

Company Registration No. 03600008 (England and Wales)

UNITE LONDON (ONE) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



UNITE LONDON (ONE) LIMITED

COMPANY INFORMATION

Directors

N A Porter
M C Allan
M P Bennett

Secretary

A D Reid

Company number

03600008

Registered office

The Core
40 St Thomas Street
BRISTOL
BS1 6JZ

Auditors

KPMG Audit Plc
PO Box 695
8 Salisbury Square
LONDON
EC4Y 8BB

UNITE LONDON (ONE) LIMITED

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UNITE LONDON (ONE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities

The company's principal activity is that of investment. During the year the company disposed of its holding of government bonds.

Directors

The following directors have held office since 1 January 2005:

N A Porter
M C Allan
M P Bennett

None of the directors have any interest in the share capital of the company. The interests of NA Porter and MC Allan in the share capital of The UNITE Group plc are disclosed in the accounts of that company.

MP Bennett held 7,842 shares in The UNITE Group plc as at 31 December 2005 (31 December 2004: nil).

Options over 3,755 shares were granted to MP Bennett during the year (year ended 31 December 2004: 5,235 shares). Options over 22,842 shares were exercised by MP Bennett during the year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that KPMG Audit Plc be reappointed as auditors of the company will be put to the Annual General Meeting.

UNITE LONDON (ONE) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 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 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.

Under applicable law, the directors are also responsible for preparing a Directors' Report that complies with that law.

By order of the board



A D Reid

Secretary

10 October 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITE LONDON (ONE) LIMITED

We have audited the financial statements of Unite London (One) Limited on pages 5 to 10 for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditors 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 the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 or 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.

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

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF UNITE LONDON (ONE) LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

10 October 2006

Chartered Accountants

Registered Auditor

PO Box 695
8 Salisbury Square
LONDON
EC4Y 8BB

UNITE LONDON (ONE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		Year ended 31 December 2005 £	Year ended 31 December 2004 £
	Notes		
Turnover		-	-
Cost of sales		-	-
Operating result	2	-	-
Loss on disposal of fixed asset investment		(2,197)	-
Loss on ordinary activities before interest		(2,197)	-
Investment income	3	1,948	1,578
(Loss)/profit on ordinary activities before taxation		(249)	1,578
Tax on (loss)/profit on ordinary activities	4	-	-
(Loss)/profit on ordinary activities after taxation	9	(249)	1,578

There are no recognised gains and losses other than those passing through the profit and loss account.

UNITE LONDON (ONE) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Investments	5		-		25,110
Current assets					
Debtors	6	24,919,406		24,919,406	
Creditors: amounts falling due within one year	7	(6,334,866)		(6,359,727)	
Net current assets			18,584,540		18,559,679
Net assets			18,584,540		18,584,789
Capital and reserves					
Called up share capital	8		2		2
Profit and loss account	9		18,584,538		18,584,787
Shareholder's funds - equity interests	10		18,584,540		18,584,789

The financial statements were approved by the Board on 10 October 2006.



M P Bennett
Director

UNITE LONDON (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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 except as noted below.

In these financial statements the following new standards have been adopted for the first time:

FRS 21 'Events after the balance sheet date'

FRS 28 'Corresponding amounts'

FRS 28 has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

1.1 Basis of preparation

The financial statements are prepared in accordance with applicable standards (UK GAAP) and under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.3 Taxation

The charge for taxation is based on the result for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

2 Operating result

The remuneration of the auditors was borne by another group company for the year.

3 Investment income	2005 £	2004 £
Income from fixed asset investments	1,948	1,578

UNITE LONDON (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

4	Taxation	2005 £	2004 £
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(249)	1,578
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	(75)	473
	Effects of:		
	Tax losses utilised	-	(473)
	Group relief surrendered	75	-
		75	(473)
	Current tax charge	-	-

5 Fixed asset investments

	Listed investments £
Cost	
At 1 January 2005	25,110
Disposals	(25,110)
At 31 December 2005	-
Net book value	
At 31 December 2005	-
At 31 December 2004	25,110

6	Debtors	2005 £	2004 £
	Amounts owed by group undertakings	24,919,406	24,919,406
	All debtors are due within one year.		

UNITE LONDON (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

7	Creditors: amounts falling due within one year	2005	2004
		£	£
	Amounts owed to group undertakings	6,234,870	6,259,731
	Other creditors	99,996	99,996
		<u>6,334,866</u>	<u>6,359,727</u>
8	Share capital	2005	2004
		£	£
	Authorised		
	1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
9	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 January 2005		18,584,787
	Retained loss for the year		<u>(249)</u>
	Balance at 31 December 2005		<u>18,584,538</u>
<p>The profit and loss account reserve includes £21,298,000 (2004: £21,298,000) arising on the intra group transfer of completed investment properties. This amount is not distributable beyond the ultimate parent undertaking.</p>			
10	Reconciliation of movements in shareholder's funds	2005	2004
		£	£
	(Loss)/profit for the financial year	(249)	1,578
	Opening shareholder's funds	<u>18,584,789</u>	<u>18,583,211</u>
	Closing shareholder's funds	<u>18,584,540</u>	<u>18,584,789</u>

11 Contingent liabilities

The company had no contingent liabilities at 31 December 2005 (31 December 2004: nil).

UNITE LONDON (ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

12 Capital commitments

The company had no capital commitments at 31 December 2005 (31 December 2004: nil).

13 Control

The company's immediate parent undertaking is Unite London Limited.

The company's ultimate parent undertaking is The UNITE Group plc. The consolidated accounts of this company are available to the public and can be obtained from The Core, 40 St Thomas Street, BRISTOL, BS1 6JZ.

14 Related party transactions

The company is exempt from the requirements of Financial Reporting Standard Number 8 to disclose details of transactions with entities that are part of the group or investees of the group qualifying as related parties, as 90% or more of the voting rights of the company's shares are controlled by the group and the consolidated financial statements of the group are publicly available.