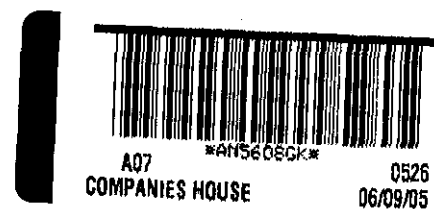


Peak Courts Limited

Annual Report

For the year ended 31 December 2004

Registered Number: 04184537



Peak Courts Limited

Annual Report

For the year ended 31 December 2004

	Pages
Directors' Report	1 - 2
Independent auditors' report	3
Profit & Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 9

Peak Courts Limited
Directors' Report
For the year ended 31 December 2004

The directors present their report and the audited financial statements for the year ended 31 December 2004.

Principal Activities

The principal activity of the company is that of a limited partner to a limited partnership which is involved in the development and construction of serviced premises. On completion the partnership is a lessor and manager of these premises.

Review of business and future developments

Both the level of business and the year end financial position were in line with budgets and expectations. The premises are occupied and the directors expect the company to trade profitably.

Dividends and transfers to reserves

The directors recommend the payment of a dividend of £728 (2003: £Nil). The profit for the financial year of £1,701 (2003: £202) has been transferred to reserves.

Directors

The directors of the company during the period were as follows:

Giles James Frost
Michael Gregory
Timothy Duncan

None of the directors have any disclosable interests in the shares of the company or any group

Peak Courts Limited

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statement comply with the Companies Act 1985. 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.

Auditors

In accordance with the procedure set out in Regulation 53 of Table A in the Schedule to the Companies Act Regulations 1985 as amended which is incorporated in the articles of association of the Company, *the company has dispensed with annual obligation to appoint auditors.*

By order of the board



S Downs
Company Secretary

Independent auditors' report to the members of Peak Courts Limited

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and related notes 1 to 12. These financial statements have been prepared on the basis of 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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements with it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
London
Registered Auditor

31 August 2005

Peak Courts Limited
Profit and loss account
For the year ended 31 December 2004

	Notes	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Operating profit		-	-
Income from fixed asset investment	3	<u>3,207</u>	<u>2,165</u>
Profit/(loss) on ordinary activities before taxation		3,207	2,165
Tax on profit on ordinary activities	4	<u>(778)</u>	<u>(1,963)</u>
Profit after tax		2,429	202
Dividend payable		<u>(728)</u>	<u>-</u>
Retained profit for the year	10	<u><u>1,701</u></u>	<u><u>202</u></u>

All results relate to continuing operations.

The company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

Peak Courts Limited
Balance sheet
at 31 December 2004

	Notes	31 December 2004 £	31 December 2003 £
Fixed assets			
Investments	5	<u>10</u>	<u>10</u>
Current assets			
Debtors: amounts falling due within one year	6	11,263	5,777
Creditors: amounts falling due within one year	7	<u>-</u>	<u>-</u>
Net current liabilities		<u>11,263</u>	<u>5,777</u>
Total assets less current liabilities		11,273	5,787
Provisions for liabilities and charges	8	(10,369)	(6,584)
Net liabilities		<u>904</u>	<u>(797)</u>
Capital and reserves			
Called up share capital	9	2	2
Profit & loss account	10	<u>902</u>	<u>(799)</u>
Equity shareholders' deficit	11	<u>904</u>	<u>(797)</u>

The financial statements on pages 4 to 9 were approved by the board of directors on 25 August 2005 and were signed on its behalf by:

G Frost
 Director

M Gregory
 Director

Peak Courts Limited
Notes to the financial statements
For the year ended 31 December 2004

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

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 average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments

Investments are stated at cost less provision for any impairment in value.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Babcock & Brown Properties Limited and is therefore included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Babcock & Brown Properties Limited Group.

2 Directors' emoluments

None of the directors received any remuneration in respect of their services to the company during this year or the previous year.

Peak Courts Limited

3 Income from Fixed asset investment

Income from fixed asset investment represents Peak Courts Limited's share of the results of the Derbyshire Courts Limited Partnership for the year.

4 Taxation

	31 December 2004	31 December 2003
	£	£
UK Corporation tax		
UK Corporation tax on profits for the year	-	-
Group relief payable/(recoverable)	(3,008)	(4,621)
	<u>(3,008)</u>	<u>(4,621)</u>
Deferred Tax		
Originating and reversal of timing differences - current year	1,296	6,133
Originating and reversal of timing differences - prior year	2,490	451
	<u>3,786</u>	<u>6,584</u>
Total tax on profit on ordinary activities	<u>778</u>	<u>1,963</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 30%.

Profit/(loss) on ordinary activities before tax	<u>3,207</u>	<u>2,165</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	962	650
Effect of:		
Permanent differences	-	863
Expenses not deductible for tax purposes	333	-
Depreciation in excess of capital allowances	(3,832)	(3,522)
Unrelieved tax losses carried forward	1,938	-
Other timing differences	599	(2,612)
Adjustments in respect of previous periods	(3,008)	-
	<u>(3,008)</u>	<u>(4,621)</u>

Factors that may affect future tax charges

The effective tax rate will continue to be affected by the capital allowances claim on qualifying capital expenditure.

5 Fixed asset investments

	31 December 2004	31 December 2003
	£	£
Investment in partnership	<u>10</u>	<u>10</u>

The company has invested in Derbyshire Courts Limited Partnership through the pledge of £10 to the capital account of the limited partnership which has a total pledged capital of £1,000. The company is entitled to a 1% share of the net income or losses and a 1% share of any capital gains or losses of the limited partnership, and has no control over the operating decisions of the limited partnership.

Derbyshire Courts Limited Partnership is involved in the development and construction of serviced premises. On completion the partnership is a lessor and manager of these premises.

Peak Courts Limited

6 Debtors

	31 December 2004 £	31 December 2003 £
Amount due from group undertaking	3,632	1,154
Amount due from associated company	7,629	4,621
Called up share capital not paid	2	2
	<u>11,263</u>	<u>5,777</u>

7 Creditors: amounts falling due within one year

	31 December 2004 £	31 December 2003 £
Amount due to group undertaking	<u>-</u>	<u>-</u>

8 Provisions for liabilities and charges

	£
Deferred tax provision	
At 1 January 2004	6,584
Charge to the profit and loss account	1,295
Adjustment in respect of prior years	2,490
At 31 December 2004	<u>10,369</u>

The deferred tax consists of:

	31 December 2004 £	31 December 2003 £
Accelerated capital allowances	10,097	3,522
Other timing differences	4,458	5,057
Tax losses	(4,186)	(1,995)
	<u>10,369</u>	<u>6,584</u>

9 Called up share capital

	31 December 2004 £	31 December 2003 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and Called Up		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 Profit & Loss account

	2004 £	2003 £
At 1 January	(799)	(1,001)
Retained profit for the year after dividends	1,701	202
At 31 December	<u>902</u>	<u>(799)</u>

Peak Courts Limited

11 Reconciliation of movement in shareholders' deficit

	2004 £	2003
At 1 January	(797)	(999)
Profit for the year	2,429	202
Dividend paid	(728)	-
Closing shareholders' deficit	<u>904</u>	<u>(797)</u>

12 Controlling Party

The directors regard Babcock & Brown Properties Limited, a company incorporated in England and Wales as the immediate parent company and *PFI Holdings Partners LP* a limited partnership registered in the United States of America as the ultimate controlling party. Copies of the consolidated financial statements of Babcock & Brown Properties Limited can be obtained from 7th Floor, 1 Fleet Place, London EC4M 7NR.