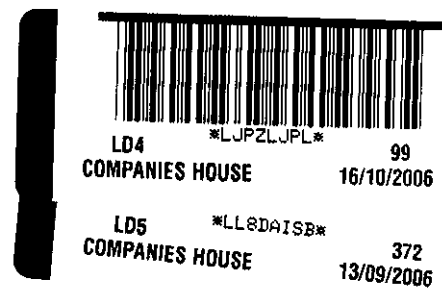


Registered number
4242811

Terrace GP Holdings Limited
(formerly LST LP Holdings General Property Limited)
Report and Financial Statements

31 March 2006



Terrace GP Holdings Limited

Report and Financial Statements

For the year ended 31 March 2006

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Terrace GP Holdings Limited

Directors' Report

For the year ended 31 March 2006

The directors present their report and the audited financial statements for the year ended 31 March 2006.

Principal activities

Terrace GP Holdings Limited (formerly LST LP Holdings General Property Limited) is the parent company of Terrace GP LP Limited (formerly LST General Property LP Limited), a limited partner in Telereal General Property Limited Partnership, which acquires and holds an interest in the general purpose property estate occupied by BT.

Business Review

The company receives dividends from its subsidiary undertakings and pays dividends to its holding company.

In the year ended 31 March 2006 the company made a profit after tax of £32,612,000 (2005: £27,752,000). The company received dividends of £32,610,000 (2005: £27,751,000) and paid dividends of £32,610,000 (2005: £27,752,000).

The Directors do not anticipate any significant change to the current activity in the foreseeable future and are of the opinion that this is a fair review of the company's business.

On 30 September 2005 the company was sold by the Land Securities Trillium Group as part of its sale of the investment in the Telereal Joint Venture to Drummond Ventures Limited. The company is expected to trade for the foreseeable future.

The company meets the definition of a small company in accordance with the companies Act 1985, and has chosen to take advantage of the small company exemption not to disclose an enhanced business review.

Dividends

The company paid dividends of £32,610,000 (interim dividends of £14,091,000 and prior year final dividend of £18,519,000) during the year ended 31 March 2006 (2005: *interim dividends of £9,855,000 and prior year final dividend £17,897,000*).

The directors do not recommend a final dividend for the year ended 31 March 2006 (2005: £28,354,000).

Directors

Details of directors who held office during the year are as follows:

Land Securities Trillium Limited	(Resigned 30/09/2005)
Trillium Group Limited	(Resigned 30/09/2005)
Graham Edwards	(Appointed 29/09/2005)
Barry Shaw	(Appointed 29/09/2005)
Adam Dakin	(Appointed 28/02/2006)
Warren Persky	(Appointed 28/02/2006)

Trillium Group Limited and Land Securities Trillium Limited resigned as directors on 29 September 2005. Graham Edwards and Barry Shaw were appointed as directors of the company on 29 September 2005. Adam Dakin and Warren Persky were appointed directors on 28 February 2006.

Terrace GP Holdings Limited

Directors' Report

For the year ended 31 March 2006

Directors' Interests

No director had any interest in the shares of the company or its holding company during the year.

Directors' responsibilities

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of their profit or loss for that period and comply with the Companies Act 1985.

The directors are responsible for ensuring that applicable accounting standards have been followed and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements.

It is also the responsibility of the directors to 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 also responsible for maintaining proper accounting records so as to enable them to comply with company law. The directors have general responsibilities for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Annual general meeting

Elective resolutions were passed to dispense with the need to lay accounts in general meeting and to dispense with the need to hold annual general meetings on 19 November 2001.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at a general meeting of the ultimate parent Land Securities Group PLC.

This report was approved by the board on 31st August.....2006


Eric Wallington
Company Secretary

Terrace GP Holdings Limited

Independent report of the auditors to the shareholders of Terrace GP Holdings Limited

We have audited the financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 law and United Kingdom Accounting Standards (United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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.

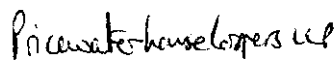
Basis of audit opinion

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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 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.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors, London
4 September 2006

Terrace GP Holdings Limited

Profit and Loss Account

For the year ended 31 March 2006

	Notes	2006 £ '000	(restated) 2005 £ '000
Operating profit	2	-	-
Dividend received	3	32,610	27,751
Interest receivable		3	2
Profit on ordinary activities before taxation		<u>32,613</u>	<u>27,753</u>
Tax on profit on ordinary activities	4	(1)	(1)
Profit for the financial year		<u>32,612</u>	<u>27,752</u>
Dividends approved	5	(32,610)	(27,752)
Retained profit for the financial year		<u>2</u>	<u>-</u>

The notes on pages 7 to 10 form part of these financial statements.

All income was derived from within the United Kingdom from continuing operations.

Terrace GP Holdings Limited
Statement of total recognised gains and losses
For the year ended 31 March 2006

	Notes	2006 £ '000	2005 £ '000
Profit for the financial		32,612	27,752
Total recognised gains and losses related to the year		<u>32,612</u>	<u>27,752</u>
Prior year adjustments		(1)	-
Total recognised gains and losses since last accounts		<u>32,611</u>	<u>27,752</u>

The notes on pages 7 to 10 form part of these financial statements.

