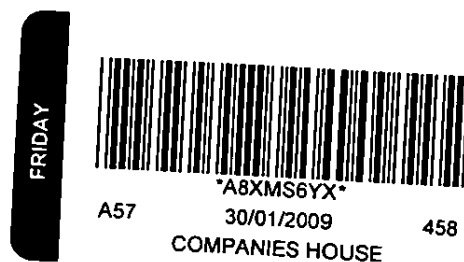


Ballymore Properties (Lanark Square) Limited

Directors' report and
financial statements

Year ended 31 March 2008

Registered Number: 04065907



Ballymore Properties (Lanark Square) Limited

Directors' report and financial statements

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Ballymore Properties (Lanark Square) Limited

Directors and other information

Directors

R. Hardy
B. Fagan
T. Farrow
D. Brophy

Registered office

St Johns House
5 South Parade
Summertown
Oxford
OX2 7JL

Registered number

04065907

Secretary

B. Fagan

Auditor

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

Solicitors

Howard Kennedy
Harcourt House
19 Cavendish Square
London
W1A 2AW

Bankers

Anglo Irish Bank Corporation plc
10 Old Jewry
London
EC2R 8DN

Ballymore Properties (Lanark Square) Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2008. The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Principal activity and results, review of the business and dividend

The principal activity of the company is that of property investment. There has been no significant change to this activity during the year. However, the operating environment for the business has proven to be difficult during the year.

The results for the year are set out on page 8 of the financial statements. The profit for the year was £77,172 (2007: profit of £21,412). The directors do not recommend the payment of a dividend.

The carrying value of the company's tangible fixed assets as at 31 March 2008 was £4.6 million (2007: £4.6 million). The investment property is valued on an open market value at 31 March 2008.

Directors

The directors and secretary who held office at period end are listed on page 1.

Mr. D Brophy was appointed as a director of the company on 28 November 2007.

Dr. P Bacon resigned as a director of the company on 31 December 2007.

Mr. T Farrow resigned as a director of the company on 11 November 2008.

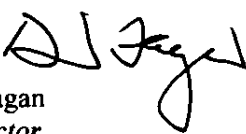
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG, Chartered Accountants, will therefore continue in office.

On behalf of the board


B. Fagan
Director

18 December 2008

Ballymore Properties (Lanark Square) Limited

Statement of 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 period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 for that 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; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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





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

Independent auditor's report to the members of Ballymore Properties (Lanark Square) Limited

We have audited the financial statements of Ballymore Properties (Lanark Square) Limited for the year ended 31 March 2008 which comprises the Profit and Loss Account, 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 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 auditor

As described in the Statement of Directors' Responsibilities on page 3, the directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and UK 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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, 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 other transactions 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.

Independent auditor's report to the members of Ballymore Properties (Lanark Square) Limited *(continued)*

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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Chartered Accountants
Registered Auditor
Dublin

22 December 2008

Ballymore Properties (Lanark Square) Limited

Statement of accounting policies

for the year ended 31 March 2008

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, as modified to include the revaluation of investment properties and comply with financial reporting standards of the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in England and Wales (See Note 1).

Taxation

Taxation is provided on taxable profits arising at current rates.

Deferred taxation is accounted for, 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 FRS 19 'Deferred Tax'. Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not they will be recovered.

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 annually. 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, in the directors' opinion, 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.

Interest payable

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

Ballymore Properties (Lanark Square) Limited

Profit and loss account for the year ended 31 March 2008

	<i>Notes</i>	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Turnover – continuing operations	2	419,612	338,785
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		419,612	338,785
Administration expenses		(18,644)	(33,432)
		<hr/>	<hr/>
Operating profit – continuing operations		400,968	305,353
Interest payable and similar charges	3(a)	(326,568)	(283,941)
Interest receivable and similar income	3(b)	2,772	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	77,172	21,412
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
Profit for the year	13	77,172	21,412
		<hr/>	<hr/>

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

Ballymore Properties (Lanark Square) Limited

Balance sheet as at 31 March 2008

	Notes	31 March 2008 £	31 March 2007 £
Fixed Assets			
Tangible fixed assets	7	4,600,000	4,600,000
Current assets			
Debtors	8	130,910	54,201
Creditors: amounts falling due within one year	9	(4,335,164)	(4,335,627)
Net current liabilities		(4,204,254)	(4,281,426)
Total assets less current liabilities		395,746	318,574
Net assets		395,746	318,574
Capital and reserves			
Called up share capital	11	1	1
Revaluation reserve	12	69,428	69,428
Profit and loss account	13	326,317	249,145
Shareholders' funds	14	395,746	318,574

These financial statements were approved by the board of directors on 18 December 2008 and were signed on its behalf by:

B. Fagan
Director



Ballymore Properties (Lanark Square) Limited

Notes

forming part of the financial statements

1 Basis of preparation and going concern

The company is a member of the group headed by Ballymore Properties Holdings Limited (note 15). The company's ability to continue as a going concern is linked to the group's ability to continue as a going concern.

The directors consider that the principal risks and uncertainties faced by the group are as follows:

Economic risk

- The risk of interest rate movements, the availability of finance and inflation having an adverse impact on property markets.
- The risk of unrealistic increases in development and operating costs impacting adversely on competitiveness of the company.
- The impact of planning decisions on the company's assets.

These risks are managed by due consideration to the above, and in response to the current economic environment, the company has introduced a cost reduction programme.

Market risk

The directors manage market risk through careful attention to residential and commercial property markets and through appropriate business planning and pricing.

