
REIB INTERNATIONAL HOLDINGS LIMITED

Company Number: 3834064

REPORTS AND FINANCIAL STATEMENTS

For the year ended 31 December 2003



REPORT OF THE DIRECTORS

For the year ended 31 December 2003

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

ACTIVITIES AND REVIEW OF BUSINESS

The principal business of the Company is that of an investment company.

The company has ceased making any new investments and is selling down its existing investments over time. The position at the end of the year is reflected in the audited balance sheet as set out on page 5.

RESULTS AND DIVIDENDS

The results of the Company for the year ended 31 December 2003, after providing for taxation, show a profit of £14,179,331 (2002 – loss of £21,664,197). No dividends were declared or paid during the year (2002 - £nil).

DIRECTORS

The Directors of the Company during the year or at the date of this report were as follows:

R D Barris	(resigned 21 June 2004)
D M Brush	(resigned 15 January 2003)
J M Chuter	(resigned 23 January 2004)
P DaSilva	(appointed 6 November 2003)
A W Dixon	
K D Jones	
G E Kountouris	(resigned 19 May 2003)
D F McGowan	(resigned 21 February 2003)
D Netser	(resigned 15 January 2003)
K W Roeloffs	
E L Simmons	

Mr A P Rutherford acted as Secretary throughout the year.

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; and
- 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 which 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.

DIRECTORS' INTERESTS

None of the Directors had any disclosable interest in the shares or debentures of any UK group undertaking at the end of the year, or were granted or exercised any right to subscribe for shares in, or debentures of, any UK group undertaking during the year.

AUDITORS

Pursuant to section 379A of the Companies Act 1985 the Company has elected -

- a) to dispense with the holding of Annual General Meetings;
- b) to dispense with the appointment of Auditors annually; and
- c) to dispense with the laying of Report and Financial statements before General Meetings.

KPMG Audit Plc have indicated their willingness to continue in office.

By order of the Board of Directors this 5th day of April 2005.



A P Rutherford
Secretary

Winchester House
1 Great Winchester Street
London EC2N 2DB

REPORT OF THE INDEPENDENT AUDITORS TO THE
MEMBERS OF REIB INTERNATIONAL HOLDINGS LIMITED
For the year ended 31 December 2003

We have audited the financial statements on pages 4 to 14.

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 1, 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB

Dated: *5th April 2005*

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2003

	Note	<u>2003</u> £	<u>2002</u> £
Administrative expenses		(2,850,821)	(1,942,539)
Income from investments	8	9,581,307	5,541,435
Interest payable to group undertaking	3	(7,891,438)	(8,790,840)
Interest receivable from group undertaking		1,689,601	260,669
Interest receivable from subsidiary undertaking		507,241	464,854
Impairment losses on investments	7	(1,340,458)	(20,500,208)
Profit from sale of investments		16,498,679	5,751
Foreign exchange gain		1,347,543	460,404
Profit/(Loss) on ordinary activities before taxation		17,541,654	(24,500,474)
Tax (charge)/credit on loss on ordinary activities	4	(3,362,323)	2,836,277
Profit/(Loss) after tax for the year		14,179,331	(21,664,197)

All the above items relate to the continuing operations of the Company.


The notes on pages 7 to 14 form part of these financial statements.

BALANCE SHEET

As at 31 December 2003

	Note	<u>2003</u> £	<u>2002</u> £
FIXED ASSETS			
Investments	7	66,242,793	128,109,222
CURRENT ASSETS			
Debtors	9	28,002,501	24,996,333
Cash held with group undertakings		29,272,974	42,595,980
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	11	(147,601,215)	(233,967,486)
NET CURRENT LIABILITIES		(90,325,740)	(166,375,173)
NET LIABILITIES		(24,082,947)	(38,265,951)
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account		(24,082,948)	(38,265,952)
EQUITY SHAREHOLDER'S FUNDS		(24,082,947)	(38,265,951)

These financial statements were approved by the Board of Directors on 5th April 2005.



