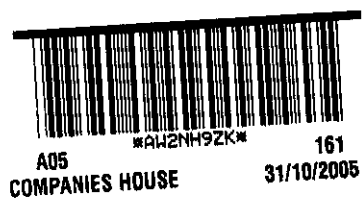


Registered No. 4523671

REPORT AND FINANCIAL STATEMENTS

BRIXTON NORTHFIELDS 5 LIMITED

31 DECEMBER 2004



Brixton Northfields 5 Limited

Registered No. 4523671

DIRECTORS

S E Dixon BA FCIS	(resigned 27 September 2004)
S J Owen LLB FCA MCT	
T C Wheeler BSc FRICS	
M L Young LLB	(appointed 27 September 2004)

SECRETARY

S E Dixon BA FCIS	(resigned 27 September 2004)
M L Young LLB	(appointed 27 September 2004)

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

REGISTERED OFFICE

50 Berkeley Street
London
W1J 8BX

DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

In the year ended 31 December 2004 the post-tax loss of the company was £121,000 (2003: loss of £6,000). The directors do not recommend the payment of a dividend (2003: £nil). The retained loss was £121,000 (2003: loss of £6,000).

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the company are property investment and development. It is a wholly-owned subsidiary of Brixton plc, a company registered in England and Wales.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is shown on page 2.

Messrs Owen and Wheeler are also directors of Brixton plc, the ultimate holding company. The interests in the shares of and the options to subscribe for shares in Brixton plc, and the options granted to and exercised by these directors during the period are disclosed in the consolidated financial statements of Brixton plc. Mr M L Young had no interests in the shares of Brixton plc or options to subscribe for them during the year.

The directors had no other interests in the share capital of the group companies.

The company's Articles of Association do not require the directors to retire by rotation.

PROPERTIES

A professional valuation of the company's completed and let investment properties on a market value basis as at 31 December 2004 disclosed a value of £4,689,000 (2003: £4,200,000) and the valuation has been included in the balance sheet.

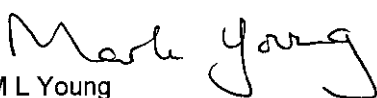
AUDITORS

Ernst & Young LLP were appointed as auditors to the company and in accordance with section 385 of the Companies Act 1985 are willing to be reappointed.

ELECTIVE RESOLUTION

On 9 October 2002 the Company passed an elective resolution in accordance with S379 of the Companies Act 1985. In accordance with this resolution the Company is not required to lay report and financial statements before the shareholders in general meeting, to hold an Annual General Meeting or to appoint auditors annually.

By order of the board


M L Young
Director

26 September 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Independent Auditors' Report set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

The Directors are required by company law to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the result of the Company for the period.

In preparing the financial statements the Directors have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and have followed all applicable accounting standards. The financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BRIXTON NORTHFIELDS 5 LIMITED

We have audited the company's financial statements for the year ended 31 December 2004, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses, Balance Sheet and the related notes 1 to 11. 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 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 within 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 affairs of the company as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London



28 OCT 2005

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

		2004	2003
	Notes	£'000	£'000
INCOME	2	181	6
Interest payable and similar charges	3	(302)	(12)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(121)	(6)
Taxation	4	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(121)	(6)
Dividends		-	-
RETAINED LOSS FOR THE YEAR		(121)	(6)
MOVEMENT IN RETAINED LOSS			
Balance at 1 January		(6)	-
Retained loss for the year		(121)	(6)
At 31 December 2004		(127)	(6)

The results in the profit and loss account relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2004

	2004	2003
	£'000	£'000
Loss for the year	(121)	(6)
Unrealised surplus/(deficit) on valuation of properties	485	(255)
Total recognised gains and losses for the year	364	(261)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the year ended 31 December 2004

There is no difference between the reported loss for the year and the loss restated on a historical cost basis.