Financial risk

The credit crisis and prevailing economic conditions have affected the availability of development and working capital finance in the property sector as well as impacting prospective property purchasers. The directors are working closely with the group's key stakeholders in order to mitigate these factors.

The company and group's ability to realise the value of its property related assets and continue as a going concern is largely dependent on the continued financial support of their banks and other funders. The directors reviewed financial projections for a period of 12 months from the date of approval of these financial statements and assessed the company and group's required credit facilities. The directors also note that, notwithstanding the difficult market conditions, the company continues to negotiate the renewal of its banking facilities and continues to put in place new credit facilities with its bankers.

On the basis of the company and group's existing credit facilities, its strong ongoing relationships with its bankers, the continuation of funding and having reviewed financial projections, the directors believe that appropriate funding will be available to the company to meet its obligations for the foreseeable future. Accordingly, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Ballymore Properties (Lanark Square) Limited

Notes (continued)

2 Turnover	Year ended 31 March 2008 £	Year ended 31 March 2007 £
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Rental income	419,612	338,785
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All turnover is generated in the United Kingdom.

3 (a) Interest payable and similar charges	Year ended 31 March 2008 £	Year ended 31 March 2007 £
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On bank loans and overdrafts due to be repaid wholly within five years none of which are repayable other than by instalments

326,568	283,941
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(b) Interest receivable and similar income	Year ended 31 March 2008 £	Year ended 31 March 2007 £
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Interest receivable on bank deposits	2,772	-
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4 Statutory information	Year ended 31 March 2008 £	Year ended 31 March 2007 £
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Profit on ordinary activities before taxation is stated after charging:

Auditor's remuneration	-	-
Directors' remuneration	-	-

Audit fees are discharged by another group company.

Ballymore Properties (Lanark Square) Limited

Notes (continued)

5 Taxation	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Tax on profit on ordinary activities	-	-
The current tax charge for the year differs from the standard rate of corporation tax in the UK. The differences are explained below.		
	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	77,172	21,412
Current tax at 30%	23,152	6,424
<i>Effects of:</i>		
Expenses not deductible for tax purposes	349	-
Group relief	(23,501)	(6,424)
Total current tax charge	-	-

The UK corporation tax rate is currently 30% but is expected to be reduced to 28% effective from 1 April 2008.

6 Staff numbers and costs

The company has no employees. No emoluments are paid to the directors of the company.

Ballymore Properties (Lanark Square) Limited

Notes (continued)

7 Tangible fixed assets	Freehold investment properties 2008 £
<i>Cost or valuation</i>	
At beginning and end of year	4,600,000

The investment property was valued by the directors of the company on an open market basis at 31 March 2008 at £4,600,000.

The historical cost of the investment property is £4,530,572 (2007: £4,530,572).

No provision has been made for deferred tax on gains recognized on revaluing property to its market value. At present it is not envisaged that any tax will become payable in the foreseeable future.

8 Debtors	2008 £	2007 £
Trade debtors	43,873	5,044
Amounts due from group undertakings	87,037	49,157
	130,910	54,201
9 Creditors: amounts falling due within one year	2008 £	2007 £
Bank loan (note 10)	4,200,000	4,201,547
Accruals and deferred income	31,649	30,567
Corporation tax	103,515	103,513
	4,335,164	4,335,627

Ballymore Properties (Lanark Square) Limited

Notes (continued)

10 Bank borrowings	Within one year	Total £
Repayable other than by instalments:		
Bank loans	4,200,000	4,200,000

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

11 Share capital	2008 £	2007 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1

12 Revaluation reserve	2008 £	2007 £
At beginning and end of year	69,428	69,428

13 Reconciliation of profit and loss account	2008 £	2007 £
At beginning of year	249,145	227,733
Profit for the year	77,172	21,412
At end of year	326,317	249,145

14 Reconciliation of movement in shareholders' funds	2008 £	2007 £
At beginning of year	318,574	297,162
Profit for the year	77,172	21,412
At end of year	395,746	318,574

Ballymore Properties (Lanark Square) Limited

Notes *(continued)*

15 Related parties and control

The company is a wholly owned subsidiary of Ballymore Properties Limited, a company incorporated in England and Wales. That company's parent is Ballymore Limited, a company incorporated in England and Wales, whose parent is Ballymore Properties Holdings Limited, a company incorporated in England and Wales. The company's ultimate parent company is Ballymore Properties, a company incorporated in the Republic of Ireland. The company was controlled throughout the period by Mr S Mulryan.

The largest group in which the results of the company and its subsidiary undertakings are consolidated is that headed by Ballymore Properties.

The smallest group in which the results of the company and its subsidiary undertakings are consolidated is that headed by Ballymore Properties Holdings Limited. The consolidated financial statements of Ballymore Properties Holdings Limited are available from the company's registered office which is St Johns House, 5 South Parade, Summertown, Oxford, OX2 7JL.

The company has availed of the exemption available in FRS 8 - *Related Party Disclosures*, from disclosing transactions with Ballymore Properties Holdings Limited and its subsidiary undertakings.

16 Cash flow statement

A separate cash flow statement has not been prepared under FRS 1 - *Cash Flow Statements*, as a consolidated cash flow statement has been prepared and included in the consolidated financial statements of Ballymore Properties Holdings Limited and its subsidiaries.

17 Post balance sheet events

There are no significant post balance sheet events which would materially affect the financial statements.

18 Approval of financial statements

The directors approved the financial statements on 18 December 2008.