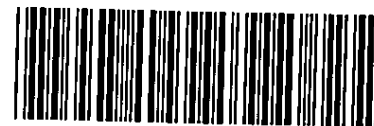


Priorgate Holdings Limited

Annual report and financial statements
for the year ended 31 March 2007

Registered number. 4800642

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Priorgate Holdings Limited

Annual report and financial statements for the year ended 31 March 2007

	Page
Directors and advisors	1
Directors' report for the year ended 31 March 2007	2
Independent auditors' report to the members of Priorgate Holdings Limited	4
Profit and loss account for the year ended 31 March 2007	5
Balance sheet as at 31 March 2007	6
Notes to the financial statements for the year ended 31 March 2007	7

Priorgate Holdings Limited

Directors and advisors

Directors

A E Birch
P McCulloch
I R Gethin
S P Hornby

Secretary

Trillium Secretariat Services Limited

Registered office

140 London Wall
London
EC2Y 5DN

Auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Priorgate Holdings Limited

Directors' report for the year ended 31 March 2007

The directors present their report and the audited financial statements for the year ended 31 March 2007

Results, principal activities and review of the business

The principal activity of the company is the holding of an investment in Priorgate Limited in a company whose principal activity is the provision of two serviced schools to Sheffield City Council. The project met the target date for education services to commence in April 2005.

The profit for the year is presented in the profit and loss account on page 5. The directors consider the result satisfactory and expect similar results going forward.

On 1 March 2007, Noble-SMIF GP Limited (acting as the General Partner of Noble-SMIF LP) acquired the remaining 40%, that it did not already own, of the issued ordinary share capital of Priorgate Holdings Limited. At the year end, the company's immediate parent undertaking was Noble-SMIF LP (acting through its general partnership, Noble-SMIF GP Limited), a limited partnership registered in England & Wales and the ultimate parent undertaking and ultimate controlling party at the year end was Land Securities Group PLC, which is registered in England and Wales. On 31 October 2007, Noble-SMIF LP (acting through its general partnership, Noble-SMIF GP Limited) transferred its entire shareholding to its fellow group undertaking, Trillium PPP Investment Partners No 2 Limited.

Dividends and transfers to reserves

No dividend is proposed (2006: £nil). The directors consider the performance of the company during the year, the financial position at the end of the year and the prospects for the future to be satisfactory.

Principal risks and uncertainties, financial risk management and key performance indicators ('KPIs')

As described above, Priorgate Holdings Limited acts as a holding company for its subsidiary, Priorgate Limited. As such, the principal risks, financial risk management and key performance indicators adopted by Priorgate Limited are applicable to the management of Priorgate Holdings Limited's investment in its subsidiary and are detailed in the Directors' Report of the financial statements for Priorgate Limited for the year ended 31 March 2007.

In addition, the holding company also takes the risk of impairment of its investment in the subsidiary. This risk is directly related to the performance of the subsidiary.

Directors

The directors of the company during the year, and subsequently, are set out below:

A E Birch	(appointed	01/03/07)
P E Hilton	(resigned	01/03/07)
P McCulloch	(resigned	19/12/06, appointed 01/03/07)
C G R Pratt	(resigned	01/03/07)
C Rossiter	(resigned	01/03/07)
G J Yardley	(resigned	01/03/07)
I R Gethin	(appointed	01/03/07)
S P Hornby	(appointed	01/03/07)

Priorgate Holdings Limited

Director's report for the year ended 31 March 2007 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, so far as the directors are aware, there is no relevant audit information of which PricewaterhouseCoopers LLP ('PwC') are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that PwC are aware of that information.

Auditors

During the year RSM Robson Rhodes LLP resigned as auditors and PricewaterhouseCoopers LLP were appointed to fill the casual vacancy. A resolution to appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



On behalf of Trillium Secretariat Services Limited (formerly SMIF Secretariat Services Limited)
Secretary

01 FEBRUARY 2008

Independent auditors' report to the members of Priorgate Holdings Limited

We have audited the financial statements of Priorgate Holdings Limited for the year ended 31 March 2007 which comprise the profit and loss account, 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

The directors' responsibilities for preparing the financial statements in accordance with the applicable law and United Kingdom 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). 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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 2007 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
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

7 February 2008

Priorgate Holdings Limited

Profit and loss account for the year ended 31 March 2007

	Notes	Year ended 31 March 2007 £	Year ended 31 March 2006 £
Administrative (expenses)/ income		4,800	(1,500)
Operating profit/(loss)	2	4,800	(1,500)
Interest receivable and similar income	3	350,864	353,722
Interest payable and similar charges	4	(350,862)	(353,720)
Profit/(loss) on ordinary activities before taxation		4,802	(1,498)
Tax on profit on ordinary activities	5	-	-
Profit/(loss) on ordinary activities after taxation and retained profit/(loss) for the year	12	4,802	(1,498)

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom

There is no difference between the profit as shown in the profit and loss account and its historical cost equivalent. The movement on reserves is shown in note 12 to the financial statements.

