

**Ballymore Properties
(Lanark Square) Limited**
(Formerly Ballymore Properties (2) Limited)

Directors' report and
financial statements

**From the date of incorporation
to 31 August 2001**

Registered number: 4065907





Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Statement of accounting policies	5
Profit and loss account	7
Balance sheet	8
Notes forming part of the financial statements	9 - 11



Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Directors' and other information

Directors

R. Hardy (appointed 31 August 2000)
B. Fagan (appointed 31 August 2000)
D. Mulryan (appointed 31 August 2000)

Registered office

19 Cavendish Square
London
W1A 2AW

Registered number

4065907

Secretary

B. Fagan

Auditors

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Solicitors

Howard Kennedy
Harcourt House
19 Cavendish Square
London W1A 2AW

Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Directors' report

The directors present their annual report and audited financial statements for the period from the date of incorporation to 31 August 2001.

Incorporation

The company was incorporated on 31 August 2000.

Principal activity and review of business

The principal activity of the company is that of property investment.

Change of name

On 30 July 2001, the company changed its name from Ballymore Properties (2) Limited to Ballymore Properties (Lanark Square) Limited.

Directors

The directors of the company are listed on page 1.

None of the directors held any beneficial interest in the company's issued share capital.

Dividends

The directors do not recommend the payment of a dividend.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



B. Fagan
Secretary

18 December 2001

Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Statement of directors' responsibilities

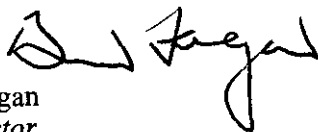
The directors are responsible for preparing these financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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.

On behalf of the board

B. Fagan
Director



18 December 2001



Chartered Accountants

1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Auditors' report to the members of Ballymore Properties (Lanark Square) Limited
(formerly Ballymore Properties (2) Limited)

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors in relation to the financial statements

The directors are responsible for preparing the directors' report and 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. 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 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 at 31 August 2001 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditors

18 December 2001



Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Statement of accounting policies

for the period ended 31 August 2001

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 preparation of financial statements

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost accounting convention and comply with financial reporting standards of the Accounting Standards Board.

Taxation

Taxation is calculated on the results for the period. Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes, and profit as stated in the financial statements, to the extent that such differences are expected to reverse in the foreseeable future.

Turnover

Turnover, which is stated net of VAT, represents rental income on an accruals basis. Turnover is attributable to the principal activity of the company, which is continuing and is earned entirely within the United Kingdom.

Tangible fixed assets and depreciation

Investment properties

Investment properties are stated on the basis of open market value as defined by the Royal Institution of Chartered Surveyors. Investment properties are valued at least every three years by independent professional valuers. Surpluses and deficits on valuation are taken directly to the revaluation reserve except for permanent deficits or their reversal which, on an individual property basis, are taken to the profit and loss account. Where properties are acquired during the year, and the directors are of the view that cost equates to market value, they are carried at this amount.

Profits and losses on the sale of investment properties included in the profit and loss account are calculated as the difference between the net sales proceeds and the carrying value.

No depreciation or amortisation is provided against investment properties which may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. These properties are not however held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Statement of accounting policies

for the period ended 31 August 2001

Interest payable

Interest payable, which has not been capitalised, is charged to the profit and loss account in the financial year in which it is incurred.

Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Profit and loss account

for the period from incorporation to 31 August 2001

	Notes	Period from incorporation to 31 August 2001 £
Turnover	1	35,431
Gross profit		35,431
Administration expenses		-
Operating profit		35,431
Interest payable and similar charges		-
Profit on ordinary activities before taxation		35,431
Tax on profit on ordinary activities	2	(10,629)
Profit on ordinary activities after taxation		24,802

Statement of profit and loss account

	2001 £
At beginning of period	-
Profit for the period	24,802
Accumulated profits carried forward	24,802

The company had no recognised gains or losses in the financial period other than those dealt with in the profit and loss account.

Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Balance sheet

as at 31 August 2001

	Notes	31 August 2001 £
Tangible assets	3	4,474,613
Creditors: amounts falling due within one year	4	749,810
Net current assets		3,724,803
Creditors: amounts falling due after more than one year	5	(3,700,000)
Total assets less current liabilities		24,803
Net assets		24,803
Capital and reserves		
Called up share capital	6	1
Profit and loss account		24,802
Shareholders' funds - equity interests	7	24,803

These financial statements were approved by the board of directors on 18 December 2001 and were signed on its behalf by:

B. Fagan
Director



Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Notes

forming part of the financial statements

1	Turnover	2001
		£
	Rental income	35,431
		<hr/>
	All turnover is generated in the United Kingdom.	
2	Taxation	Period ended
		31 August
		2001
		£
	Corporation tax at 30%	10,629
		<hr/>
3	Tangible fixed assets	Freehold
		investment
		properties
		£
	<i>Cost or valuation</i>	
	At beginning of year	-
	Additions	4,474,613
		<hr/>
	At end of year	4,474,613
		<hr/>
	Cost	4,474,613
	Valuation	-
		<hr/>
	At end of year	4,474,613
		<hr/>

An investment property was purchased during the year. This is stated in the financial statements at cost, which the directors believe is also the open market value given the proximity of the date of the purchase to the year end.

Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Notes (continued)

4 Creditors: amounts falling due within one year **31 August 2001**
£

Amount owed to group undertaking **749,810**

5 Creditors: amounts falling due after one year **31 August 2001**
£

Bank loan **3,700,000**

The bank loan is secured by fixed and floating charges over the assets of group undertakings and cross guarantees by certain group undertakings.

6 Share capital **31 August 2001**
£

Authorised

1,000 ordinary shares of £1 each **1,000**

Allotted, called up and fully paid

1 ordinary shares of £1 each **1**

7 Reconciliation of movement in shareholders' funds **31 August 2001**
£

Profit for the period **24,802**
Allotment of share capital **1**

Shareholders' funds at 31 August 2001 **24,803**

Ballymore Properties (Lanark Square) Limited

(formerly Ballymore Properties (2) Limited)

Notes *(continued)*

8 Related party transactions

The company is a wholly owned subsidiary of Ballymore Properties Limited (a UK registered company) which prepares consolidated financial statements incorporating the results of this company. Copies of the consolidated financial statements can be obtained from the company's registered office which is Pointe North, 3 Greenwich View Place, London E14 9NN.

The company's ultimate parent company is Ballymore Properties Limited, incorporated in the Republic of Ireland. The largest group in which the results of the company is consolidated is that headed by Ballymore Properties Limited (R of I). The consolidated financial statements of the parent company are filed at the Companies Registration Office, Parnell Square, Dublin 1, Ireland.

The company is under the control of Mr. S. Mulryan by virtue of his controlling interest in the shares of the company's parent company.

The company is taking advantage of the exemption available in Financial Reporting Standard No. 8 Related Party Disclosures from disclosing intercompany and related party transactions, on the grounds that the company is a 100% subsidiary and that consolidated financial statements are publicly available.

9 Cash flow statement

A separate cash flow statement has not been prepared, under Financial Reporting Standard No. 1 - Cash Flow Statements, as a consolidated cash flow statement has been prepared and included in the consolidated financial statements of Ballymore Properties Limited and its subsidiaries.

10 Approval of financial statements

The directors approved the financial statements on 18 December 2001.