

Lanemore Limited

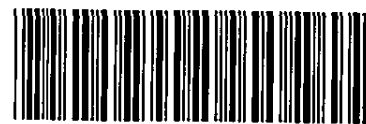
FINANCIAL STATEMENTS

for the year ended

31 May 2009

Company Registration No 03941320

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COMPANIES HOUSE

Lanemore Limited

COMPANY INFORMATION

DIRECTORS	R Tchenguiz V A Tchenguiz
SECRETARY	M H P Ingham
COMPANY NUMBER	03941320 (England & Wales)
REGISTERED OFFICE	4th Floor Leconfield House Curzon Street London W1J 5JA
AUDITORS	Baker Tilly UK Audit LLP The Clock House 140 London Road Guildford Surrey GU1 1UW
SOLICITORS	Osborne Clarke One London Wall London EC2Y 5EB

Lanemore Limited

DIRECTORS' REPORT

For the year ended 31 May 2009

The directors present their report and the financial statements of Lanemore Limited for the year ended 31 May 2009

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company, which has remained unchanged during the year, was property investment by holding lease interests in land and buildings

No new finance leases have been initiated during the year and the finance lease debtor at 31 May 2009 amounted to £10,921,044. The original cost of the finance lease was £10,072,285 as set out in note 8

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2009 were satisfactory, given the support of Rotch Property Group Limited

KEY PERFORMANCE INDICATORS

The directors use the following key indicators to measure performance

	2009	2008
Ratio of loan to finance lease	108%	109%
Interest turnover cover	122%	118%

RISKS AND UNCERTAINTIES

The company is exposed to interest rate risk, lessee credit risk, cashflow risk, market value risk and third party risk and details of its mitigation approaches are detailed below

Interest rate risk

The risk has been mitigated by the company only being party to fixed interest rate loans

Lessee credit risk

The risk has been mitigated by the company only taking on appropriate lessees with credit checks undertaken by Prime Estates Property Management Limited, a fellow group company

Cashflow risk

The company minimises its cashflow risk of non performance on its loan agreements by minimising its lessee credit risk and by utilising financial instruments to regularise the future rent levels

Market value risk

The company is not exposed to a loan default resulting from a fall in property values as the loan agreement does not include a loan to value covenant

Third party risk

The company is exposed to third party risk as the company's assets and undertakings are charged in respect of the loan finance provided to fellow group companies under the cross-guarantee and cross-collateralisation arrangements (see note 10). The risk has been mitigated by the loan finance not including any loan to value covenants

Lanemore Limited

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 May 2009

RESULTS AND DIVIDENDS

The results for the year are set out on page 5

The directors do not recommend payment of a dividend

DIRECTORS

The following directors have held office since 1 June 2008

R Tchenguiz

V A Tchenguiz

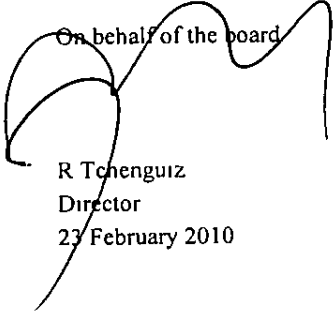
AUDITORS

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board



R Tchenguiz

Director

23 February 2010

Lanemore Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view. 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 UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Lanemore Limited

INDEPENDENT AUDITOR'S REPORT

To The Members Of Lanemore Limited

We have audited the financial statements on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 the directors and auditors

As more fully explained in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2009 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

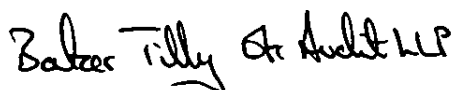
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



David Worrow FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

23 February 2010

Lanemore Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2009

	Notes	2009 £	2008 £
TURNOVER	1	821,374	810,245
Other operating expenses	2	(7,500)	(10 101)
OPERATING PROFIT		813,874	800,144
Investment income	3	-	768
Interest payable and similar charges	4	(677,293)	(710,916)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	136,581	89,996
Taxation	7	(73 818)	(233,122)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	13	62,763	(143,126)