Signed by K D Jones for and
on behalf of the Board of Directors

The notes on pages 7 to 14 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2003

	Note	<u>2003</u> £	<u>2002</u> £
Profit/(Loss) for the year		14,179,331	(21,664,197)
Exchange gain/(loss) on translation of investments	1g	1,933,038	(207,354)
Exchange (loss)/gain on related borrowings	1g	(1,929,366)	235,065
Tax charge on exchange gain on related borrowings	4	-	(70,520)
Total recognised gains/(losses) related to the year		14,183,003	(21,707,006)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

For the year ended 31 December 2003

	Note	<u>2003</u> £	<u>2002</u> £
At beginning of year		(38,265,951)	(16,558,945)
Total recognised gains/(losses) related to the year		14,183,003	(21,707,006)
At 31 December		(24,082,948)	(38,265,951)

The notes on pages 7 to 14 form part of these financial statements.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

1. ACCOUNTING POLICIES

This financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies are described below.

(a) Basis of preparation

The financial statements have been prepared on a going concern basis which assumes the Company will continue in operational existence for the foreseeable future. This assumption is based on a letter of support from DB UK Holdings Limited, the Company's holding company.

(b) Group Accounts

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements prepare information about the Company as an individual undertaking and not about its group.

(c) Cash Flow Statement

The Company is exempt from the requirement to prepare a Cash Flow Statement under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary undertaking of a company which prepares consolidated financial statements which are publicly available.

(d) Interest income/expense

Interest income/expense is accounted for on an accruals basis.

(e) Dividend Income

Dividends receivable on equity shares where no ex dividend date is quoted are brought into account when the company's right to receive payment is established.

(f) Fixed Asset Investment

Investments are held at cost less amounts provided for any permanent diminution in value.

(g) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at market rates of exchange ruling at the Balance Sheet date. Exchange differences are dealt with through the face of the Profit and Loss account except for those arising on foreign currency borrowings which have been used to finance the Company's foreign equity investments. Exchange gains or losses arising on the borrowings are offset as reserve movements against exchange differences arising on the translation of the net investments as permitted by Statement of Standard Accounting Practice No.20. Taxation

(h) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

2. AUDITORS' REMUNERATION

Auditors' remuneration for the current period has been borne by a Deutsche Bank AG Group company without re-charge.

3. INTEREST PAYABLE TO GROUP UNDERTAKING

Interest is payable on loans extended to the company by Deutsche Bank AG London on the initial purchase of the investments. The loans have variable rates of interest and are repayable over various terms.

4. TAXATION

	<u>2003</u> £	<u>2002</u> £
<i>Charge/(credit)</i>		
Current taxation		
Group relief charge/(credit) for the year	3,362,323	(2,518,230)
Prior year adjustments		
Group relief charge/(credit)	453,408	(635,217)
Total current taxation	<u>3,815,731</u>	<u>(3,153,447)</u>
<i>Deferred taxation (see note 10)</i>		
Deferred tax (credit)/charge on net income from partnerships	(453,408)	317,170
Tax charge/(credit) on loss on ordinary activities	<u>3,362,323</u>	<u>(2,836,277)</u>
Tax charge on exchange gain on borrowings	-	70,520
Net tax charge / (credit)	<u>3,362,323</u>	<u>(2,765,757)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge/(credit) for the current and the previous year exceeds the standard rate for the reasons set out in the following reconciliation.

	<u>2003</u> £	<u>2002</u> £
Profit/(Loss) on ordinary activities before tax	17,541,654	(24,500,474)
Tax on profit/(loss) on ordinary activities at standard rate (30%)	5,262,497	(7,350,142)
<i>Factors affecting charge for the period</i>		
Impairment losses on fixed asset investments	402,137	6,150,062
Tax credit for underlying tax	(331,214)	(1,496,425)
Income from participating interests/partnerships	99,364	180,000
Non-taxable income	(2,070,461)	-
Adjustments to tax charge in respect of prior periods	453,408	(635,217)
Other	-	(1,725)
Total current tax	<u>3,815,731</u>	<u>(3,153,447)</u>

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

5. DIRECTORS' EMOLUMENTS

	<u>2003</u>	<u>2002</u>
	£	£
Directors emoluments	1,273,376	383,927
Amounts receivable under long term incentive schemes	Nil	Nil
	<u>1,273,376</u>	<u>383,927</u>
Company contributions to money purchase pension schemes	Nil	63,906
Compensation for loss of office	Nil	Nil

During the year, no director received shares, and payments of £18,287 were made under long term incentive schemes.

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £744,526 (2002 - £116,650). That Director is a member of a defined benefit scheme, and the accrued pension to which he or she would be entitled from normal retirement date if he or she were to retire at year end was £10,971 (2002 - £4,927) per annum.

	<u>2003</u>	<u>2002</u>
	No. of Directors	No. of Directors
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	0	2
Defined benefit schemes	3	3

No directors exercised any share options under long term incentive schemes.

