

**OWENGATE KEELE (HOLDINGS)  
LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

for the period ended

31 July 2000



# OWENGATE KEELE (HOLDINGS) LIMITED

## DIRECTORS AND OFFICERS

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### DIRECTORS

P Minoprio  
M McDermott

### SECRETARY

SPV Management Limited

### COMPANY NUMBER

3840094 (England and Wales)

### REGISTERED OFFICE

78 Cannon Street  
London EC4P 5LN

### AUDITORS

Baker Tilly  
5th Floor, Exchange House, 446 Midsummer Boulevard  
Central Milton Keynes  
Bucks MK9 2EA

### BANKERS

Citibank, N.A.  
Citibank House  
336 Strand  
London WC2R 1HB  
Great Britain

# OWENGATE KEELE (HOLDINGS) LIMITED

## DIRECTORS' REPORT

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The directors submit their report and the group financial statements of OWENGATE KEELE (HOLDINGS) LIMITED for the period ended 31 July 2000.

### PRINCIPAL ACTIVITIES

The principal activity of the group during the period was that of the collection of rental income from student accommodation located on the campus of Keele University.

### REVIEW OF THE BUSINESS

The company was incorporated on 13 September 1999 as BROOMCO (1944) Limited and subsequently changed its name to OWENGATE KEELE (HOLDINGS) LIMITED on 27 October 1999. With the exception of the transaction detailed below, the only transactions entered into during the period have been in relation to the issue of the company's share capital.

On 28 October 1999 the company purchased the share capital of OWENGATE KEELE PLC, a company that was incorporated for the principal purpose of issuing bonds and applying the proceeds of such bond issue in acquiring the lease of student accommodation from the University of Keele.

### INTRODUCTION OF THE EURO

All relevant parts of the group will be able to handle euro transactions when required.

### CREDITOR PAYMENT POLICY

It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, providing that all trading terms and conditions have been complied with.

At the year end the group had no payments outstanding.

### RESULTS AND DIVIDENDS

The group trading loss for the period was £1,821,547.

The directors do not recommend payment of an ordinary dividend.

### DIRECTORS

The following directors have held office since 13 September 1999:-

DLA Nominees Ltd	(appointed 13 September 1999; resigned 22 November 1999)
DLA Secretarial Services Ltd	(appointed 13 September 1999; resigned 22 November 1999)
P Minoprio	(appointed 22 November 1999)
M McDermott	(appointed 22 November 1999)

# OWENGATE KEELE (HOLDINGS) LIMITED

## DIRECTORS' REPORT

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### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>A Ordinary shares of £1 each</i>	
	31.7.00	13.9.99
P Minoprio	-	-
M McDermott	-	-
	<i>B1 Ordinary shares of £1 each</i>	
	31.7.00	13.9.99
P Minoprio	-	-
M McDermott	-	-
	<i>B2 Ordinary shares of £1 each</i>	
	31.7.00	13.9.99
P Minoprio	-	-
M McDermott	-	-
	<i>C Ordinary shares of £1 each</i>	
	31.7.00	13.9.99
P Minoprio	-	-
M McDermott	-	-

### AUDITORS

Baker Tilly were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

### CORPORATE GOVERNANCE

The group has claimed exemption from providing disclosures relating to corporate governance as the group only has fixed interest guaranteed bonds listed.

### GOING CONCERN

The directors confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future. For this reason they have adopted the going concern basis in preparing these accounts.

By order of the board

Secretary

  
**SPV Management Limited**

# OWENGATE KEELE (HOLDINGS) LIMITED

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d. 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDITORS' REPORT TO THE MEMBERS OF OWENGATE KEELE (HOLDINGS) LIMITED

We have audited the financial statements on pages 6 to 16.

### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, 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. 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 or the Listing rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the statement on page 4 reflects the company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the company's corporate governance procedures or its internal controls. We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

### Basis of opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 July 2000 and of the group loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Registered Auditor

Chartered Accountants

5th Floor, Exchange House, 446 Midsummer Boulevard

Central Milton Keynes

Bucks MK9 2EA

BAKER TILLY

1st MAY 2001

# OWENGATE KEELE (HOLDINGS) LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the period ended 31 July 2000

	Notes	Period ended 31 July 2000 £
TURNOVER	1	3,288,352
Cost of sales		1,979,018
Gross profit		<u>1,309,334</u>
Other operating expenses	2	1,026,241
OPERATING PROFIT		<u>283,093</u>
Investment income	3	265,241
		<u>548,334</u>
Interest payable	4	2,369,881
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>(1,821,547)</u>
Taxation	7	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	15	<u><u>(1,821,547)</u></u>

The operating profit for the period arises from the group's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

# OWENGATE KEELE (HOLDINGS) LIMITED

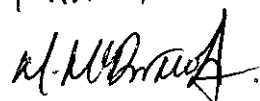
## CONSOLIDATED BALANCE SHEET

31 July 2000

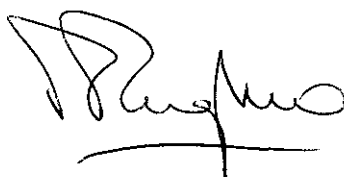
	<i>Notes</i>	2000 £
FIXED ASSETS		
Tangible assets	8	54,488,781
CURRENT ASSETS		
Debtors	10	7,068
Cash at bank and in hand		7,462,474
		<u>7,469,542</u>
CREDITORS: Amounts falling due within one period	11	310,417
NET CURRENT ASSETS		<u>7,159,125</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		61,647,906
CREDITORS: Amounts falling due after more than one period	12	(63,419,453)
		<u>(1,771,547)</u>
CAPITAL AND RESERVES		
Called up share capital	13	50,000
Profit and loss account	14	(1,821,547)
SHAREHOLDERS' FUNDS	15	<u>(1,771,547)</u>

Approved by the board on 4 APRIL, 2001

Director



Director





# OWENGATE KEELE (HOLDINGS) LIMITED

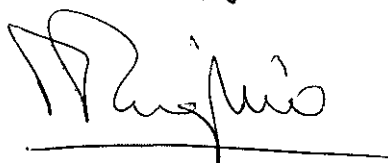
## COMPANY BALANCE SHEET

31 July 2000

	Notes	2000 £
FIXED ASSETS		
Investments	9	50,000
		<u>50,000</u>
CAPITAL AND RESERVES		
Called up share capital	13	50,000
Profit and loss account		-
SHAREHOLDERS' FUNDS	15	<u>50,000</u>

Approved by the board on 4 April, 2001

Director 

Director 

**OWENGATE KEELE (HOLDINGS) LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the period ended 31 July 2000

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	Notes	Period ended 31 July 2000 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	1,509,980
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received		265,241
Interest paid		(2,213,310)
Net cash outflow for returns on investments and servicing of finance		(1,948,069)
CAPITAL EXPENDITURE		
Payments to acquire tangible assets		(55,412,319)
Net cash outflow for capital expenditure		(55,412,319)
Net cash outflow before management of liquid resources and financing		(55,850,408)
FINANCING		
Issue of ordinary share capital		50,000
New debenture loan		63,262,882
		63,312,882
INCREASE IN CASH IN THE PERIOD		7,462,474

# OWENGATE KEELE (HOLDINGS) LIMITED

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

The group has adopted the provisions of Financial Reporting Standard No 4, 'Capital Instruments'. Accordingly the direct costs incurred in connection with the issue of capital instruments have been deducted from the proceeds of the issue and the finance costs associated with debt have been allocated to periods at a constant rate based on the carrying account. The carrying value of the debt in the balance sheet represents the proceeds of the issue less the proportion of finance costs as yet unallocated to the profit and loss account.

### BASIS OF CONSOLIDATION

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 July 2000. The results of subsidiaries sold or acquired during the period are included in the profit and loss account up to, and from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold land and buildings	Over 30 years
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### DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2000

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1      TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The group's turnover and loss before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2      OTHER OPERATING EXPENSES (NET) 2000  
£

Administration expenses 1,026,241

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3      INVESTMENT INCOME 2000  
£

Bank interest 264,292

Other interest 949

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265,241

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4      INTEREST PAYABLE 2000  
£

On loans repayable after 5 years including finance charges allocated to the period 2,369,881

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5      LOSS ON ORDINARY ACTIVITIES 2000  
£

Loss on ordinary activities before taxation is stated after charging/(crediting):

Depreciation of tangible assets:

Charge for the period

owned assets 923,538

Auditors' remuneration 12,688

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6      EMPLOYEES

There were no employees during the period. The directors for the period received no remuneration for their services.