All amounts derive from continuing activities

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

Lanemore Limited

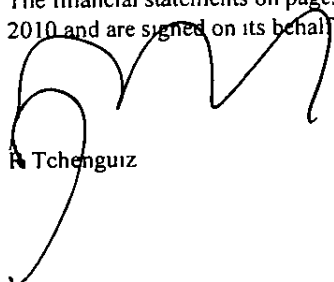
BALANCE SHEET

As at 31 May 2009

Company registration No 03941320

	Notes	2009 £	2008 £
CURRENT ASSETS			
Debtors amounts falling due within one year	8	654,382	606,692
Debtors amounts falling due after more than one year	8	11 011,970	10,956,094
		<u>11,666,352</u>	<u>11,562,786</u>
 CREDITORS Amounts falling due within one year	9	<u>(162,682)</u>	<u>(158,555)</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11 503,670</u>	<u>11,404,231</u>
 CREDITORS Amounts falling due after more than one year	10	(11,733,614)	(11,770,756)
 PROVISIONS FOR LIABILITIES	11	<u>(621,384)</u>	<u>(547,566)</u>
 NET LIABILITIES		<u><u>(851,328)</u></u>	<u><u>(914,091)</u></u>
 CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	<u>(851,329)</u>	<u>(914,092)</u>
 SHAREHOLDERS' FUNDS	14	<u><u>(851,328)</u></u>	<u><u>(914,091)</u></u>

The financial statements on pages 5 to 14 were approved by the board of directors and authorised for issue on 23 February 2010 and are signed on its behalf by



R. Tchenguiz

Director

Lanemore Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards

The financial statements have been prepared under the historical cost convention

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements

GOING CONCERN

The company is party to a cross-collateralisation funding structure effected via a £100 million loan to a fellow group company, Greenflat Limited. The structure has been set up to be principally self-funding.

The group is currently in discussions with its finance provider to effect a change to the methodology of calculating the interest cover covenant included in the loan documentation as the methodology as originally drafted is giving rise to apparent loan defaults in circumstances which were not intended to be defaults. The directors consider that these discussions will be successful and that the group's existing funding structure will continue.

The directors have assessed the operation of the structure and the continuation and availability of support being provided by Rotch Property Group Limited (see note 16), a related company, and have determined that, with the satisfactory resolution of the interest cover covenant issue noted above, that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

FINANCE LEASES

Finance leases are initially stated at cost including acquisition costs. The carrying amount is increased by finance charges in the accounting period and reduced by payments received in the period. Finance charges are recognised in the profit and loss account so as to produce a constant return on the carrying amount.

CASH FLOW STATEMENT

The company is exempt from the requirement to prepare a cash flow statement, as more than 90% of the voting rights are controlled within the group and consolidated financial statements in which the company is included are publicly available.

Lanemore Limited

ACCOUNTING POLICIES (CONTINUED)

HEDGING FINANCIAL INSTRUMENTS

Receipts and payments arising from financial instruments entered into in order to fix the interest payable on loans are treated as additions to or reductions from interest payable

Receipts and payments arising from financial instruments entered into in order to fix the rental income used to determine the finance lease finance charges are treated as additions to or reductions from that rental income

The fair value of the financial instruments is not recognised in these accounts

INVESTMENT DEPOSITS

Investment deposits arise where the funding has been provided by way of complex financial instruments and are initially stated as cost. Where the funding is part of a hedging structure utilised to regularise income from rent the reduction of the investment deposit is treated as an addition to rental income.

Where the funding otherwise has the attributes of loan relationships the carrying value is increased by advances received and by finance charges arising is reduced by payments made. Finance charges are calculated so as to produce a constant charge on the carrying amount.

Lanemore Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

1 TURNOVER

Turnover represents finance charges allocated to the period so as to give a constant periodic rate of return on the company's net cash investment in the lease

2	OTHER OPERATING EXPENSES	2009 £	2008 £
	Administrative expenses	<u>7,500</u>	<u>10,101</u>
3	INVESTMENT INCOME	2009 £	2008 £
	Interest receivable from group undertakings	<u>-</u>	<u>768</u>
4	INTEREST PAYABLE AND SIMILAR CHARGES	2009 £	2008 £
	Interest payable to group undertakings	671,368	673,362
	Finance charges on investment deposits	(18,322)	13,251
	Amortisation of finance costs	<u>24,247</u>	<u>24,303</u>
		<u>677,293</u>	<u>710,916</u>

The credit on the finance charges on investment deposits results from a reversal of an overprovision in prior years

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2009 £	2008 £
	Profit is stated after charging		
	Auditor's remuneration	<u>2,500</u>	<u>2,000</u>

6 EMPLOYEES

There were no employees during the year apart from the directors, who received no emoluments

Lanemore Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

7 TAXATION	2009 £	2008 £
UK Corporation tax		
Current tax charge	-	-
Deferred tax		
Effects of changes in tax rates and laws	-	(20,963)
Deferred tax charge current year	73,818	72,591
Deferred tax charge previous year	-	181,494
Total deferred tax	73,818	233,122
Tax on profit on ordinary activities	73,818	233,122
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	136,581	89,996
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.00%)	38,243	25,199
Effects of		
Non deductible expenses	51,384	51,436
Group relief	(21,577)	(14,112)
UK transfer pricing	5,768	10,068
Adjustment in respect of finance leases	(73,818)	(72,591)
	(38,243)	(25,199)
Current tax charge	-	-

