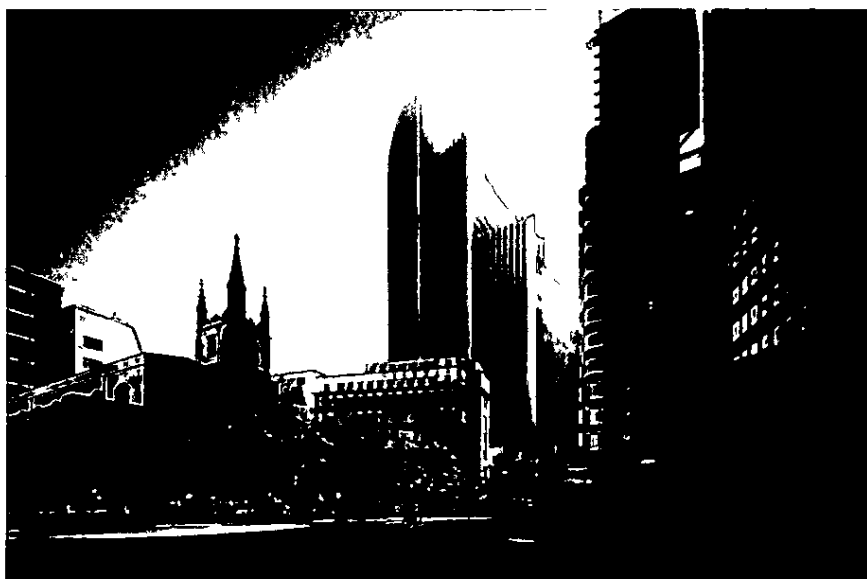


STANHOPE

Report and Financial Statements
Stanhope (Croydon) Limited
Registered Number 04612166

31 March 2008



Stanhope (Croydon) Limited

Registered No 04612166

Directors

D J Camp
C J W Walford

Secretary

G A Lewis

Auditors

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

Bankers

The Royal Bank of Scotland plc
24 Grosvenor Place
London
SW1X 7HP

Solicitors

Shearman & Sterling LLP
Broadgate West
9 Appold Street
London
EC2A 2AP

Registered office

Norfolk House
31 St James's Square
London
SW1Y 4JJ

Directors' report

The directors present their report and financial statements for the year ended 31 March 2008

Results and dividends

The profit for the year amounted to £34,315 (2007 £65,911) The directors do not recommend the payment of any dividends

Principal activities and review of the business

The principal activity of the company during the year was to hold an investment in Croydon Gateway LLP, a unit trust with an interest in a commercial tenanted building and land options on the Croydon Gateway site

The Planning Inspector is due to report on the CPO by the end of July 2008 We remain confident that the Inspector will find in our favour, at which point development of this major mixed-use scheme will commence, regenerating an 8.5 acre site in the central business district, next to East Croydon Station

At its heart is a new 4.5 acre urban park and events space, and a new home for the Warehouse Theatre Four office buildings producing 900,000 sq ft of Grade A space, 560 apartments, retail and leisure space and a GP's surgery will create a sustainable community, adding to Croydon's growing strength in the region

Financial risk management

The value of the company's investment in the unit trust is subject to the development and market risks of the Croydon Gateway project Specifically, securing planning consent and agreeing the way forward with the Local Authority are key issues

Directors

The directors who served the company during the year were as follows

D J Camp
C J W Walford

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the directors to prepare financial statements for each financial year which 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 judgments and estimates that are reasonable and prudent,
- state whether applicable 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

Directors' report

Directors' responsibilities (continued)

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 the financial statements 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



D J Camp
Director

24 June 2008

Independent auditor's report

to the members of Stanhope (Croydon) Limited

We have audited the financial statements of Stanhope (Croydon) Limited for the year ended 31 March 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet, and notes 1 to 16. 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 auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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, whether they are properly prepared in accordance with the Companies Act 1985 and whether 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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.

