385,055)	(187,807)	—
Interest receivable	323	32	53
Profit/(Loss) on ordinary activities before taxation	6,444	18,412	(8,158)
Taxation	—	—	—
Profit/(Loss) on ordinary activities after taxation	6,444	18,412	(8,158)
Dividends	—	(136,000)	—
Profit/(Loss) for the year after dividends	6,444	(117,588)	(8,158)

## 6. PRO FORMA STATEMENT OF NET ASSETS

The following pro forma consolidated statement of net assets of the Company is based on the audited balance sheet of Plymouth & Exeter as at 25th March, 1996 set out in Part II of this document, adjusted as set out below. This statement is prepared for illustrative purposes only and, because of its nature, cannot give a complete picture of the financial position. No account has been taken of the trading results of the Group since 25th March, 1996, nor of the expenses of the Admission to AIM and the Placing estimated to amount to £95,000, excluding VAT.

	<i>Plymouth &amp; Exeter</i>	<i>Adjustments</i>	<i>Placing Proceeds</i>	<i>Consolidated Pro forma Balance Sheet</i>
	£ <i>Note</i>	£ <i>Note</i>	£	£
Current assets				
Stock	4,616,770 (a)	18,230	—	4,635,000
Debtors	28,922	—	—	28,922
Cash at bank in hand	578	— (c)	187,500	188,078
	<u>4,646,270</u>	<u>18,230</u>	<u>187,500</u>	<u>4,852,000</u>
Creditors: amounts falling due within one year	(337,463) (b)	190,647	—	(146,816)
Net current assets	<u>4,308,807</u>	<u>208,877</u>	<u>187,500</u>	<u>4,705,184</u>
Total assets less current liabilities	4,308,807	208,877	187,500	4,705,184
Creditors: amounts falling due after more than one year	(4,300,000)	— (d)	1,050,000	(3,250,000)
Net Assets	<u>8,807</u>	<u>208,877</u>	<u>1,237,500</u>	<u>1,455,184</u>

### Notes

- (a) Increase in property values to reflect the valuation of King Sturge & Co. as at 20th June, 1996
- (b) Capitalisation of inter company loan
- (c) Gross proceeds from the Placing of 1,500,000 Ordinary Shares at 12.5p per share
- (d) Gross proceeds from the cash subscription by Oakburn Properties PLC for 8,400,000 Ordinary Shares at 12.5p per share

## 7. CURRENT TRADING AND PROSPECTS

The Directors will seek to expand the Group's property portfolio through the acquisition of properties which they believe have good potential for income generation and capital appreciation. They believe there are many opportunities to enhance value by portfolio purchases and by restructuring leases in multi-let investments. The Directors believe their expertise in property asset management will give the Group opportunities to exploit the potential in this field, both in the UK and overseas. The Directors are of the view that the proposed Admission to the Alternative Investment Market will considerably assist in the rate of expansion of the Group's property portfolio than would have been attainable as an unquoted company.

The Directors consider that the outlook for the Group for the rest of the financial year ending 25th March, 1997 is satisfactory, although the cost of the introduction to AIM will inevitably affect the results for the current year.

## 8. DIRECTORS AND SENIOR MANAGEMENT

The Board comprises:

**Philippe Henri Edmonds**, aged 45 is Non-Executive Chairman of the Company. He holds an honours degree in Land Economy from Cambridge University. He played cricket for England and for Middlesex from 1974 to 1987 and has been involved in a number of public and private companies. Until June of this year, he was a director of Middlesex Holdings PLC and is currently Chairman of Philippine Gold PLC, a company with gold mining interests.

**Douglas Blausten**, aged 45 is Executive Managing Director of the Company. He holds an honours degree from Cambridge University in Land Economy, is a Fellow of the Royal Institution of Chartered Surveyors and a General Commissioner of Taxes. He is an equity partner in Cyril Leonard & Co. where he is responsible for investment acquisitions and sales and is also responsible for their affiliate offices in the United States and Sweden. He holds a number of directorships and is a director and shareholder in Oakburn, the majority shareholder in the Company. He is also responsible for managing the financial affairs of the Group.

