

Registration number 5062885

Bridgewater Property Holdings Limited
Directors' report and financial statements
for the year ended 30 September 2005



Bridgewater Property Holdings Limited

Company information

Directors	Andrew R Cunningham Rupert J Dickinson Peter Q P Couch Geoffrey J Davis Mark J Robson Peter C G Schwerdt Debra R Yudolph	Appointed 09/05/2005 Appointed 19/01/2005 Appointed 19/01/2005 Appointed 19/01/2005 Appointed 19/01/2005
Secretary	Marie L Glanville	
Company number	5062885	
Registered office	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE	
Auditors	PricewaterhouseCoopers LLP 89 Sandyford Road Newcastle Upon Tyne NE1 8HW	
Business address	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE	
Bankers	Barclays Bank Plc Barclays House 71 Grey Street Newcastle Upon Tyne NE99 1JP	
Solicitors	Dickinson Dees St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB	

Bridgewater Property Holdings Limited

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Bridgewater Property Holdings Limited

Directors' report for the year ended 30 September 2005

The directors present their report and the financial statements for the year ended 30 September 2005.

Principal activity and review of the business

The principal activity of the company is investment holding.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend the payment of a dividend (2004 : £ nil)

Directors and their interests

The directors who served during the year are as stated below:

Andrew R Cunningham

Rupert J Dickinson

Peter Q P Couch Appointed 09/05/2005

Sean A Slade Resigned 12/11/2004

Brian A Crumbley Resigned 30/09/2005

Geoffrey J Davis Appointed 19/01/2005

Mark J Robson Appointed 19/01/2005

Peter C G Schwerdt Appointed 19/01/2005

Debra R Yudolph Appointed 19/01/2005

The directors have no beneficial interest in the share capital of the company.

The beneficial interests of the following directors in the shares of the ultimate holding company, Grainger Trust plc, are shown in the annual report of Grainger Trust plc.

Andrew R Cunningham

Rupert J Dickinson

Sean A Slade

The beneficial interest of certain other directors in the shares of Grainger Trust plc were as follows:

	30 September 2005	30 September 2004 *
	Number	Number
Peter Q P Couch	-	-

Bridgewater Property Holdings Limited

Directors' report for the year ended 30 September 2005

Directors' share options at 30 September 2005

			2005	2004 *	
	Scheme	Price	Options	Options	Date exercisable
Peter Q P Couch	SAYE	334.00p	2,836	-	5 Aug 11 to 5 Feb 12
	LTIP	381.80p	13,095	-	11 Jan 08 to 11 Jan 15

Directors' share awards at 30 September 2005

		Award	2005	2004 *	
	Scheme	Date	Options	Options	Earliest vesting date
Peter Q P Couch	LTIP	2005	2,836	-	5 Aug 11 to 5 Feb 12

* or date of appointment if later

Options held under SAYE are non performance related awards available to all staff of the Group

Options and share awards held under LTIP (Long Term Incentive Plan) are performance related conditional awards

Information relating to the share price and other relevant information relating to the shares of Grainger Trust plc can be found in the accounts of that company.

No options were exercised during the year and all options were granted during the year.

The beneficial interests of all other directors in the shares of the ultimate holding company, Grainger Trust plc, are shown in the annual report of Northumberland and Durham Property Trust Limited.

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Bridgewater Property Holdings Limited

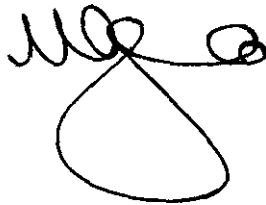
**Directors' report
for the year ended 30 September 2005**

Independent Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that PricewaterhouseCoopers LLP be appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 23 June 2006 and signed on its behalf by

Marie L Glanville
Secretary

A handwritten signature in black ink, consisting of a series of loops and a large, rounded terminal stroke.

Bridgewater Property Holdings Limited

Independent auditors' report to the members of Bridgewater Property Holdings Limited

We have audited the financial statements of Bridgewater Property Holdings Limited for the year ended 30 September 2005 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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.

Bridgewater Property Holdings Limited

Independent auditors' report to the shareholders of Bridgewater Property Holdings Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, reading "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP

Chartered Accountants & Registered Auditors

Newcastle Upon Tyne

23 June 2006

Bridgewater Property Holdings Limited

**Profit and loss account
for the year ended 30 September 2005**

The company has not traded in the current period, and has consequently incurred neither a profit nor a loss.

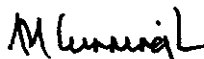
The notes on pages 8 to 10 form an integral part of these financial statements.

Bridgewater Property Holdings Limited

**Balance sheet
as at 30 September 2005**

		2005		2004	
	Notes	£	£	£	£
Fixed assets					
Investments	3		7		7
Creditors: amounts falling due within one year	4	(6)		(6)	
Net current liabilities			(6)		(6)
Net assets			1		1
Capital and reserves					
Called up share capital	5		1		1
Equity shareholders' funds	6		1		1

The financial statements were approved by the Board on 23 June 2006 and signed on its behalf by



Andrew R Cunningham

Director

The notes on pages 8 to 10 form an integral part of these financial statements.

Bridgewater Property Holdings Limited

Notes to the financial statements for the year ended 30 September 2005

1. Statement of accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

1.1. Accounting convention

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985.

The company has consistently applied all relevant accounting standards.

1.2. Cash Flow

The company is a wholly owned subsidiary of Grainger Trust plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger Trust plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised 1996) from preparing a cash flow statement.

1.3. Investments

Fixed asset investments are stated at cost less provision for impairment.

1.4. 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less tax with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Bridgewater Property Holdings Limited

Notes to the financial statements for the year ended 30 September 2005

..... continued

1.5. Group accounts

The financial statements contain information about Bridgewater Property Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the ultimate parent company, Grainger Trust plc, a company registered in England and Wales.

2. Profit on ordinary activities before taxation

The audit fee has been included in the overall audit fee for the Grainger Trust group, which has been paid for by Grainger Trust plc.

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the period.

3. Fixed asset investments

	Subsidiary undertakings shares £	Total £
Cost		
At 1 October 2004 and At 30 September 2005	7	7
Net book values		
At 30 September 2005	7	7
At 30 September 2004	7	7

3.1. Principal interests of the company

All companies are incorporated in England & Wales unless otherwise indicated.

Company	Nature of business	Proportion of ordinary shares held
Subsidiary undertaking		
Bridgewater Equity Release Limited	Property Investment	100%
Bridgewater Lifetime Mortgages Limited	Property Investment	100%

Bridgewater Property Holdings Limited

Notes to the financial statements for the year ended 30 September 2005

..... continued

4. Creditors: amounts falling due within one year	2005	2004
	£	£
Amounts owed to group undertaking	6	6
	<u> </u>	<u> </u>
5. Share capital	2005	2004
	£	£
Authorised		
100 Ordinary shares of 100p each	100	-
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
1 Ordinary share of 100p each	1	1
	<u> </u>	<u> </u>
6. Reconciliation of movements in equity shareholders' funds	2005	2004
	£	£
Net proceeds of equity share issue	-	1
	<u> </u>	<u> </u>
Net addition to shareholders' funds	-	1
Opening shareholders' funds	1	-
	<u> </u>	<u> </u>
Closing shareholders' funds	1	1
	<u> </u>	<u> </u>

7. Ultimate parent undertaking

The directors regard Grainger Trust plc, a company registered in England and Wales, as the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Grainger Trust plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

8. Immediate parent

Northumberland & Durham Property Trust is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.