Lanemore Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

8 DEBTORS	2009 £	2008 £
Amounts owed by group undertakings	629,932	581,934
Finance leases	10,921,044	10,840,921
Other debtors	203	511
Prepayments and accrued income	115,173	139,420
	<u>11,666,352</u>	<u>11,562,786</u>

Amounts falling due after more than one year and included in the debtors above are

	2009 £	2008 £
Finance leases	10,921,044	10,840,921
Prepayments	90,926	115,173
	<u>11,011,970</u>	<u>10,956,094</u>

The original cost of the finance lease was £10,072,285

9 CREDITORS amounts falling due within one year	2009 £	2008 £
Loan from group undertaking (note 10)	11,794	2,001
Investment deposit from group undertaking (note 10)	2,825	-
Trade creditors	8,041	8,041
Accruals and deferred income	140,022	148,513
	<u>162,682</u>	<u>158,555</u>

Lanemore Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

10 CREDITORS amounts falling due after more than one year	2009 £	2008 £
Investment deposit from group undertaking	520,152	545,745
Loan from group undertakings	11,213,462	11,225,011
	<u>11,733,614</u>	<u>11,770,756</u>
 Loan maturity analysis		
In more than one year but not more than two years	26,301	13,445
In more than two years but not more than five years	198,302	152,493
In more than five years	10,988,859	11,059,073
	<u>11,213,462</u>	<u>11,225,011</u>
 Investment deposit maturity analysis		
In more than one year but not more than two years	2,825	-
In more than two years but not more than five years	16,055	-
In more than five years	501,272	545,745
	<u>520,152</u>	<u>545,745</u>

The group undertaking loan and investment deposit are with Greenflat Limited the funding for which is provided by a third party lender. The loan is repayable by instalments by 2014 and bears interest at a fixed rate of 5.99% per annum. The investment deposit is repayable by instalments by 2036.

The loan and investment deposit are secured by a fixed and floating charge over the company's finance lease property. The loan and investment deposit are subject to cross-guarantees and cross-collateralisation of the underlying properties used as security with other group loans and investment deposits. The total value of the group loans and investment deposits subject to the cross-collateralisation arrangement, including the company's loan and investment deposit, are £99,984,362 (2008: £100,000,000) and £3,093,808 (2008: £3,285,220) respectively.

Lanemore Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

11 DEFERRED TAXATION

	Deferred tax liability £
Balance at 1 June 2008	547,566
Profit and loss account	73,818
	<u>621,384</u>
Balance at 31 May 2009	<u>621,384</u>

The deferred tax liability is made up as follows

	2009 £	2008 £
Other timing differences	<u>621,384</u>	<u>547,566</u>

Other timing differences arise on the difference in recognition of net income from the finance lease over the lease term at a constant rate of return and that recognised for tax purposes. These timing differences are not expected to reverse until 2024.

12 SHARE CAPITAL	2009 £	2008 £
Allotted, issued and fully paid		
Equity Shares		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

13 RESERVES

	Profit and loss account £
Balance at 1 June 2008	(914,092)
Profit for the year	62,763
	<u>(851,329)</u>
Balance at 31 May 2009	<u>(851,329)</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2009 £	2008 £
Profit/(Loss) for the financial year	62,763	(143,126)
Opening shareholders' funds	<u>(914,091)</u>	<u>(770,965)</u>
Closing shareholders' funds	<u>(851,328)</u>	<u>(914,091)</u>

Lanemore Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

15 CONTROL

The company's immediate holding company is Birchlake Limited

The parent undertaking of the smallest and largest group for which group accounts are prepared and of which the company is a member is Brookrain Limited, the company's ultimate United Kingdom holding company, which is registered in England. Copies of these group accounts are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ

The directors regard the ultimate holding company to be Sunnymist Limited, a company incorporated in the British Virgin Islands

The ultimate controlling party is the Tchenguiz Family Trust

16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions with fellow group undertakings where 100% of the voting rights are controlled within the group

The company is related to fellow subsidiaries of Sunnymist Limited with whom in many cases it has directors in common

One such company is Rotch Property Group Limited ("Rotch"). Rotch provides management services to the company. At the balance sheet date, and included within amounts owed by group undertakings, £629,931 (2008 £581,933) was due from that company. Management fees payable for the year amounted to £5,000 (2008 £5,000). No interest accrues on this related party balance.

Rotch has agreed to provide limited support to assist the company in meeting its operational costs as they arise should this be necessary.