**Simon Ansel Blausten**, aged 40 is an Executive Director of the Company. He holds an honours degree from the University of Manchester Institute of Science and Technology in Building Technology and is a Fellow of the Royal Institution of Chartered Surveyors. He is an equity partner in Cyril Leonard & Co. where he is responsible for building surveying work and is head of the asset management department. He holds a number of directorships and is a director and shareholder in Oakburn.

It is the intention of the Directors to appoint a further Non-Executive Director at a suitable opportunity once the Company has been admitted to AIM.

Further information relating to the Directors, including past and present directorships, is set out in Part IV.

## 9. CORPORATE GOVERNANCE

It is intended that the Company should comply substantially with the recommendations set out in the Cadbury Committee's Code of Best Practice for which guidelines have been issued, bearing in mind the recommendations of the City Group for Smaller Companies (CISCO) which the Board believes are appropriate and applicable to the Company. The Company intends to comply with further relevant guidelines as they are issued. The Board has established Audit and Remuneration Committees with formally delegated responsibilities, both of which are chaired by Mr. Philippe Edmonds.

## 10. RISK FACTORS

- If any of the properties owned by the Group were to be seriously damaged and deemed uninhabitable, this would reduce the revenue stream available to the Group. However, the Group has insurance policies on all its properties, including cover for loss of rent.
- The Group would be vulnerable either to a sustained increase in interest rates and/or to a general downturn in the property market.
- The Group's revenues would be reduced substantially if a material proportion of the Group's properties were to become vacant for any length of time.
- It may be necessary for the Company to raise additional capital to enable the Group to expand its activities as intended.
- The Ordinary Shares will not be admitted to the Official List but will be dealt in on AIM. This should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Company's Ordinary Shares may thus be difficult to realise.



## PART II

### DETAILS OF THE GROUP'S PROPERTIES

The following is the text of a valuation report on the Group's properties by King Sturge & Co., Chartered Surveyors:

The Directors  
Grosvenor Land Holdings PLC  
8 Baker Street  
London W1M 1DA

**King Sturge & Co.**  
*Chartered Surveyors*  
7 Stratford Place  
London W1N 9AE

and

English Trust Company Limited  
12a Charterhouse Square  
London EC1M 6AX

5 September 1996

Gentlemen,

### PROPERTIES HELD BY PLYMOUTH & EXETER PROPERTIES LIMITED

#### 1.0 INSTRUCTIONS

- 1.1 In accordance with instructions given on behalf of Plymouth & Exeter Properties Limited by Cyril Leonard & Co in their letter dated 9 October 1995, we have revalued as at 20 June 1996, the properties referred to in our earlier report dated 11 August 1994, and as briefly described in the accompanying schedule, without reinspecting them. The purpose of the valuation on this occasion is the Admission to the Alternative Investment Market of Grosvenor Land Holdings PLC, the holding company of Plymouth & Exeter Properties Limited.
- 1.2 Our valuations reflect the updated information provided to us by Plymouth & Exeter Properties Limited, but there may have been other changes, for example in the locality and local planning policy, of which we are not aware and which could affect the valuation.
- 1.3 We confirm that the valuations have been prepared in accordance with the current edition of the Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors.

#### 2.0 OPINION OF VALUE

- 2.1 By the same criteria used and in accordance with the facts and assumptions set out in our report dated 11 August 1994, but reflecting current market conditions, we are of the opinion that the total Open Market Value of the properties subject to the existing leases as at 20 June 1996 is in the sum of £4,635,000 (four million, six hundred and thirty five thousand pounds).
- 2.2 **Open Market Value** means an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:
  - (a) a willing seller;
  - (b) that, prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
  - (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
  - (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
  - (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

#### 3.0 CONFIDENTIALITY

- 3.1 This Valuation Report is provided for the use only of the parties to whom it is addressed and their professional advisers for the purposes stated herein and no responsibility is accepted to any third party for the whole or any part of its content.

- 3.2 Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it is to appear.
- 3.3 We confirm hereby that the parties to whom this letter is addressed may rely also upon our earlier report dated 11 August 1994, a copy of which we understand will be retained with this Valuation Report.