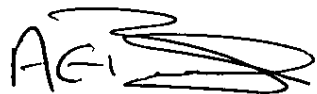
The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

Priorgate Holdings Limited

Balance sheet as at 31 March 2007

	Note	31 March 2007 £	31 March 2006 *(as restated) £
Fixed assets			
Investment in subsidiary undertaking	6	10,000	10,000
Current assets			
Debtors amounts falling due within one year	7	162,412	174,431
Debtors amounts falling due after more than one year	8	2,576,081	2,755,291
Cash at bank and in hand		63	61
		2,748,556	2,929,783
Creditors: amounts falling due within one year	9	(162,412)	(179,231)
Net current assets		2,576,144	2,750,552
Total assets less current liabilities		2,586,144	2,760,552
Creditors: amounts falling due after more than one year	10	(2,576,081)	(2,755,291)
Net assets		10,063	5,261
Capital and reserves			
Share capital	11	10,000	10,000
Profit and loss account	12	63	(4,739)
Total shareholder's funds	12	10,063	5,261

The financial statements on pages 5 to 12 were approved by the board on 01 FEBRUARY 2008 and signed on its behalf by



Director

* the restatement of the prior year numbers is detailed in note 1

Priorgate Holdings Limited

Notes to the financial statements for the year ended 31 March 2007

1 Principal accounting policies

A summary of the company's principal accounting policies, which have been consistently applied, except as indicated below, is set out below

Basis of preparation of accounts

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. As permitted by Section 248 of the Companies Act 1985, the company has not prepared consolidated financial statements, as it is a small group.

Investment income

Investment income includes dividends and interest receivable. Dividends are included in income when approved by the paying company. Interest receivable is included in income on an accruals basis. Interest receivable includes the amortisation of any premium or discount on the purchase of the loan which has been spread over the life of the loan to determine a constant effective interest rate.

Investments

Investments in subsidiary undertakings are stated at cost less an appropriate provision to reflect any impairment in the value of the investments.

Restatement of comparatives

As a result of the change in ownership during the year, the directors have reviewed the comparative numbers to ensure consistent disclosure. They identified that in the year ended 31 March 2006, the balance of the intercompany loan receivable and the subordinated loan notes payable required increasing by £202,409, while that of accrued income and accruals required reducing by a corresponding amount, in order to improve the consistency of the comparative numbers.

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.

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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Priorgate Holdings Limited

Notes to the financial statements for the year ended 31 March 2007 (continued)

1 Principal accounting policies (continued)

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company qualifies as a small entity as defined in sections 247 and 247a of the Companies Act 1985

2 Operating profit/(loss)

The company had no employees, other than the directors, during the year (2006 none) The remuneration of the directors is paid by the controlling parties and their services to the company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the controlling parties The controlling parties charged £nil (2006 £nil) to the company in respect of these services

The audit fees in respect of the company, for the current and preceding year, have been borne by Priorgate Limited and not recharged to the company

3 Interest receivable and similar income

	Year ended 31 March 2007	Year ended 31 March 2006
	£	£
Interest receivable from subsidiary undertaking	350,862	353,720
Bank interest receivable	2	2
	350,864	353,722

4 Interest payable and similar charges

	Year ended 31 March 2007	Year ended 31 March 2006
	£	£
Interest payable to shareholders	350,862	353,720

Priorgate Holdings Limited

Notes to the financial statements for the year ended 31 March 2007 (continued)

5 Tax on profit/(loss) on ordinary activities

a) Analysis of tax charge for the year

	Year ended 31 March 2007	Year ended 31 March 2006
	£	£
Current tax:		
Charge in respect of current year	-	-
Deferred tax:	-	-
Tax on profit/(loss) on ordinary activities	-	-

b) Factors affecting current tax charge/(credit)

The tax assessed for the year is lower (2006 higher) than the standard rate of corporation tax in the UK of 30%. The differences are explained below

Profit/(loss) on ordinary activities before taxation	4,802	(1,498)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	1,440	(449)
Group relieved losses	(468)	-
Unutilised tax losses	(972)	449
	-	-

c) Factors that may affect future tax charges

The current tax charge will continue to be affected by timing differences on the project asset, although these timing differences will have an opposite impact on the deferred tax charge so there should be no overall impact on the tax charge. Further to a corporation tax rate change announced in the 2007 budget, deferred tax reversing after 1 April 2008 will be recognised at a rate of 28% as opposed to the existing rate of 30%.

