COMPANY NUMBER: 4449941

Warner Active Management No 2 Limited

Directors' report and financial statements

For the year ended

31 March 2012

Warner Active Management No 2 Limited

Directors' report and financial statements

For the year ended 31 March 2012

Contents	**Pages**

Warner Active Management No 2 Limited

The directors' report

For the year ended 31 March 2012

The directors have pleasure in presenting their annual report and the audited financial statements of the company for the year ended 31 March 2012

Principal activities and business review

The company is a wholly owned subsidiary within the Group of Warner Estate Holdings PLC, a company incorporated in England and Wales The principal activity of the company is property asset management in the United Kingdom

Results for the year

The loss after taxation for the year amounted to £27,000 (2011 £165,000) which is deducted from a surplus brought forward of £1,083,000 leaving a £1,056,000 surplus to be carried forward The directors do not recommend the payment of a dividend (2011 £nil)

Principal risks and uncertainties

The company is a wholly owned subsidiary of Warner Estate Holdings PLC From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of Warner Estate Holdings PLC and are not managed separately Accordingly, the principal risks and uncertainties of the Warner Estate Holdings PLC group, which include those of the company, are discussed in the Directors' Report contained in the group's annual report which does not form part of this report

Risk	Description	Mitigation
Financial risk	General economic downturn	Group limits on debt to assets and interest cover ratios
	Asset management risk	Actively maintaining a broad tenant mix across portfolios adopting a proactive asset management approach to retaining tenants and early planning of potential void situations Regular review and reporting of performance against targets Monthly and quarterly performance reviews monitor this
	Liquidity risk	Efficient treasury management and strict credit control to ensure adequate working capital headroom available to meet working capital requirements of the business

Key performance indicators (KPIs)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business The development, performance and position of the Warner Estate Holdings PLC group, which includes the company, are discussed in the Directors' Report contained in the group's annual report which does not form part of this report

Future outlook

The property assets in Agora Max Limited were sold in December 2011 and Agora Shopping Centres Limited was sold in August 2012 It is not anticipated that any new asset management fee income will arise in the company but a transition fee relating to the sale of Agora Shopping Centres Limited is being received in instalments, until January 2013 The directors consider that the company has adequate resources to continue in operational existence for the foreseeable future

The company is guarantor on loans held in Warner Estate Investments Limited, a fellow group company, as detailed in note 12 Based on ongoing discussions with the relevant bank it is unlikely that the company will have to satisfy this guarantee

The directors have taken the material uncertainties into account, as laid out on page 7 in the basis of preparation, and believe it is appropriate to prepare these audited financial statements on a going concern basis, which assumes the company will continue to be able to meet its liabilities as and when they fall due, for the foreseeable future

Warner Active Management No 2 Limited

The directors' report (continued)

For the year ended 31 March 2012

Directors
The directors who served the company during the year and up to the date of signing these financial statements were

P C T Warner (Chairman)
M W Keogh
R W Game
V B Vaghela (Resigned 21 December 2011)

The directors have the benefit of "qualifying third party indemnity provisions" for the purposes of section 236 of the Companies Act 2006

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 year Under that law the directors have prepared 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 of the state of affairs of the company and of the profit or loss of the company 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

Disclosure of information to auditors
The directors confirm so far as they are aware there is no relevant audit information of which the company's auditors are unaware They also confirm that they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board

D J Lanchester
Company Secretary

Registered office
Nations House
103 Wigmore Street
London
W1U 1AE
Company number 4449941

Approved by the directors on 18 December 2012

Warner Active Management No 2 Limited

Independent auditors' report to the members of Warner Active Management No 2 Limited

For the year ended 31 March 2012

We have audited the financial statements of Warner Active Management No 2 Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet and the related notes 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)

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' responsibilities set out on page 2 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 and express an opinion on 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 Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on 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 March 2012 and of its loss 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

Emphasis of Matter - going concern

In forming our opinion on the financial statements, which is not modified, we have considered the disclosures made in Note 1 to the financial statements concerning the company's ability to continue as a going concern The conditions disclosed in note 1 indicate the existence of a number of material uncertainties which cast significant doubt over the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern

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

Warner Active Management No 2 Limited

Independent auditors' report to the members of Warner Active Management No 2 Limited (continued)

For the year ended 31 March 2012

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

Sandra Dowling (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 December 2012