We are, Gentlemen,  
Yours faithfully,

**KING STURGE & CO**

### DETAILS OF THE GROUP'S PROPERTIES

<b>34/36 HIGH STREET, RUSHDEN, NORTHANTS</b>			
DESCRIPTION, AGE AND TENURE	TERMS OF EXISTING TENANCIES	ESTIMATED CURRENT NET ANNUAL RENT'S RECEIVABLE	CURRENT OPEN MARKET VALUE
A large retail unit arranged mainly on ground floor with 2 storey ancillary accommodation to the rear and 2 suites of self contained offices over the front of the property totalling 1,563 m <sup>2</sup> (16,822 ft <sup>2</sup> ) net internal. Freehold	Shop let on a full repairing and insuring lease expiring 2002. Offices let on full repairing and insuring lease expiring 2002.	£93,880	£750,000
<b>22-24 GREENS END, WOOLWICH, LONDON</b>			
3 shop units with offices above. Offices 364 m <sup>2</sup> (3,918 ft <sup>2</sup> ) net internal area. 3 shops measuring 189 m <sup>2</sup> (2,033 ft <sup>2</sup> ) in terms of zone A with 150m <sup>2</sup> (1,615 ft <sup>2</sup> ) of ancillary space. Constructed circa 1900. Freehold.	1 office vacant. 1 office let on a 5 year full repairing and insuring lease expiring 25/12/97. 2 shops let on 25 year full repairing and insuring lease expiring 2014 and 2016, with 5 yearly rent reviews. 1 shop let on a 15 year full repairing and insuring lease expiring 2002, with 5 yearly rent review pattern.	£69,225	£740,000
<b>51-59 HIGH STREET, POST OFFICE AND CAR PARK, GLADSTONE ROAD, WHITSTABLE, KENT</b>			
4 shop units with ancillary space above and Post Office and car part to the rear. Shops constructed in 1928 and measure 225 m <sup>2</sup> (2,425 ft <sup>2</sup> ) in terms of zone A with ancillary space of 188m <sup>2</sup> (2,020 ft <sup>2</sup> ). Post Office purpose built, 279m <sup>2</sup> (3,007 ft <sup>2</sup> ) net internal. Pay & display car park of approximately 40 car spaces. Freehold.	Car park let to Canterbury Council on a 19 year full repairing lease, expiring in 2000, subject to 5 yearly reviews.  Post Office let to Post Office Counters Ltd on a 20 year full repairing and insuring lease, expiring in 2001 with 5 yearly reviews.  2 shops are let on 20 year full repairing and insuring leases expiring in 2001, with 5 yearly reviews. 1 shop is let on a 2 year full repairing and insuring lease expiring in July 1997. 1 shop is let on a 10 year full repairing and insuring lease expiring in 2004 with 5 yearly rent reviews.	£71,133	£700,000
<b>138/142 NORTH END, CROYDON, SURREY</b>			
2 shops with separate self contained offices on two floors above. Shops 129 m <sup>2</sup> (1,295 ft <sup>2</sup> ) in terms of zone A. Offices 98m <sup>2</sup> (1,053 ft <sup>2</sup> ) net internal area. Freehold.	Shops let on 25 year full repairing and insuring leases expiring in 2005 and 2017, with 5 yearly rent reviews. Offices let on a 3 year full repairing and insuring lease expiring in 1998.	£125,500	£1,110,000
<b>143 FORE STREET, EXETER, DEVON</b>			
Period mid terrace building providing 2 shop units at ground floor, potential offices at first and second floors, and 2 self contained flats, one on each of 3rd and 4th floors. Total net internal floor area 464.23 m <sup>2</sup> (4,998 ft <sup>2</sup> ). Site area approximately 0.018 ha (0.045 acres). Freehold	143a let for a term of 15 years from 1/10/86 at a current rent of £7,000 pa on effectively full repairing and insuring terms.  143b let for a term expiring 25/11/97 at a current rent of £3,500 pa subject to fixed increase to £5,500 pa at 25/11/96 on effectively full repairing and insuring terms assumed.	£10,500	£110,000
<b>WARWICK MALL, HIGH STREET, CHEADLE, STOCKPORT</b>			
Shopping mall comprising 2 two storey units and 7 single storey units around a central mall. Built 1983. Site area 0.08 ha (0.2 acres). Freehold.	2 units vacant. 5 units let on 25 year full repairing and insuring leases expiring in 2009. 1 unit let on 15 year full repairing and insuring lease expiring in 2009. 1 unit let on 5 year full repairing and insuring lease expiring in 2000.	£106,775	£1,225,000

## PART III

## AUDITED FINANCIAL INFORMATION

Grosvenor was incorporated on 26th July, 1996. It is the holding company of the Group and since incorporation, save for the acquisition of the issued share capital of Plymouth & Exeter on 30th August, 1996 in exchange for shares, it has not traded. Grosvenor's accounting reference date is 25th March and to date it has not prepared any financial statements or published any audited accounts.

