

Company Registration No. 05212446 (England and Wales)

STATUTORY COPY

REVCAP PROPERTIES 5 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2012



REVCAP PROPERTIES 5 LIMITED

COMPANY INFORMATION

Directors

A J Pettit
W J Killick
S J Pettit
N A West

Secretary

R B Mitchell

Company number

05212446

Registered office

20 Balderton Street
London
W1K 6TL

Auditors

UHY Hacker Young
Quadrant House
4 Thomas More Square
London
E1W 1YW

REVCAP PROPERTIES 5 LIMITED

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REVCAP PROPERTIES 5 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2012

The directors present their report and financial statements for the year ended 30 April 2012

Principal activities and review of the business

The principal activity of the company during the year continued to be that of property investment

The Eurozone remains in a difficult predicament as a result of its sovereign debt crisis, structural rigidity and its ongoing governance and leadership debacle. Central banks have generally exhausted conventional monetary policies and are now relying on creative tools to assist governments to tackle the growing imbalances. The UK is trying to address its economic issues independently. UK banks are better capitalised than before the credit crunch and are stronger than their European counterparts, however both wholesale funding costs and provisioning levels remain elevated demonstrating that they are not yet out of the woods. Simultaneous with the undersupply of credit, many equity investors seem keen to retain security of the physical real estate with unleveraged deals becoming more prevalent and prices in the prime space are close to 2007 levels on a capital value basis. Despite relatively low levels of demand, specific sector or location requirements can create pockets of opportunity that support pricing while the trending vacancy rate falls. This may trigger rental growth earlier than commentators forecast and if the Eurozone situation stabilises, occupier demand could improve as a result of economic growth. In this scenario, the lack of new completions will result in a squeeze on quality space, prices and rents which will circuitously lead to higher income and capital values. The combination of the above means the property market continues to be very difficult and we expect this to continue during the next financial year. Whilst remaining vigilant for opportunities that may arise as a result of market dislocation, the directors are prudently approaching the protection and realisation of value in each of the company's assets and working with lenders to realise underlying asset values.

During the year the company continued to make loans to its property investment joint ventures. The company's share of losses of property LLP joint ventures was £108,034 (2011 £2,045,196) and loan interest receivable was £56,977 (2011 £93,723). Our financial risk management objectives are to protect the company from rising interest rates. This is achieved by entering into interest rate swaps on a Group basis. Other than this, the use of financial instruments is not material for the assessment of the assets, liabilities, financial position and loss of the company.

The company's fixed asset investments at the year end was £1 (2011 £1) following a cumulative provision for diminution in value of £299,111 (2011 £339,671). The results for the year and the financial position at the year end were considered satisfactory by the directors. No events have occurred since the balance sheet date which significantly affect the company.

Results and dividends

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

The directors do not recommend payment of an ordinary dividend.

REVCAP PROPERTIES 5 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

Directors

The following directors have held office since 1 May 2011

A J Pettit
W J Killick
S J Pettit
N A West

Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £1 each	
	30 April 2012	1 May 2011
A J Pettit	-	-
W J Killick	-	-
S J Pettit	-	-
N A West	-	-

A J Pettit and W J Killick are designated members of and N A West is a member of Real Estate Venture Capital Partners LLP, the ultimate parent company

Auditors

The auditors, UHY Hacker Young, are deemed to be reappointed under section 487(2) of the Companies Act 2006

REVCAP PROPERTIES 5 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2012

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 elected to prepare 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



R B Mitchell

Secretary

16 January 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF REVCAP PROPERTIES 5 LIMITED

We have audited the financial statements of Revcap Properties 5 Limited for the year ended 30 April 2012 set out on pages 6 to 13. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 30 April 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.

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF REVCAP PROPERTIES 5 LIMITED

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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



Marc Waterman (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

16 January 2013

Chartered Accountants
Statutory Auditor

REVCAP PROPERTIES 5 LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 APRIL 2012**

	Notes	2012 £	2011 £
Administrative expenses		(43,000)	(43,000)
Operating loss	2	(43,000)	(43,000)
Investment income	3	(108,034)	(2,045,196)
Other interest receivable and similar income	3	56,977	93,723
Amounts written off investments	4	40,560	1,451,474
Interest payable and similar charges	5	(242,802)	(426,082)
Loss on ordinary activities before taxation		(296,299)	(969,081)
Tax on loss on ordinary activities	6	-	-
Loss for the year	12	(296,299)	(969,081)

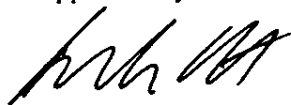
The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account.

REVCAP PROPERTIES 5 LIMITED**BALANCE SHEET****AS AT 30 APRIL 2012**

	Notes	2012 £	£	2011 £	£
Fixed assets					
Investments	7		1		1
Current assets					
Debtors	8	-		93,169	
Creditors: amounts falling due within one year	9	<u>(1,012,237)</u>		<u>(1,011,161)</u>	
Net current liabilities			<u>(1,012,237)</u>		<u>(917,992)</u>
Total assets less current liabilities			<u>(1,012,236)</u>		<u>(917,991)</u>
Creditors: amounts falling due after more than one year	10		<u>(7,352,619)</u>		<u>(7,150,565)</u>
			<u>(8,364,855)</u>		<u>(8,068,556)</u>
Capital and reserves					
Called up share capital	11		1		1
Profit and loss account	12		<u>(8,364,856)</u>		<u>(8,068,557)</u>
Shareholders' funds	13		<u>(8,364,855)</u>		<u>(8,068,556)</u>