6. STAFF NUMBERS AND COSTS

The total staff costs have been borne by Deutsche Bank Group Company without recharge. No staff costs have therefore been included in these financial statements.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings	Participating interests	Loans to undertakings in which the Company has participating interests	Other investments other than loans	Total
<i>Cost / valuation</i>					
1 January 2003	1,009,475	9,088,040	73,157,175	74,780,222	158,034,912
Additions	14,990	-	4,100,000	12,170	4,127,160
Repayments	-	-	(5,156,928)	-	(5,156,928)
Proceeds from Disposals	(20,268)	(2,259,996)	(40,888,261)	(25,242,792)	(68,411,317)
Foreign exchange gains/(losses)	87,870	135,025	36,971	579,315	839,211
31 December 2003	1,092,067	6,959,069	31,248,957	50,128,915	89,429,008
<i>Provisions</i>					
1 January 2003	(952,246)	(699,740)	(8,630,388)	(19,643,316)	(29,925,690)
Proceeds from Disposals	-	699,740	6,716,260	-	7,416,000
Impairment	-	(600,000)	-	(740,458)	(1,340,458)
Foreign exchange gains/(losses)	(87,166)	-	-	751,099	663,933
31 December 2003	(1,039,412)	(600,000)	(1,914,128)	(19,632,675)	(23,186,215)
<i>Net book value</i>					
1 January 2003	57,229	8,388,300	64,526,787	55,136,906	128,109,222
31 December 2003	52,655	6,359,069	29,334,829	30,496,240	66,242,793

Details of the investment undertakings of the Company at year end are as follows:

	Country of incorporation	Principal Activity	Class and Percentage of shares held
<i>Subsidiary undertakings</i>			
Pyramid Acquisitions B.V.	The Netherlands	Financing and Holding Company	Ordinary share capital – 100%
REIB Europe Investments Limited	England and Wales	Investment Company	Ordinary share capital – 100%
Tokyo Commercial 92, Inc	Japan	Investment Company	Ordinary share capital – 100%

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

7. FIXED ASSET INVESTMENTS (CONTINUED)

Participating interests

Arrow Property Investments Limited	England and Wales	Property Investment Company	Ordinary share capital – 46.18% Shareholder loan stock – 46.18%
Hemingway Mixed Use Partnership	England and Wales	Property Investment Partnership	Partnership capital – 24.8% Partnership loans – 35%
VR Maasmechelen Tourist Outlets Comm. Va	Belgium	Property Investment Company	Ordinary share capital – 26.1% Unsecured bonds – 26.1%
Triptych Limited	Isle of Man	Property Investment Company	Ordinary share capital – 50%

Other Investments

Financiere Gratte Ciel (Actif +)	France	Property Investment Company	Ordinary share capital – 15% Convertible bonds – 15%
IP Powerhouse Holdings Limited	England and Wales	Property Investment Company	Ordinary share capital – 12.5%
New (LTCB) B.V.	The Netherlands	Investment Company	Class A share capital – 1.66%
New Cayman I L.P.	Cayman Islands	Investment Company	Partnership capital – 2.93%
New Cayman II L.P.	Cayman Islands	Investment Company	Partnership capital – 2.88%
Orbis SA	Poland	Property Investment Company	Series A bearer shares – 10.37%

On 18 July 2003, the Company sold its interest in Shurgard Self Storage S.C.A for £ 40,585,340.

On 29 December 2003, the Company sold its interest in REPEG Italian Finance S.r.l. for £5,278.

On 29 December 2003, the Company sold its interest in Marine Operator Two Limited (Tokyo Branch) for £ 5,952,522.

On 29 December 2003, the Company sold its interest in Taiyo Investments LLC for £1,233,403.

On 29 December 2003, the Company sold its interest in Wandsworth LP for £19,929,980.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

On 29 December 2003, the Company sold its interest in Hemingway Investment Partnership (LP) for £ 1,682,159.

On 29 December 2003, the Company sold its interest in HED Umbrella Limited Partnership for £ 4,676,820.

On 29 December 2003, the Company sold its interest in St James Residential Investments Ltd for £ 3,427,060.

On 29 December 2003, the Company sold its interest in Immobiliere Olive Luxembourg S.a.r.l. for £ 704.

On 29 December 2003, the Company sold its interest in Southern Italian Finance S.r.l for £ 731.