The following financial information has been extracted from the audited statutory accounts of Plymouth & Exeter for the three financial years ended 25th March, 1996, all of which have been, or will be, delivered to the Registrar of Companies in England and Wales. The Directors confirm that the accounts of Plymouth & Exeter for the three financial years ended 25th March, 1996 have been prepared in accordance with company law and the Directors accept responsibility for them.

BDO Stoy Hayward, Chartered Accountants and Registered Auditors, of 8 Baker Street, London W1M 1DA have been auditors of Plymouth & Exeter for the three financial years ended 25th March, 1996 and their audit reports for each period, which were unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985, are set out below.

BDO Stoy Hayward consent to the inclusion of their reports in this document and accept responsibility for them. BDO Stoy Hayward have not become aware, since the respective dates of their reports, of any matter affecting the validity of those reports at that date.

## PLYMOUTH &amp; EXETER PROPERTIES LIMITED

## Profit And Loss Accounts

	Notes	Year ended 25th March		
		1996 £	1995 £	1994 £
<b>Turnover</b>		—	—	—
Cost of sales		—	—	20,952
<b>Gross loss</b>		—	—	(20,952)
Administrative expenses		(74,586)	(58,370)	(235)
Other operating income	2	465,762	264,557	12,976
<b>Operating profit/(loss)</b>	3	391,176	206,187	(8,211)
Interest payable	5	(385,055)	(187,807)	—
Interest receivable		323	32	53
<b>Profit/(loss) on ordinary activities before and after taxation</b>	6	6,444	18,412	(8,158)
Dividends	7	—	136,000	—
Retained profit/(loss) for financial year		6,444	(117,588)	(8,158)
<b>Retained profit brought forward</b>		1,363	118,951	127,109
<b>Retained profit carried forward</b>		7,807	1,363	118,951

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

**Balance Sheets**

		1996	25th March 1995	1994
	Notes	£	£	£
<b>Current assets</b>				
Stock	8	4,616,770	4,601,072	135,000
Debtors	9	28,922	30,366	—
Cash at bank and in hand		578	38,854	1,571
		<u>4,646,270</u>	<u>4,670,292</u>	<u>136,571</u>
<b>Creditors: amounts falling due within one year</b>	10	337,463	367,929	16,620
		<u>4,308,807</u>	<u>4,302,363</u>	<u>119,951</u>
<b>Net current assets</b>				
<b>Creditors: amounts falling due after more than one year</b>	11	4,300,000	4,300,000	—
		<u>8,807</u>	<u>2,363</u>	<u>119,951</u>
<b>Capital and reserves</b>				
Called up share capital	12	1,000	1,000	1,000
Profit and loss account		7,807	1,363	118,951
<b>Shareholders' funds</b>		<u>8,807</u>	<u>2,363</u>	<u>119,951</u>

**Cash Flow Statements**

		1996	Year ended 25th March 1995	1994
	Notes	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	13	346,456	(3,938,942)	(497)
<b>Returns on investments and servicing of finance</b>				
Interest received		323	32	53
Interest paid		(385,055)	(187,807)	—
Dividends paid		—	(136,000)	—
		<u>(384,732)</u>	<u>(323,775)</u>	<u>53</u>
<b>Net cash (outflow)/inflow from returns on investment and servicing of finance</b>				
<b>Net cash outflow before financing</b>		<u>(38,276)</u>	<u>(4,262,717)</u>	<u>(444)</u>
<b>Financing</b>				
Bank loan	15	—	4,300,000	—
<b>Net cash inflow from financing</b>		<u>—</u>	<u>4,300,000</u>	<u>—</u>
<b>(Decrease)/increase in cash and cash equivalents</b>	14	<u>(38,276)</u>	<u>37,283</u>	<u>(444)</u>

**1. Accounting policies**

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards. The following principal accounting policies have been applied:

*Stock*

Stock is valued at the lower of cost and net realisable value.