Warner Active Management No 2 Limited

Profit and loss account

For the year ended 31 March 2012

	Note	2012 £000	2011 £000
Turnover	2	**1,430**	1,171
Operating profit / (loss)	2	**187**	(250)
Interest payable and similar changes	4	**(127)**	(94)
Profit / (loss) on ordinary activities before taxation		**60**	(344)
Tax on profit / (loss) on ordinary activities	5	**(87)**	179
Loss for the financial year	10	**(27)**	(165)

All of the activities of the company are classed as continuing

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the loss for the financial years and their historical cost equivalents

Warner Active Management No 2 Limited

Balance sheet

As at 31 March 2012

	Note	2012 £000	2011 £000
Current assets			
Debtors	6	**1,185**	2,487
Cash at bank and in hand		**6**	3
		1,191	2,490
Creditors: amounts falling due within one year	7	**(135)**	(1,407)
Net current assets		**1,056**	1,083
Net assets		**1,056**	1,083
Capital and reserves			
Called-up share capital	9	-	-
Profit and loss account	10	**1,056**	1,083
Total shareholders' funds	11	**1,056**	1,083

These financial statements on pages 5 to 11 were approved by the board of directors on the 18 December 2012 and are signed on their behalf by

M W Keogh
Director

R W Game
Director

Warner Active Management No 2 Limited

Notes to the financial statements (continued)

For the year ended 31 March 2012

1 Accounting policies

Basis of preparation

The audited financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with applicable accounting standards under UK GAAP and the Companies Act 2006 A summary of the more important accounting policies, which have been applied consistently, is set out below

The property assets in Agora Max Limited were sold in December 2011 and Agora Shopping Centres Limited was sold in August 2012 It is not anticipated that any new asset management fee income will arise in the company but a transition fee relating to the sale of Agora Shopping Centres Limited is being received in instalments, until January 2013 The directors consider that the company has adequate resources to continue in operational existence for the foreseeable future

The company is guarantor on loans held in Warner Estate Investments Limited, a fellow group company, as detailed in note 12 Based on ongoing discussions with the relevant bank it is unlikely that the company will have to satisfy this guarantee

Following a review of appropriately stress tested cash flow forecasts for the company and subject to the release of the security charge over the company, the directors believe it will be able to meet its liabilities as and when they fall due, for the foreseeable future

Given the above, the company has taken into account the following material uncertainties in preparing the financial statements on a going concern basis

- whether the lender in Warner Estate Investments Limited agrees to the satisfactory release of the security charge over the company,
- whether the levels of asset management fee income will be adversely affected by property valuation movements, on which the company's fees are based,
- whether the volume of future asset management transactions, such as lettings and disposals, will impact the timing and quantum of other asset management fee income,
- whether the actual timing and quantum of asset management expenditure conforms with the assumed timing and amounts,
- the ability to execute certain cost saving initiatives and the timing of these initiatives, and
- whether certain other creditors will continue to be supportive

Having taken into account these key assumptions, business risks and uncertainties and the status of the ongoing negotiations with the lender in Warner Estate Investments Limited, the directors have concluded that, whilst the above material uncertainties exist, which may cast significant doubt over the ability of the company to continue as a going concern, it remains appropriate to prepare the financial statements on a going concern basis

Cash flow statement

The company's ultimate parent company, Warner Estate Holdings PLC, produces consolidated statements which are publicly available The company is therefore exempt under the terms of the Financial Reporting Standard 1 (revised 1996), "Cash flow statements", from publishing a cash flow statement

1 Accounting policies *(continued)*

Turnover

Turnover consists of management fees receivable net of value added tax, calculated on an accruals basis

Performance fees are recognised, in line with the asset management contracts, at the end of the performance period to which they relate, based on the outperformance of relevant benchmarks The performance period is normally three years Where performance subsequently falls short of these benchmarks, fees are repayable, up to the amount received for the previous two years Where there is a reasonable likelihood that part of a performance fee will be repaid the estimated repayment will not be recognised until the outcome can be reliably estimated

Administrative expenses

Administrative expenses include salaries, head office running costs, legal, accounting, auditing, tax and other fees They are recognised as expense in profit or loss account in the period in which they are incurred on an accruals basis

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated

Where performance falls short of relevant benchmarks, fees are repayable, up to the amount received for the previous two years This policy has been clarified as a result of the claw back of performance fees

Taxation

Current taxation is provided at amounts expected to be paid, or recovered, using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

2 Turnover and operating profit / (loss)

	2012 £000	2011 £000
Management fees receivable	**1,430**	1,171
Less administrative expenses	**(1,243)**	(1,421)
Operating profit / (loss)	**187**	(250)