The Directors decided to raise a provision against the carrying value of a number of investments based on sales prices agreed with a third party Opportunity Fund on 28 December 2003, for closure during 2004.

Investment	Carrying value prior to impairment	Provision for impairment	Carrying value at 31 December 2003
Triptych Limited	600,000	(600,000)	-
Orbis SA	11,961,844	(740,458)	11,221,386
Total	12,561,844	(1,340,458)	11,221,386

8. INCOME FROM INVESTMENTS

	<u>2003</u> £	<u>2002</u> £
Arrow Property Investments Limited	-	848,045
Financiere Gratte Ciel (Actif +)	177	219
Marine Operator Two Limited - Tokyo Branch	709,045	826,117
New (LTCB) B.V.	412,295	150,586
Orbis SA	233,399	295,508
Taiyo Investments LLC	1,324,854	3,420,960
St James Residential Investments Limited	6,901,537	-
	<u>9,581,307</u>	<u>5,541,435</u>

9. DEBTORS

	<u>2003</u> £	<u>2002</u> £
Amounts due from group undertaking	27,866,263	21,307,026
Deferred tax (see note 10)	136,238	-
Group relief receivable	-	3,689,307
	<u>28,002,501</u>	<u>24,996,333</u>

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

10. DEFERRED TAX ASSET / (LIABILITY)

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Deferred tax at 1 January 2003	(317,170)
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Transfer from Profit and Loss account	453,408
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Deferred tax at 31 December 2003	<u>136,238</u>
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The source of the balance on the deferred tax account is the taxation credit in relation to partnership income.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

20032002

£

£

Amounts owed to group undertaking	147,474,791	233,650,316
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Group relief payable	126,424	
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Deferred tax (<i>see note 10</i>)	-	317,170
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Total amount falling due within one year	<u>147,601,215</u>	<u>233,967,486</u>
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12. CALLED UP SHARE CAPITAL

20032003

No.

£

Authorised

Ordinary Shares of £1 each	1,000	1,000
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Allotted, issued and fully paid

Ordinary Share of £1 each	1	1
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There were no changes in the authorised and allotted share capital in the year.

13. ULTIMATE PARENT COMPANY AND OTHER PARENT UNDERTAKINGS

DB UK Holdings Limited is, for the purposes of the Companies Act 1985, the immediate parent company.

Deutsche Bank AG, a company incorporated in Germany, is the ultimate parent company, the ultimate controlling entity and the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up.

Copies of Deutsche Bank AG financial statements are available to the public and may be obtained from Winchester House, 1 Great Winchester Street, London EC2N 2DB.

Copies of DB UK Holdings Limited financial statements are available to the public and may be obtained from 23 Great Winchester Street, London EC2P 2AX.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2003

14. RELATED PARTY TRANSACTIONS

As permitted by paragraph 3(c) of Financial Reporting Standard 8, no disclosure is made of transactions with members or associates of the Deutsche Bank AG group.

15. POST BALANCE SHEET EVENTS

On 15 January 2004, REIB International Holdings Limited sold its interest in Financiere Gratte Ciel (Actif +) for EUR 28,323,519. The carrying value of the investment at 31 December 2003 is EUR 6,860,206.

On 24 February 2004 and 25 March 2004, REIB International Holdings Limited received distributions of JPY 4,261,442,401 from New Cayman I LP and New Cayman II LP (the Limited Partnerships), representing its share of the proceeds from the sale of 35% of the underlying investment of the Limited Partnerships, Shinsei Bank Limited.

On 17 February 2005 the Limited Partnership distributed to REIB International Holdings Limited its proportional share of their remaining holding in the stock in Shinsei Bank Limited. 60% of these shares were sold simultaneously into a public offering for proceeds of JPY 5,209,912,637. The company's investment in the Limited Partnerships at 31 December 2003 is value at JPY 2,744,698,034.

On 24 February 2004, REIB International Holdings Limited sold its interest in Triptych Limited for \$ 1,671. The carrying value of the investment at 31 December 2003 is \$nil.

On 24 February 2004, REIB International Holdings Limited sold its interest in Hemingway MUP for GBP 3,303,418. The carrying value of the investment at 31 December 2003 is GBP 3,303,668.

On 2 April 2004, REIB International Holdings Limited sold its interest in Orbis SA for PLN 74,700,000. The carrying value of the investment at 31 December 2003 is PLN 74,700,000.

The gains related to these events are 2004 and 2005 events and will be recorded in the relevant accounts of the company.