Cost is calculated by reference to cost of purchase and any enhancement expenditure. Net realisable value is based on selling price less further costs to completion and disposal.

*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.

**2. Other operating income**

	Year ended 25th March		
	1996	1995	1994
	£	£	£
Rental income from land and buildings	465,762	264,557	12,976

**3. Operating profit is arrived at after charging:**

	Year ended 25th March		
	1996	1995	1994
	£	£	£
Directors' remuneration	—	—	—
Auditors' remuneration	1,000	900	500

**4. Transactions involving Directors**

During the year the Company paid fees of £21,573 (1995: £60,768; 1994: £2,342 ) to Cyril Leonard & Co of which Messrs. C. Blausten, D. Blausten and S. Blausten, Directors of the Company, are partners or consultants.

**5. Interest payable**

	Year ended 25th March		
	1996	1995	1994
	£	£	£
Loan interest	385,011	187,740	—
Bank interest	44	67	—
	385,055	187,807	—

**6. Taxation**

No taxation is payable for the periods either due to the availability of group relief or losses incurred.

**7. Dividend**

	Year ended 25th March		
	1996	1995	1994
	£	£	£
Dividends paid	—	136,000	—

**8. Stocks**

	25th March		
	1996	1995	1994
	£	£	£
Properties held for resale	4,616,770	4,601,072	135,000

There is no significant difference between the amount at which stocks are stated in the balance sheet and their replacement cost.

**9. Debtors**

	25th March		
	1996	1995	1994
	£	£	£
Trade debtors	28,922	30,366	—

All amounts included in debtors fall due for payment within one year.

**10. Creditors: amounts falling due within one year**

	1996	25th March 1995	1994
	£	£	£
Trade creditors	140,800	114,878	3,046
Amounts owed to ultimate parent company	196,663	253,051	13,574
	<u>337,463</u>	<u>367,929</u>	<u>16,620</u>

**11. Creditors: amounts falling due after more than one year**

	1996	25th March 1995	1994
	£	£	£
Bank loan (secured)	<u>4,300,000</u>	<u>4,300,000</u>	<u>—</u>

The bank loan is secured on properties held for resale, is repayable in 1999 and bears interest at 1.75% over the base rate of The Royal Bank of Scotland.

**12. Share capital**

	1996	25th March 1995	1994
	£	£	£
Authorised, issued, called up and fully paid Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

**13. Reconciliation of operating profit to net cash inflow from operating activities**

	1996	Year ended 25th March 1995	1994
	£	£	£
Operating profit/(loss)	391,176	206,187	(8,211)
(Increase)/decrease in stocks	(15,698)	(4,466,072)	18,661
Decrease/(increase) in debtors	1,444	(30,366)	1,866
(Decrease)/increase in creditors	(30,466)	351,309	(12,813)
Net cash inflow/(outflow) from operating activities	<u>346,456</u>	<u>(3,938,942)</u>	<u>(497)</u>

**14. Analysis of changes in cash and cash equivalents**

	Cash at bank £
<b>Movements in 1994</b>	
Balance at 26th March 1993	2,015
Net cash outflow	(444)
Balance at 25th March 1994	<u>1,571</u>
<b>Movements in 1995</b>	
Balance at 26th March 1994	1,571
Net cash inflow	37,283
Balance at 25th March 1995	<u>38,854</u>
<b>Movements in 1996</b>	
Balance at 26th March 1995	38,854
Net cash outflow	(38,276)
Balance at 25th March 1996	<u>578</u>

**15. Analysis of changes in bank loan**

	1996	Year ended 25th March 1995	1994
	£	£	£
Balance at 26th March	4,300,000	—	—
Bank loan taken out	—	4,300,000	—
Balance at 25th March	<u>4,300,000</u>	<u>4,300,000</u>	<u>—</u>

Hollydale Developments Limited  
 Heathurst Property Co. Limited  
 Hodgson and Faraday Property Management Services Limited

3rd May, 1994  
 14th February, 1986  
 5th November, 1987

*Past directorships during the previous five years*  
 None

**Philippe H. Edmonds**

*Present directorships*

Philippine Gold PLC  
 Plymouth & Exeter Properties Limited  
 London Fiduciary Trust PLC  
 Sweetridge Limited