Terrace GP Holdings Limited


Balance Sheet

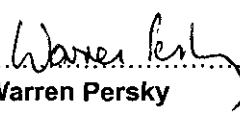
As at 31 March 2006

	Notes	2006 £ '000	(restated) 2005 £ '000
Fixed assets			
Investments	6	1	1
Current assets			
Debtors	7	597	829
Cash at bank and in hand	8	2	-
		<u>599</u>	<u>829</u>
Creditors: amounts falling due within one year	9	(598)	(830)
Net current assets		1	(1)
Total assets less current liabilities		<u>2</u>	<u>-</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	2	-
Shareholders' funds		<u>2</u>	<u>-</u>

The notes on pages 7 to 10 form part of these financial statements.

The financial statements on pages 4 to 10 have been approved by the board on 30 August 2006 and signed on its behalf by:


.....
Graham Edwards
Director


.....
Warren Persky
Director

Terrace GP Holdings Limited
Notes to the Accounts
For the year ended 31 March 2006

1 Accounting policies

Basis of financial statements

The accounts have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

As explained in note 9, the requirements of Financial Reporting Standard (FRS) 21, Events After The Balance Sheet Date have been adopted and shareholders funds at 1 April 2004 and 1 April 2005 have been restated accordingly.

Investments

Investment in subsidiary undertakings is stated at the lower of cost and net realisable value.

Receivables

All trade debtors are recognised at the amounts receivable less any provision for doubtful debts. Collectibility of trade debtors is reviewed on an ongoing basis.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Income

Income is recognised in the accounts on a receivable basis.

2 Operating profit

The audit fee for the year was paid on the company's behalf by Telereal Services Limited.

3 Dividend receivable

	2006 £ '000	2005 £ '000 (restated)
Dividends received	32,610	27,751
	<u>32,610</u>	<u>27,751</u>

4 Taxation

	2006 £ '000	2005 £ '000
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	1	1
	<u>1</u>	<u>1</u>
Tax on profit on ordinary activities		

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2006 £ '000	2005 £ '000
Profit on ordinary activities before tax	32,613	27,753
Standard rate of corporation tax in the UK	30%	30%
	£ '000	£ '000
Profit on ordinary activities multiplied by the standard rate of corporation tax (2005: 30%)	9,784	8,326
Effects of:		
Dividends received from group companies	(9,783)	(8,325)
Current tax charge for period	<u>1</u>	<u>1</u>

Terrace GP Holdings Limited
Notes to the Accounts
For the year ended 31 March 2006

5 Equity dividends	2006	2005
	£ '000	£ '000
Dividends approved	32,610	(restated) 27,752
	<u>32,610</u>	<u>27,752</u>

6 Investments

	Investments in subsidiary undertakings
	£ '000
Cost	
At 1 April 2005	1
At 31 March 2006	<u>1</u>

Analysed as follows:

Company	Holding	Share class	Share Capital	Total cost of holding at 31 March 2006
			£	£
Terrace GP LP Limited (formerly LST General Property LP Limited)	100%	Ordinary 'A' shares	49	49
Telereal General Property Holdings Limited	50%	Ordinary 'A' shares	1,250	1,250
			<u>1,299</u>	<u>1,299</u>

All companies are incorporated in England and Wales.

7 Debtors	2006	2005
	£ '000	£ '000
Amounts owed by group undertakings	572	804
Subordinated loan to Terrace GP LP Limited	25	25
	<u>597</u>	<u>829</u>

Amounts owed by group undertakings is unsecured, repayable on demand and is non interest bearing.

The subordinated loan to Terrace GP LP Limited is unsecured and repayable on demand. Interest is received on the loan at an annual rate of 7.75%.

Terrace GP Holdings Limited
Notes to the Accounts
For the year ended 31 March 2006

8 Cash at bank and in hand	2006 £ '000	2005 £ '000
Cash at bank and in hand	2	-
	<u>2</u>	<u>-</u>

9 Creditors: amounts falling due within one year	2006 £ '000	2005 £ '000
Amounts due to group undertakings	7	265
Amounts due to parent	25	-
Corporation tax	566	565
	<u>598</u>	<u>830</u>

Amounts owed to group undertakings and parent are unsecured, repayable on demand and non interest bearing.

10 Change of Accounting Policy

The financial statements have been modified to reflect the requirements of Financial Reporting Standard ('FRS') 21, Events After The Balance Sheet Date. FRS 21, which is effective for accounting periods commencing on or after 1 January 2005, requires dividends to be recognised in the period in which they are approved. Previously dividends were recognised in the period to which they related, and so opening shareholders funds for both the company and the group have been increased by £nil at 31 March 2005 (31 March 2004 £nil).

11 Share capital			2006 £	2005 £
Authorised:				
Ordinary shares of £1 each			<u>1,000</u>	<u>1,000</u>
	2006 No	2005 No	2006 £	2005 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1	1	<u>1</u>	<u>1</u>

12 Reconciliation of movement in shareholders' funds	2006 £ '000	2005 £ '000 (restated)
At 1 April as previously reported		-
Dividends payable previously recognised at 1 April		17,898
Dividends receivable previously recognised at 1 April		(17,898)
At 1 April as restated	-	-
Profit for the financial year	32,612	27,752
Dividends	(32,610)	(27,752)
	<u>2</u>	<u>-</u>
At 31 March		

Terrace GP Holdings Limited
Notes to the Accounts
For the year ended 31 March 2006

13 Controlling party

The immediate parent undertaking is Drummond Ventures Limited (a company incorporated in the British Virgin Islands).

On 30 September 2005 the Land Securities Trillium Group sold its investment in the Telereal Joint Venture to Drummond Ventures Limited. As a result of this transaction the ultimate holding company became Field Nominees Limited (a company incorporated in Bermuda), as nominee for B Pears Family Trust.