Operating profit / (loss) is stated after charging auditors' remuneration of £4,000 (2011 £5,000)

3 Directors' emoluments and employee costs

The directors did not receive any emoluments in respect of their services to the company (2011 £nil)

The directors did not receive any compensation for loss of office (2011 £nil)

The company did not have any employees in the year (2011 none)

Warner Active Management No 2 Limited

Notes to the financial statements (continued)

For the year ended 31 March 2012

4 Interest payable and similar charges

	2012 £000	2011 £000
Intercompany interest payable	**127**	94

The asset management business carried out by the Company is financed by the Royal Bank of Scotland debt facility held in Warner Estate Investments Limited, a fellow subsidiary of Warner Estate Holdings PLC ("WEH") For the purposes of compliance with REIT legislation, the interest cost has been recharged to the Company

5. Tax on profit / (loss) on ordinary activities

(a) Analysis of charge / (credit) in the year

	2012 £000	2011 £000
UK corporation tax credit on losses of the year	-	(96)
Adjustment in respect of prior years	**87**	(83)
	87	(179)

(b) Reconciliation of current tax charge / (credit)

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 26% (2011 28%)

	2012 £000	2011 £000
Profit / (loss) on ordinary activities before taxation	**60**	(344)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 28%)	**16**	(96)
Prior year corporation tax adjustments	**87**	(83)
Utilisation of group / consortium relief	**(16)**	-
Current tax charge / (credit) for the year	**87**	(179)

At the time of signing the prior year financial statements, the Directors' made their best estimate of the Company's tax position Subsequent to this, an adjustment has been made in the current year for a prior year tax charge of £87,000 (2011 £83,000 credit)

6 Debtors

	2012 £000	2011 £000
Trade debtors	**189**	431
Amounts owed by immediate parent company	**967**	1,995
Other taxation and social security	**2**	2
Prepayments and accrued income	**27**	59
	1,185	2,487

Amounts owed by the group undertakings are unsecured, interest free and have no fixed date of repayment

7 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	5	-
Other taxation and social security	32	-
Accruals and deferred income	98	1,407
	135	1,407

Accruals and deferred income includes an amount of £nil (2011 £1,165,000) due to a fellow group undertaking

8. Related party transactions

The Agora Shopping Centres Limited group and the Agora Max Limited group were 50% owned by the Warner Estate Holdings PLC group (see note 14) The company had transactions with these related parties as follows

	Transaction amount Year ended 31 March 2012 £000	Transaction amount Year ended 31 March 2011 £000	Balance outstanding At 31 March 2012 £000	Balance outstanding At 31 March 2011 £000
The Agora Shopping Centres Limited Group				
Property management fees receivable	732	602	189	34
The Agora Max Limited Group				
Property management fees receivable	698	569	-	114

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Warner estate holdings PLC, whose financial statements are publicly available

9 Called up share capital

Authorised share capital

	2012 £	2011 £
1,000 (2011 1,000) ordinary shares of £1 each	1,000	1,000

Allotted and fully paid

	2012 £	2011 £
1 (2011 1) ordinary share of £1	1	1

10. Reserves

	Profit and loss account £'000
At 1 April 2011	**1,083**
Loss for the financial year	**(27)**
At 31 March 2012	**1,056**

11 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Loss for the financial year	**(27)**	(165)
Opening shareholders' funds	**1,083**	1,248
Closing shareholders' funds	**1,056**	1,083

12 Contingent liabilities

There are cross guarantees between the company and fellow subsidiary undertakings securing bank overdrafts These companies' bank overdrafts at 31 March 2012 amounted to £101,753,000 (2011 £103,152,000) It is not anticipated that any material liabilities will arise from the contingent liabilities

13. Ultimate parent company

Following the sale of the share capital in the company on 30 May 2012, by Warner Estate Asset Management Limited, a fellow group company, the immediate parent company is Warner Estate Property Management Limited The ultimate parent company and controlling party is Warner Estate Holdings PLC, a company incorporated in England and Wales Copies of the group financial statements may be obtained from Warner Estate Holdings PLC, Nations House, 103 Wigmore Street, London, W1U 1AE

14 Post balance sheet events

On 9 August 2012 a subsidiary of Warner Estate Holdings PLC, the ultimate parent company and controlling party, sold its 50% equity interest in Agora Shopping Centres Limited On this date the Company's asset management agreement was terminated, in return for a transition fee