*Date of appointment*

9th February, 1994  
 10th May, 1996  
 23rd March, 1994  
 9th January, 1977  
 9th February, 1994  
 30th April, 1995

*Past directorships during the previous five years*

Lease & Finance Services Limited  
 Silkbarn PLC

*Date of resignation*  
 28th August, 1996

Middlesex Holdings Plc  
 Cygnet Metals Trading PLC  
 Cygnet Metals Limited  
 The Carnarvon Mining Company Limited  
 Clogau Gold Mines Limited  
 Forestrealm Limited  
 Bridgend Group PLC  
 Baydrive Limited  
 Cloisters Wood Holdings Limited  
 The Imperial Hotel (Cork) Limited  
 Justfile Limited  
 London & Home Counties Hotels Limited  
 Meltnews Limited  
 Preludeward Limited  
 Stocks Hotel & Country Club Limited  
 Woodington PLC

31st May, 1996  
 10th June, 1996  
 10th June, 1996  
 10th June, 1996  
 10th June, 1996  
 10th June, 1996  
 10th June, 1996  
 25th March, 1992  
 25th March, 1992  
 25th March, 1992  
 25th March, 1992  
 25th March, 1992  
 25th March, 1992  
 25th March, 1992  
 25th March, 1992  
 25th March, 1992

None of the Directors has any unspent convictions for indictable offences or has been declared bankrupt or (save as referred to above in relation to D. Blausten) was a director of any company at the time of or within the 12 months preceding its receivership or liquidation and none of the Directors has had any public criticism by any statutory or regulatory authority.

**5. Memorandum and Articles of Association**

(a) The Memorandum of Association of the Company provides that the principal objects of the Company are to purchase or otherwise acquire hold as an investment and deal in shares, debentures, stocks, bonds, scrip or other securities, businesses, policies of insurance and such other property real or personal and rights and interests in property and to purchase, sell, take on lease or in exchange or otherwise acquire and deal in any lands or buildings or rights and interest therein and to manage, farm or let the same or to develop the same and to construct and erect houses, flats, shops, factories, offices, warehouses and buildings thereon and to alter or improve the same or any buildings thereon. The objects of the Company are set out fully in Clause 4 of its Memorandum of Association.

(b) The Articles of Association of the Company contain provisions, inter alia, to the following effect:

(i) **Rights attaching to the Ordinary Shares**

(aa) *Voting*

Subject to disenfranchisement, which can arise in the event of non-compliance by a shareholder with the statutory requirements regarding the disclosure of his interests in shares in the Company, on a show of hands, every holder of Ordinary Shares who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not himself being a member entitled to vote, shall have one vote and, on a poll, every such holder present in person or by proxy shall have one vote for each Ordinary Share held by him. In the case of an equality of votes the Chairman has, on a show of hands and on a poll, a casting vote in addition to a vote to which he is entitled as a member.

Subject to the Acts a poll may be demanded on any question by:

- (i) the Chairman of the Meeting;
- (ii) not less than five members present in person or by proxy and entitled to vote;
- (iii) a member or members present in person or by proxy representing in aggregate not less than one tenth of the total voting rights of all the members having the right to vote at the meeting; or

- (iv) a member or members present in person or by proxy holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right.

(bb) *Dividends*

Subject to the provisions of the Acts the Company may by Ordinary Resolution declare dividends to be paid to the members according to their respective rights and interests in the profits available for distribution, but no dividend shall exceed the amount recommended by the Board of Directors. All dividends will be paid according to the amounts paid up (other than amounts which are paid in advance of a call) on the shares in respect of which the dividend is to be paid. Subject to the Acts, the Directors may declare and pay such interim dividends (including a dividend payable at a fixed rate) as appear to them to be justified by the profits of the Company available for distribution.

The Directors may, with the prior authority of an Ordinary Resolution, direct that payment of a dividend may be satisfied wholly or in part by the distribution of specified assets and in particular of paid up shares or debentures of another company.

The Directors may, with the sanction of an Ordinary Resolution, offer the holders of Ordinary Shares the right to elect to receive in respect of all or part of their holding of Ordinary Shares additional Ordinary Shares in the Company, credited as fully paid, instead of cash in respect of all or part of a dividend.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Dividends unclaimed for a period of twelve years from the date they became due for payment are forfeited and cease to remain owing by the Company. No dividend in respect of a share bears interest as against the Company unless otherwise provided by the rights attached to the share.