Independent auditor's report
to the members of Stanhope (Croydon) Limited

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 2008 and of its profit for the year 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 for the year ended 31 March 2008



Grant Thornton UK LLP
Registered Auditors
Chartered Accountants

London
17 June 2008

Profit and loss account

for the year ended 31 March 2008

	Notes	2008 £	2007 £
Turnover	2	-	-
Cost of Sales		-	-
		<hr/>	<hr/>
Operating result	3	-	-
Administrative expenses		-	-
Income from investments		34,315	55,511
		<hr/>	<hr/>
Profit on ordinary activities before taxation		34,315	55,511
Tax on profit on ordinary activities	6	-	10,400
		<hr/>	<hr/>
Profit for the year		34,315	65,911
		<hr/>	<hr/>

There are no recognised gains or losses attributable to the shareholders for the year ended 31 March 2008, other than as stated above


All the company's results are derived from continuing activities

Balance sheet

at 31 March 2008

	Notes	2008 £	2007 £
Fixed assets			
Investments	7	1,715,509	1,715,509
Current assets			
Debtors	8	190,579	156,264
<i>Creditors amounts falling due within one year</i>	9	-	-
Net current assets		190,579	156,264
Total assets less current liabilities		1,906,088	1,871,773
<i>Creditors amounts falling due after more than one year</i>	10	(1,715,508)	(1,715,508)
Net assets		190,580	156,265
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	190,579	156,264
Equity shareholders' funds	12	190,580	156,265

These financial statements were approved by the board of directors on 10 June 2008 and were signed on its behalf by



D J Camp
Director

24 June 2008

Notes to the financial statements

at 31 March 2008

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Investments

Fixed asset investments are shown at cost less provision for impairment

Statement of cash flows

The directors have taken advantage of the exemption available within FRS 1 (revised) and have not produced a statement of cash flows, on the basis that the consolidated financial statements of its ultimate parent company, in which its cash flows are incorporated, are publicly available

2 Turnover

There was no turnover during the year

3 Operating result

Auditors' remuneration was borne by the parent undertaking

4 Staff costs

No staff are employed by the company. Staff who perform administration work for the company are employed and remunerated by Stanhope plc

5 Directors emoluments

The directors of the company did not receive any emoluments in respect of their services to the company

6 Taxation on profit on ordinary activities

(a) Tax on profit on ordinary activities

	2008 £	2007 £
<i>Current tax</i>		
UK corporation tax at 20% (19%) on profits of the period	-	-
Adjustments in respect of previous periods	-	(10,400)
Tax on profit on ordinary activities	<u>-</u>	<u>(10,400)</u>

Notes to the financial statements

at 31 March 2008

6 Taxation on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2007 – 19%) The differences are explained below

	2008 £	2007 £
Profit on ordinary activities before taxation	34,315	55,511
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2007– 19%)	6,863	10,547
Transfer pricing adjustment	(6,863)	(13,410)
Prior year transfer pricing adjustment	-	(10,400)
Group relief surrendered	-	2,863
Total current tax (note 6(a))	-	(10,400)

7. Investments

	£
Cost	
At 1 April 2007	1,715,509
Additions during the year	-
At 31 March 2008	1,715,509

The investment represents a 2.8% interest in Croydon Gateway LLP (2007 3.25%) The units had a market value at 31 March 2008 of £2,587,281

8 Debtors

	2008 £	2007 £
Amounts owed by parent undertaking	190,579	156,264

9. Creditors

	2008 £	2007 £
Corporation Tax	-	-

Notes to the financial statements

at 31 March 2008

10. Creditors: amounts falling due after more than one year

	2008 £	2007 £
Amount owed to parent undertaking	1,715,508	1,715,508

11 Share capital

	2008 £	2007 £
<i>Authorised</i>		
Ordinary Shares of £1 each	1	1
<i>Allotted, called up and fully paid</i>		
1 Ordinary Shares of £1 each	1	1

12 Reconciliation of shareholders' funds and movement on reserves

	<i>Profit and loss account</i> £	<i>Share capital</i> £	<i>Total share- holders' funds</i> £
At 1 April 2007	156,264	1	156,265
Profit for the year	34,315	-	34,315
At 31 March 2008	190,579	1	190,580

13. Contingent Liabilities

The company has no contingent liabilities as at 31 March 2007 or 31 March 2008

Notes to the financial statements

at 31 March 2008

14 Capital Commitments

The company has no capital commitments as at 31 March 2007 or 31 March 2008

15 Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose related party transactions with its parent and fellow subsidiary companies

16 Ultimate parent company

The company's immediate and ultimate parent undertaking and controlling party is Stanhope Group Holdings Ltd, a company incorporated in the United Kingdom. Copies of group financial statements, which include the company, can be obtained from Norfolk House, 31 St James's Square, London SW1Y 4JJ