BALANCE SHEET

at 31 December 2004

	Notes	2004 £'000	2003 £'000
FIXED ASSETS			
Investment properties	5	4,689	4,200
CURRENT ASSETS			
Debtors – tenant debtors		14	29
– other debtors		4	-
		18	29
CREDITORS: amounts falling due within one year	6	(55)	(4,260)
NET CURRENT LIABILITIES		(37)	(4,231)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,652	(31)
CREDITORS: amounts falling due after more than one year			
Amount due to Group undertakings		(4,549)	(230)
NET ASSETS/(LIABILITIES)		103	(261)
CAPITAL AND RESERVES			
Called up equity share capital	7	-	-
Revaluation reserve	8	230	(255)
Profit and loss account		(127)	(6)
EQUITY SHAREHOLDER'S FUNDS/(DEFICITS)		103	(261)



S J Owen
Director

26 September 2005

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2004

1. **ACCOUNTING POLICIES**

Basis of financial statements

The financial statements are prepared under the historical cost convention with investment properties stated at valuation.

Investment properties

All investment properties are valued annually. The valuations are adopted in the financial statements and the surpluses and deficits are taken to revaluation reserve, except for those deficits expected to be permanent which are included in the profit and loss account.

Depreciation

In accordance with SSAP19, no depreciation is provided in respect of investment properties.

This is a departure from the requirements of the Companies Act 1985 which require all properties to be depreciated. The Directors consider that this departure is necessary in order for the financial statements to give a true and fair view as the properties are held for investment and not for consumption.

Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount, which might otherwise have been shown, cannot be separately identified or quantified.

Statement of cash flows

Under FRS 1 Cash Flow Statements (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Related party transactions

The company has taken advantage of the exception given in FRS 8, Related Party Disclosures with respect to inter-group disclosures as the group controls at least 90% of the company's voting share capital and the group financial statements are publicly available from Companies House.

Deferred tax

In accordance with FRS 19, deferred tax is provided in respect of all timing differences that have originated, but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. As all of the Group's investment properties are held as long-term investments, deferred tax is not provided on timing differences arising from the revaluation of those assets. Following the sale of a property any deferred tax provision not required will be released to the profit and loss account. Deferred tax is measured on a non-discounted basis.

Accounting standards

All applicable accounting standards have been complied with.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2004

2. INCOME

	2004 £'000	2003 £'000
Net rental income	181	6

The source and destination of income is the United Kingdom. The company has one class of business.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £'000	2003 £'000
Discount payable in respect of securities issued	302	12

4. TAXATION

	2004 £'000	2003 £'000
UK corporation tax	-	-
Factors affecting the tax charge for the year:		
Tax credit on loss on ordinary activities at UK corporation tax rate of 30%	(36)	(2)
Effect of:		
Losses surrendered to associated group companies	36	2
	-	-

Any sale of the investment property, which might arise in the future, could give rise to a tax liability. If the investment properties were sold for their book value at the balance sheet date it is estimated that the resultant liability would not exceed £nil (2003: £nil).

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2004

5. INVESTMENT PROPERTIES

	2004
	£'000
Freehold properties	
Opening book value	4,200
Additions	4
Surplus on valuation	485
	<hr/>
Book value at 31 December	4,689
	<hr/>

The company's property was externally valued as at 31 December 2004 by CB Richard Ellis in accordance with the Appraisal and Valuation Standards of RICS which became effective on 1 May 2003, on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£'000	£'000
Discounted loan note	-	4,202
Other taxes	-	4
Accruals and deferred income	55	54
	<hr/>	<hr/>
At 31 December	55	4,260
	<hr/>	<hr/>

7. EQUITY SHARE CAPITAL

	2004	2003
	£	£
Ordinary shares of £1 each		
Authorised	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid:	1	1
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2004

8. REVALUATION RESERVE

	2004 £'000	2003 £'000
Opening balance	(255)	-
Surplus/(deficit) on valuation of property	485	(255)
Balance at 31 December	230	(255)

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS/(DEFICITS)

	2004 £'000	2003 £'000
Loss for the year	(121)	(6)
Dividends paid	-	-
Other recognised gains and losses for the year	(121) 485	(6) (255)
Net increase/(reduction) to shareholder's funds	364	(261)
Opening shareholder's funds	(261)	-
Closing shareholder's funds/(deficits)	103	(261)

10. ULTIMATE HOLDING COMPANY

The ultimate holding company is Brixton plc, a company registered in England and Wales.

11. GROUP FINANCIAL STATEMENTS

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is Brixton plc. Copies of Brixton plc's financial statements can be obtained from 50 Berkeley Street, London W1J 8BX.