If a dividend is returned undelivered or left uncashed and reasonable enquiries have failed to establish another address or account of the person entitled to the payment, the Company is not obliged to send or transfer a dividend to that person until he notifies the Company of an address or account to be used for that purpose. If the dividend is returned undelivered or left uncashed on two consecutive occasions, the Company may exercise this power without making any such enquiries.

The Board may deduct from a dividend payable to a person in respect of a share amounts due from him to the Company on account of a call or otherwise in relation to a share.

(cc) *Return of capital*

On a voluntary winding up of the Company the liquidator may, on obtaining any sanction required by law, divide amongst the members in kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of different kinds. For this purpose the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members. The liquidator may not distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

(dd) *Redemption*

Subject to the Acts and to the rights attached to existing shares, shares may be issued on terms that they are to be redeemed or, at the option of the Company or the holder, are liable to be redeemed. Subject to the Acts the Company may purchase shares of any class (including redeemable shares) in its own capital in any way.

(ii) **Modification of rights**

Subject to the Acts, the rights attached to a class of shares may be varied whether or not the Company is being wound up in such manner (if any) as may be provided by those rights, or in the absence of such provision, either with the consent in writing of the holders of at least three quarters of the nominal amount of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the issued share of that class validly held in accordance with the Articles of Association of the Company, but not otherwise.

A separate meeting for the holders of a class of shares shall be convened and conducted as nearly as possible in the same way as an Extraordinary General Meeting except that:

- (a) no member, other than a director, is entitled to notice of it or to attend unless he is a holder of shares of that class;
- (b) no vote may be given except in respect of a share of that class;
- (c) the quorum at the meeting is two persons present in person holding or representing by proxy at least one third in nominal value of the issued shares of that class;



- (d) the quorum at an adjourned meeting is two persons holding shares of that class who are present in person or by proxy; and
- (e) a poll may be demanded in writing by a member present in person or by proxy and entitled to vote at the meeting and on a poll each member has one vote for every share of that class of which he is the holder.

(iii) **Changes in capital**

The Company may by Ordinary Resolution:

- (a) increase its share capital by a sum to be divided into shares of an amount prescribed by the Resolution;
- (b) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (c) subject to the Acts, sub-divide all or any of its shares into shares of a smaller amount and may by the Resolution decide that the shares resulting from the sub-division have amongst themselves a preference or other advantage or be subject to a restriction; and
- (d) cancel shares which, at the date of the passing of the Resolution, have not been taken or agreed to be taken by a person and diminish the amount of its share capital by the amount of the shares so cancelled.

Subject to the Acts and to the rights attached to existing shares the Company may by Special Resolution reduce its share capital, capital redemption reserve and share premium account in any way.

(iv) **Transferability**

- (a) A member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in another form approved by the Directors, and the instrument shall be executed by or on behalf of the Transferor and (in the case of a transfer of a share which is not fully paid) by or on behalf of the Transferee. The Transferor is deemed to remain the holder of the share until the name of the Transferee is entered in the Register in respect of it.
- (b) An instrument of transfer of shares must be duly stamped (if required) and delivered for registration to the office or such other place as the Directors may decide, accompanied by the Certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the Transferor and the due execution by him of the Transfer.
- (c) Subject to disenfranchisement, which can arise in the event of non-compliance by a shareholder with the statutory requirements regarding the disclosure of his interests in shares in the Company, and subject to the requirements of the London Stock Exchange, the Directors may, in their absolute discretion and without giving a reason, refuse to register the transfer of a share unless it is in respect of a share which is fully paid.
- (d) The Company shall not be bound to register more than four persons as joint holders of any share.
- (e) There is no right of pre-emption arising on the transfer of shares in the capital of the Company.

Save as aforesaid shares in the Company are freely transferable.

**6. Share Option Scheme**

On 4th September, 1996 ("the Commencement Date") the Company adopted a share option scheme ("the Scheme"). No application has been or will be made to the Inland Revenue for approval of the Scheme.

The principal features of the Scheme, which is administered by the Board are as follows:

(a) **Eligible employees:**

Directors of the Company and employees of the Company and its subsidiaries (who are not bound to retire within the period of two years after the date on which the Board invites such employees to apply for the grant of options) are eligible for the Scheme.