Currently there are no amounts of either provided or unprovided deferred tax (2006 £nil)

Priorgate Holdings Limited

Notes to the financial statements for the year ended 31 March 2007 (continued)

6 Investment in subsidiary undertaking

	Equity
Cost:	£
At 1 April 2006 and at 31 March 2007	10,000

The investment represents 100% of the issued ordinary share capital of Priorgate Limited

Priorgate Limited is incorporated in England & Wales and is a company whose activities include the provision of two serviced schools to Sheffield City Council

7 Debtors: amounts falling due within one year

	31 March 2007	31 March 2006 (as restated)
	£	£
Intercompany loan to subsidiary undertaking	17,379	23,118
Accrued income	145,033	151,313
	162,412	174,431

8 Debtors: amounts falling due after more than one year

	31 March 2007	31 March 2006 (as restated)
	£	£
Intercompany loan to subsidiary undertaking	2,576,081	2,755,291

The balance of the intercompany loan to subsidiary undertaking has been restated (increased by £202,409) to take account of rolled up interest, appropriately charged to the profit and loss account, but not actually paid at the year end. A corresponding adjustment has been made to 'Accrued income'

The loan to subsidiary undertaking is repayable by 50 semi-annual instalments, which commenced in March 2006 and have an interest rate fixed at 13.29% per annum

Priorgate Holdings Limited

Notes to the financial statements for the year ended 31 March 2007 (continued)

9 Creditors: amounts falling due within one year

	31 March 2007	31 March 2006 (as restated)
	£	£
Shareholder loans	17,379	23,118
Accruals	145,033	151,313
Amounts owed to subsidiary undertakings	-	4,800
	162,412	179,231

10 Creditors: amounts falling due after more than one year

a) Total	31 March 2007	31 March 2006 (as restated)
	£	£
Shareholder loans	2,576,081	2,755,291
	2,576,081	2,755,291
b) Maturity of debt		
Less than one year	17,379	23,118
Between one and two years	19,291	18,088
Between two and five years	107,573	70,591
In more than five years	2,449,217	2,666,612
	2,593,460	2,778,409

The senior debt is repayable in semi-annual instalments, by August 2028, with principal repayments having commenced in March 2006. The company has entered into an interest rate swap contract, at 5.3225%.

The shareholder loans are repayable by 50 semi-annual instalments, which commenced in March 2006. These loans are subordinated to the right of payment of senior debt providers with an interest rate fixed at 13.29% per annum.

The balance of the shareholder loans has been restated (increased by £202,409) to take account of rolled up interest, appropriately charged to the profit and loss account, but not actually paid at the year end. A corresponding adjustment has been made to 'Accrued loan interest'.

Priorgate Holdings Limited

Notes to the financial statements for the year ended 31 March 2007 (continued)

11 Share capital

	31 March 2007	31 March 2006
Authorised, allotted, called up and fully paid	£	£
10,000 Ordinary shares of £1 each	10,000	10,000

12 Reconciliation of movements on total shareholder's funds and on reserves

	Share capital	Profit & loss account	Total shareholder's funds
	£	£	£
At 1 April 2006	10,000	(4,739)	5,261
Retained profit for the year	-	4,802	4,802
At 31 March 2007	10,000	63	10,063

13 Ultimate parent undertaking and controlling party

On 1 March 2007, Noble-SMIF GP Limited (acting as the General Partner of Noble-SMIF LP) acquired the remaining 40%, that it did not already own, of the issued ordinary share capital of Priorgate Holdings Limited. At the year end, the company's immediate parent undertaking was Noble-SMIF LP (acting through its general partnership, Noble-SMIF GP Limited), a limited partnership registered in England & Wales and the ultimate parent undertaking and ultimate controlling party at the year end was Land Securities Group PLC, which is registered in England and Wales. On 31 October 2007, Noble-SMIF LP (acting through its general partnership, Noble-SMIF GP Limited) transferred its entire shareholding to its fellow group undertaking, Trillium PPP Investment Partners No 2 Limited.

On 2 February 2007, LST SMIF Limited Partnership, acting through its general partnership, LST SMIF Partnership GP Limited, purchased the entire issued share capital of Star SMIF Investments Luxembourg Sàrl. The ultimate controlling party of LST SMIF Limited Partnership and LST SMIF Partnership GP Limited is Land Securities Group PLC. Star SMIF Investments Luxembourg Sàrl changed its name to SMIF Investments Luxembourg Sàrl on 3 April 2007 and on 11 September 2007 to Trillium Investments Luxembourg Sàrl.

14 Related party disclosures

At 31 March 2006 Priorgate Holdings Limited was owned 10% by King Sturge LLP, 30% owned by M J Gleeson Group plc and 60% by SMIF UK LP. As described above the company was owned and controlled by the Land Securities Group PLC at 31 March 2007.

The company holds subordinated loan notes in Priorgate Limited totalling £2,593,460 (2006 £2,778,409) and interest receivable of £350,862 (2006 £353,720) has accrued on these during the year. Interest accrued, but not paid was £145,033 (2006 £151,313) at the year end.

The company has issued loan notes to its shareholders as follows, Noble-SMIF LP £2,593,460 (2006 £1,667,045) King Sturge LLP £nil (2006 £277,841) and M J Gleeson Group plc £nil (2006 £833,523). The company has incurred interest charges of £210,517 (2006 £212,232), £35,086 (2006 £35,372) and £105,259 (2006 £106,116) respectively on these loans in the year, with the following amounts unpaid at the year end £145,033 (2006 £90,788), £15,489 (2006 £15,131) and £nil (2006 £45,394) respectively.