Park Street Limited

Directors' report and financial statements

Registered number 3305258

31 December 2003

Contents

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 2003.

Principal activity and business review

The company has not traded during the period.

The company's principal activity was that of property investment and property management within the United Kingdom.

The company's results for the year are set out on page 4.

Dividends

The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the period were as follows:

RW Carey
JSP Keogan
IC Melia

Directors' interests

The notifiable interests of Messrs RW Carey, IC Melia and JSP Keogan in group undertakings have been disclosed in the directors' report and financial statements of Chamberflame Limited, a UK intermediate parent company.

This report was approved by the board of directors on 4th October 2004 and signed on its behalf by:

IC Melia
Director

Cranford House
Kenilworth Road
Leamington Spa
Warwickshire
CV32 6RQ

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Independent auditors' report to the members of Park Street Limited

We have audited the financial statements on pages 4 to 9.

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

4 October 2004

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account
for the period ended 31 December 2003

	Note	**Period ended 31 December 2003 £**	Year ended 30 April 2003 £
Turnover	*2*	-	275,345
Cost of sales		-	(92,329)
Gross profit		-	183,016
Administration expenses		-	(240)
Operating profit		-	182,776
Profit on disposal of fixed assets		-	536,115
Profit before interest and taxation		-	718,891
Interest payable and similar charges	*4*	-	(1,139,970)
Loss on ordinary activities before taxation	*5*	-	(421,079)
Tax on loss on ordinary activities	*6*	-	287,157
Loss for the financial period		-	(133,922)
Dividend in specie	*7*	-	(3,106,707)
Retained loss for the period		-	(3,240,629)

The results set out above relate to discontinued businesses.

There are no recognised gains or losses in the year other than the results set out above.

Balance sheet
at 31 December 2003

	Note	**31 December 2003 £**	30 April 2003 £
Current assets			
Debtors: amounts owed by group undertakings		**100**	100
Cash at bank and in hand		**900**	900
Net assets		**1,000**	1,000
Capital and reserves			
Called up share capital	*8*	**1,000**	1,000
Equity shareholders' funds		**1,000**	1,000

These financial statements were approved by the board of directors on ...4th October 2004.... and were signed on its behalf by:

IC Melia
Director

Note of historical cost profits and losses
for the period ended 31 December 2003

	Period ended 31 December 2003 £	Year ended 30 April 2003 £
Reported loss on ordinary activities before taxation	-	(421,079)
Realisation of property revaluation gains of previous years	-	2,875,417
Historical cost profit on ordinary activities before taxation	-	2,454,338
Historical cost loss for the period retained after taxation and dividends	-	(365,212)

Movement in equity shareholders' funds
for the period ended 31 December 2003

	Period ended 31 December 2003 £	Year ended 30 April 2003 £
Loss for the financial period	-	(133,922)
Dividend in specie	-	(3,106,707)
	-	(3,240,629)
New share capital subscribed	-	900
Net reduction in shareholders' funds	-	(3,239,729)
Equity shareholders' funds brought forward	**1,000**	3,240,729
Equity shareholders' funds carried forward	**1,000**	1,000

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards using the historic cost convention adjusted by the revaluation of operating and investment properties.

Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of Chamberflame Limited and its results are included in that company's consolidated financial statements.

Related party disclosures

Under FRS 8, the company is exempt from the requirement to disclose transactions with other group undertakings on the grounds that it is a subsidiary of Chamberflame Limited and its results are included in that company's consolidated financial statements.

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from gross rental income from freehold and leasehold investment properties. The directors are of the opinion that there is only one class of business and one market, which is the United Kingdom.

3 Staff numbers and costs

No persons, except for the directors, were employed by the company *(30 April 2003: nil)* and no staff costs or directors' emoluments were incurred *(30 April 2003: £Nil)*.

4 Interest payable and similar charges

	Period ended 31 December 2003 £	Year ended 30 April 2003 £
Interest on other loans	-	213,011
Early redemption fee payable	-	926,959
	-	1,139,970

5 Loss on ordinary activities before taxation

	Period ended 31 December 2003 £	Year ended 30 April 2003 £
Loss on ordinary activities before taxation is stated		
after charging:		
Depreciation	-	240
Operating leases:		
Other operating leases	-	5,033

The audit fees in the period ended 31 December 2003 were paid by Industrious Asset Management Limited *(April 2003: Industrious Limited)*, a fellow group undertaking.

Notes *(continued)*

6 Tax on loss on ordinary activities

(a) Credit for the period

	Period ended 31 December 2003 £	Year ended 30 April 2003 £
Current tax		
UK corporation tax	-	(287,157)
Tax on loss on ordinary activities	**-**	(287,157)

(b) Factors affecting the credit for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Period ended 31 December 2003 £	Year ended 30 April 2003 £
Loss on ordinary activities before taxation	-	(421,079)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	-	(126,324)
Expenses not deductible for tax purposes	-	2,055
Non-taxable profit on disposal of fixed assets	-	(160,835)
Other	-	(2,053)
Current tax credit for the period	-	(287,157)

7 Dividends

	Period ended 31 December 2003 £	Year ended 30 April 2003 £
Dividend in specie	-	3,106,707

8 Share capital

	31 December 2003 £	30 April 2003 £
Authorised, allotted, called up and fully paid:		
1,000 ordinary shares of £1 each	**1,000**	1,000

Notes *(continued)*

9 Ultimate parent company

As at 31 December 2003, the directors consider Morgan Stanley Real Estate Fund IV, a discretionary real estate private investment opportunity fund sponsored by a member of the Morgan Stanley Group, to be the ultimate controlling party by virtue of its shareholding in Industrious Holdings (Jersey) Limited, incorporated in Jersey, of whom Chamberflame Limited is a wholly owned subsidiary.

The results of the company are consolidated in the UK group headed by Chamberflame Limited. The consolidated financial statements of this company are available to the public and can be obtained from Cranford House, Kenilworth Road, Leamington Spa, Warwickshire CV32 6RQ.