7      TAXATION

On the basis of these accounts the group is not liable to corporation tax. There are excess expenses of £6,758,732 available to carry forward against future profits.

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2000

### 8 TANGIBLE FIXED ASSETS

	GROUP Land and buildings Leasehold £
Cost	
13 September 1999	-
Additions	55,412,319
31 July 2000	55,412,319
Depreciation	
13 September 1999	-
Charged in the period	923,538
31 July 2000	923,538
Net book value	
31 July 2000	54,488,781

### 9 FIXED ASSET INVESTMENTS

	COMPANY Shares in subsidiary undertakings £
Cost	
Additions	50,000
31 July 2000	50,000

	Country of Registration	Class of holding	Shares held	Result in year £
Owengate Keele plc	UK	Ordinary	100%	(1,821,547)

The company acquired the share capital of Owengate Keele plc on 28 October 1999. On that date the company had not commenced to trade and its only assets were amounts received on the issue of share capital. Consideration paid was £50,000. Subsequently the company acquired a lease on the student accommodation of a university and commenced collecting rental income on the properties.

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2000

10	DEBTORS	GROUP 2000 £
	Due within one year: Prepayments and accrued income	7,068
11	CREDITORS: Amounts falling due within one year	GROUP 2000 £
	Accruals and deferred income	310,417
12	CREDITORS: Amounts falling due in more than one year	GROUP 2000 £
	Debenture loans	63,419,453
	Loans Not wholly repayable within five years by instalments: Debenture loans	63,419,453
	Instalments not due within five years	63,419,453
	Loan maturity analysis: In more than five years	63,419,453

On 7 February 2000 a debenture was created between the company's subsidiary and Citicorp Trustee Company Limited, as trustees for the beneficiaries, in order to secure all obligations which the company may at any time have to the security trustee, on its own account or as trustee to the beneficiaries, or any other beneficiaries, including obligations under the terms of the debenture loan detailed above.

On 16 June 2000 a second charge was created between the company's subsidiary, Citicorp Trustee Company Limited and Financial Security Assurance (UK) Limited, (FSA), the amount secured being all obligations and liabilities which the company may at any time have to Citicorp (whether on its own account or as trustee for the beneficiaries) or any other beneficiaries under or pursuant to finance documents including those relating to the issue of the above bonds, which shall include without limitation any obligations of the company to FSA which may from time to time arise by way of subrogation.

During the year the company's subsidiary issued £69,400,000 6.67% guaranteed secured bonds which are due for repayment in 2030. The issue price was discounted to 99.863% giving consideration received of £69,304,922.

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2000

13	SHARE CAPITAL	2000 £
	Authorised:	
	49,850 A Ordinary shares of £1 each	49,850
	25 B1 Ordinary shares of £1 each	25
	25 B2 Ordinary shares of £1 each	25
	100 C Ordinary shares of £1 each	100
		<hr/> 50,000 <hr/>
	Allotted, issued and fully paid:	
	49,850 A Ordinary shares of £1 each	49,850
	25 B1 Ordinary shares of £1 each	25
	25 B2 Ordinary shares of £1 each	25
	100 C Ordinary shares of £1 each	100
		<hr/> 50,000 <hr/>

On incorporation 2 ordinary shares of £1 each were allotted and issued.

On 17 December 1999 the authorised share capital was increased to 50,000 ordinary shares of £1 each and subsequently redesignated as 49,850 A ordinary shares, 25 B1 ordinary shares, 25 B2 ordinary shares and 100 C ordinary shares, the two shares in issue being reclassified as C ordinary shares. On this date the following allotment and issue of shares was made: 49,850 A ordinary shares, 25 B1 ordinary shares, 25 B2 ordinary shares and 98 C ordinary shares. Consideration received for each allotment was equal to the par value of shares issued and at the period end all issues were fully paid.

With the exception of the rights listed below, the four classes of authorised share capital rank *pari passu* to each other in all respects.

### Income

Any income that is distributed by the company will be allocated between the classes of shares on the basis of a non cumulative dividend in the following percentages: 9.5%, 40%, 50.5% to A, B and C Ordinary shareholders respectively with B1 Ordinary and B2 Ordinary shares taken as 1 class for this purpose.

### On winding up

The assets and retained profits of the company available for distribution among the members following the payment of any arrears of dividends and amounts credited as paid up on the relevant shares will be allocated on the basis of the percentages detailed above.