(b) **Grant of options:**

- (i) The Board may invite an eligible employee to apply to the Company for the grant of an option during the period of five years from the Commencement Date provided that the Board shall only make an invitation in respect of an option within:
  - (A) 42 days after the Commencement Date; or
  - (B) thereafter within 42 days after (inter alia) the date on which the Company's final or interim results are announced to the London Stock Exchange for any financial period.
- (ii) An invitation to take up an option shall be personal to the eligible employee and shall not be capable of being transferred or assigned.

## (c) Exercise Price:

The Board shall determine the price at which the options may be exercised which shall not be less than the greater of the nominal value of the Ordinary Shares and the average of the middle market quotation for the Ordinary Shares on the London Stock Exchange on the five dealing days preceding the date of the offer of the relevant option provided that in the case of any grant of options made before the sixth day following Admission the price shall be 12.5p per Ordinary Share.

## (d) Exercise of options:

The Board may grant options whose exerciseability is subject to the satisfaction of such performance-related criteria as the Board may determine at the time of grant. Options will be exercisable from the first anniversary following the date of grant of the option and during such period (being not less than one year) as the Board shall determine at the time of the grant. Earlier exercise is permitted in the event of the takeover (although in this event there are provisions which may entitle the eligible employee to transfer into the acquiring company scheme), or a reconstruction or liquidation of the Company. Further, an earlier exercise is permitted if the eligible employee ceases to be a director or an employee (if applicable) by reason of his death, ill-health, injury, disability, retirement or redundancy, or by any eligible employee (whether or not he is a director) in the event of his death. There are time limits in which an early exercise of options in such circumstances must be made, failing which the options lapse. Except in these circumstances, options will lapse if the eligible employee ceases to be employed by the Company.

## (e) Allocation of shares:

Shares allotted and issued following exercise of an option will rank *pari passu* with the Ordinary Shares then in issue, save as regards dividends payable by reference to a record date prior to the date of issue. The Company will at all times keep available sufficient authorised and unissued share capital to satisfy outstanding options except to the extent that such options may only be satisfied by the transfer of Ordinary Shares which have already been issued.

## (f) Limits:

The maximum number of Ordinary Shares which may be issued on the exercise of options shall not exceed in aggregate the number of Ordinary Shares which represent 10% of the Ordinary Shares in the capital of the Company in issue or allotted from time to time.

## (g) Variation:

The Board has power from time to time to vary the regulations for the administration and operation of the Scheme provided that such variation is not inconsistent with the provisions of the Scheme and (inter alia) does not operate to vary adversely the terms of any options granted prior to such variation. Further, the Board or the Company by Ordinary Resolution may at any time terminate the operation of the Scheme. Variation of the Scheme is not subject to prior Inland Revenue approval.

**7. Working Capital**

In the opinion of the Company, having made due and careful enquiry, the working capital available to the Company and the Group is sufficient for their present requirements.

**8. Litigation**

There are no legal or arbitration proceedings active, pending or threatened against, or being brought by, the Company or its subsidiary which are having or may have a significant effect on the Group's financial position.

**9. Taxation**

When the Company pays a dividend to its shareholders, it must normally account to the Inland Revenue for advance corporation tax ("ACT") on that dividend. Currently, the rate of ACT is 25 per cent. of the dividend paid, which equates to 20 per cent. of the grossed-up dividend (that is, the sum of the dividend paid and the ACT which is payable in respect of the dividend).

If an individual shareholder is resident in the United Kingdom for tax purposes, then for dividends received (or deemed to be received), an amount which is equal to 20 per cent of the grossed-up dividend is available as a tax credit which those shareholders may then set off against their total liability for income tax or, if circumstances permit, reclaim in cash.

This tax credit satisfies those individuals' basic rate liability for tax on the amount of the grossed-up dividend received for tax payers liable to income tax at the basic rate only. Only those individuals liable for tax at the higher rate will be required to pay further income tax on the dividend received by them.

If a corporate shareholder is resident in the United Kingdom for tax purposes, it will not be liable to corporation tax on dividends received (or deemed to be received) and it will normally be able to treat the dividend and the associated tax credit as franked investment income.