Approved by the Board and authorised for issue on 16 January 2013

A J Pettit
Director

Company Registration No. 05212446

REVCAP PROPERTIES 5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The financial statements have been prepared on a going concern basis as in the directors' opinion the predicted future cash flows from the group's joint venture investments and funds available under the group banking facilities will be sufficient to meet the company's liabilities as they fall due

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Investments

The company meets the description of an investment fund given in FRS9, Associates and Joint Ventures, and its Joint Ventures are held as part of an investment portfolio. Accordingly, and as permitted by FRS9, these investments are included in the balance sheet at cost less any necessary impairment charges

The company's loan balances with its joint ventures are capitalised as fixed asset loans to joint ventures

In accordance with this policy, the company's share of the results of its joint ventures are not recognised until the underlying investments are realised, except to the extent that investment income is recognised as set out below

1.4 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.5 Investment income

The company's share of the profits and losses of its joint venture investments in Limited Liability Partnerships (LLPs) and partnerships accrue to the company, and are therefore included in the profit and loss account, as they arise. This accrued income is regarded as an additional investment and is therefore included in the balance sheet as additional loans to the respective joint ventures.

REVCAP PROPERTIES 5 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 30 APRIL 2012**1 Accounting policies (Continued)****1.6 Interest rate swaps**

The Group uses interest rate swaps to manage the exposure to interest rate movements arising from the business activities of the Group and the financing of those activities. Interest is charged to the profit and loss account during the year for the net income or expense for the company's allocation of the Group interest rate swap entered into. The Companies Act 2006 permits but does not require companies to adopt "fair value accounting" in respect of financial instruments that they are party to. As the company has chosen not to adopt fair value accounting, no entry is made for the fair value of, nor for the notional amount of the interest rate swap in the balance sheet.

2 Operating loss

	2012	2011
	£	£

Operating loss is stated after charging

Fees payable to the company's auditor for the audit of the company's annual accounts

3,000	3,000
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3 Investment income and other interest receivable

	2012	2011
	£	£

Investment income

Share in losses of LLP joint ventures

(108,034)	(2,045,196)
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Other interest receivable and similar income

Interest on joint venture loans

56,977	93,723
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4 Amounts written off investments

	2012	2011
	£	£

Amounts written off fixed asset investments

- diminution in value

(40,560)	(1,451,474)
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5 Interest payable

	2012	2011
	£	£

On bank loans and overdrafts

73,967	238,655
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On interest rate swaps

168,835	187,427
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242,802	426,082
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REVCAP PROPERTIES 5 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 30 APRIL 2012

6 Taxation	2012	2011
Total current tax	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(296,299)	(969,081)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26 00% (2011 - 28 00%)	(77,038)	(271,343)
Effects of Tax losses	77,038	271,343
	77,038	271,343
Current tax charge for the year	-	-

REVCAP PROPERTIES 5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2012

7 Fixed asset investments

	Investments in joint ventures £	Loans to joint ventures £	Total £
Cost			
At 1 May 2011	750	338,922	339,672
Additions	-	10,497	10,497
Interest on joint venture loans	-	56,977	56,977
Share in losses of LLP joint ventures	-	(108,034)	(108,034)
At 30 April 2012	750	298,362	299,112
Provisions for diminution in value			
At 1 May 2011	749	338,922	339,671
Charge for the year	-	(40,560)	(40,560)
At 30 April 2012	749	298,362	299,111
Net book value			
At 30 April 2012	1	-	1
At 30 April 2011	1	-	1

The company holds 75% of the equity capital of Lightstone LLP, a limited liability partnership incorporated in England and Wales. Lightstone LLP had a loss for the year ended 30 September 2011 of £96,449 and a capital and reserves deficit of £78,384 as at 30 September 2011. The joint venture is managed jointly through management boards on which other joint venture partners are represented in accordance with their respective interests in the joint venture.

8 Debtors	2012 £	2011 £
Other debtors	-	93,169

REVCAP PROPERTIES 5 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 APRIL 2012**

9 Creditors: amounts falling due within one year	2012	2011
	£	£
Trade creditors	536	-
Amounts owed to parent and fellow subsidiary undertakings	988,465	992,688
Accruals and deferred income	23,236	18,473
	<u>1,012,237</u>	<u>1,011,161</u>

10 Creditors: amounts falling due after more than one year	2012	2011
	£	£
Bank loans	<u>7,352,619</u>	<u>7,150,565</u>

The bank loans and overdrafts are secured on the assets of the company, its parent and fellow subsidiary undertakings

11 Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

12 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 May 2011	(8,068,557)
Loss for the year	<u>(296,299)</u>
Balance at 30 April 2012	<u>(8,364,856)</u>

REVCAP PROPERTIES 5 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2012

13 Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Loss for the financial year	(296,299)	(969,081)
Opening shareholders' funds	(8,068,556)	(7,099,475)
	<hr/>	<hr/>
Closing shareholders' funds	(8,364,855)	(8,068,556)
	<hr/>	<hr/>

14 Contingent liabilities

The assets of the company are used as security in respect of bank loans and overdrafts for the company, its parent and fellow subsidiary undertakings

15 Employees

Number of employees

There were no employees during the year apart from the directors

16 Control

The ultimate parent is Real Estate Venture Capital Partners LLP. This limited liability partnership is controlled by its members.

17 Related party relationships and transactions

At the year end there was a balance of £988,465 (2011 £992,688) owed to Revcap UK Holdings Limited, the parent company of Revcap Properties 5 Limited.

During the year directors' fees of £40,000 (2011 £40,000) were charged by Real Estate Venture Capital Management LLP, a fellow subsidiary undertaking of the ultimate controlling party.