### Votes

A Ordinary shares, B1 Ordinary shares and B2 Ordinary shares are classed as non-voting shares and the holders of these classes of shares do not have any entitlement to vote on any matters.

### Appointment of directors

Holders of A Ordinary shares, B1 Ordinary shares and B2 Ordinary shares do not have the right to appoint directors of the company at any time.

# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2000

14	PROFIT AND LOSS ACCOUNT			GROUP 2000 £
	Retained loss for the period			(1,821,547)
15	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	GROUP 2000 £	COMPANY 2000 £	
	Loss for the financial period	(1,821,547)	-	
	Proceeds from issues of shares	50,000	50,000	
	Net (reduction)/addition to shareholders' funds	(1,771,547)	50,000	
	Opening shareholders' funds	-	-	
	Closing shareholders' funds	(1,771,547)	50,000	
16	CASH FLOWS			
a	Reconciliation of operating profit to net cash inflow from operating activities			2000 £
	Operating profit			283,093
	Depreciation of tangible assets			923,538
	Increase in debtors			(7,068)
	Increase in creditors within one year			310,417
	Net cash flow from operating activities			1,509,980
b	Analysis of net debt	At 13 September 1999 £	Cash flow £	Other non cash changes £
	Net cash:			At 31 July 2000 £
	Cash at bank and in hand	-	7,462,474	-
	Debt:			
	Debts falling due after one year	-	(63,262,882)	(156,571)
	Net debt	-	(55,800,408)	(156,571)
c	Reconciliation of net cash flow movement in net debt			2000 £
	Increase in cash in the period			7,462,474
	Cash inflow from increase in debt			(63,262,882)
	Release of finance costs for the year			(156,571)
	Movement in net debt in the period			(55,956,979)
	Opening net debt			-
	Closing net debt			(55,956,979)



# OWENGATE KEELE (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2000

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### 17 CONTROL

In accordance with the rights attached to the classes of authorised share capital as detailed in note 13 above, the company is controlled by the holder of the issued C Ordinary share capital, SPV Management Limited which holds the shares on trust for the benefit of Millslade Charitable Trust.

### 18 CONTINGENT LIABILITIES

As detailed in note 12 above, on 7 February 2000 Owengate Keele plc entered into a series of agreements connected to that company's issue of bonds, the proceeds of which were used to acquire the lease of student accommodation from the University of Keele. The principal activity of Owengate Keele (Holdings) Limited is to act as holding company to Owengate Keele plc and as such the company has given the following guarantees on behalf of Owengate Keele plc:

The company has guaranteed to pay on demand to each beneficiary of the bond agreement as defined under the terms of a composite debenture dated 7 February 2000 any sums which are required to indemnify the beneficiary from and against any loss incurred by the beneficiary as a result of any of the obligations of Owengate Keele plc contained in the bond documents and related agreements becoming or being void, voidable, unenforceable or ineffective as against Owengate Keele plc.

In order to meet these obligations the company has registered a debenture in favour of the beneficiaries. The property to be charged is recorded as all of the company's right title and interest to the Real Property, all the Tangible Moveable Property, the Insurances, the Charged Accounts, the Intellectual Property, any goodwill and rights in relation to the uncalled capital of the company, the Investments and all Monetary Claims. The asset categories are subject to the definitions contained in a composite debenture dated 7 February 2000 between the company, Owengate Keele plc and the trustee for the beneficiaries.

### 19 RELATED PARTY DISCLOSURES

On 7 February 2000 Owengate Structured Finance Limited entered into an agreement with the company to provide management services to the company. Owengate Structured Finance Limited is controlled by PM Bruton who is a shareholder of Owengate Keele (Holdings) Limited. Under the terms of the agreement an annual fee is payable for these services, the payment to be made wholly by Owengate Keele plc which is also a party to the agreement.

The agreement detailed above was drawn up on an arms length basis and at full market value.

During the period £3,714 was paid to SPV Management Limited for corporate services. At the period end an accrual of £7,500 was made for company secretarial services provided during the period. SPV Management Limited is a director of Owengate Keele plc and Mr P Minoprio and Mr M McDermott are both directors of SPV Management Limited.

All transactions were made on an arms length basis and at full market value.

### 20 COMPANY PROFIT AND LOSS ACCOUNT

As permitted by s230 Companies Act 1985, the company has not presented its own profit and loss account. The company did not trade during the period and consequently has no results for the period.