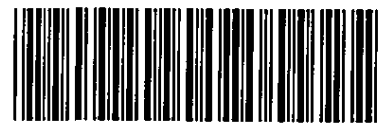


**ANNINGTON (DA) INVESTMENT
LIMITED**

Report and Financial Statements

31 March 2009

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ANNINGTON (DA) INVESTMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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ANNINGTON (DA) INVESTMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J B Chambers
J C Hopkins
N P Vaughan

SECRETARY

J B Chambers

REGISTERED OFFICE

1 James Street
London
W1U 1DR

SOLICITORS

Eversheds LLP
1 Callaghan Square
Cardiff
CF10 5BT

BANKERS

The Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 1/2 Devonshire Square
London
EC2M 4XJ

AUDITORS

Deloitte LLP
Chartered Accountants
London

ANNINGTON (DA) INVESTMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

This report has been prepared in accordance with the special provisions relating to small companies under Section 246 (4) of the Companies Act 1985.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was property investment.

DIRECTORS

The directors who served throughout the year were:

J B Chambers
J C Hopkins
N P Vaughan

Qualifying third party indemnity provisions were in place for all directors of the company for the current year.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Further details regarding the adoption of the going concern basis can be found in note 1 "Accounting Policies" in the financial statements.

POST BALANCE SHEET EVENT

Post balance sheet events are referred to in note 13.

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 these 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 accounting standards have been followed;
- 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.

ANNINGTON (DA) INVESTMENT LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



J B Chambers

Director

10 November 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANNINGTON (DA) INVESTMENT LIMITED

We have audited the financial statements of Annington (DA) Investment Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 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

The directors' responsibilities for preparing the financial statements in accordance with 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).

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 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 AUDITORS' REPORT TO THE MEMBERS OF
ANNINGTON (DA) INVESTMENT LIMITED (continued)**

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 2009 and of its loss 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

10 November 2009

ANNINGTON (DA) INVESTMENT LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 March 2009**

		Year ended 31 March 2009 £'000	Period 16 January 2007 to 31 March 2008 £'000
	Note		
Interest payable and similar charges	4	28,543	30,285
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(28,543)	(30,285)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL YEAR	9	(28,543)	(30,285)

All activities derive from continuing operations.

There are no recognised gains and losses for the current financial year and preceding financial period other than as shown in the profit and loss account above and therefore no statement of total recognised gains and losses has been presented.

ANNINGTON (DA) INVESTMENT LIMITED

BALANCE SHEET 31 March 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Investments	6	<u>125,334</u>	<u>124,937</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		125,334	124,937
CREDITORS: amounts falling due after more than one year	7	<u>(184,162)</u>	<u>(155,222)</u>
NET LIABILITIES		<u>(58,828)</u>	<u>(30,285)</u>
CAPITAL AND RESERVES			
Called up share capital	8	-	-
Profit and loss account	9	<u>(58,828)</u>	<u>(30,285)</u>
SHAREHOLDERS' DEFICIT	10	<u>(58,828)</u>	<u>(30,285)</u>

The financial statements of Annington Reserve Limited, registered number 6053858, were approved by the Board of Directors and authorised for issue on 10 November 2009.

Signed on behalf of the Board of Directors



J B Chambers

Director

ANNINGTON (DA) INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and preceding period.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments, and in accordance with applicable United Kingdom accounting standards.

Going Concern

The company has a maximum commitment for further capital contributions (Note 11) for its sole German investment (Note 6). The Company currently has not generated any profits and is reliant on the group to provide additional funds; as such Annington Homes Limited has placed funds for the maximum commitment into a Euro Account effectively ring fencing this commitment. The performance and return of this investment is considered satisfactory and there are partnership reports and comparable evidence to confirm that the German housing market offers attractive risk return profiles.

After making enquiries and having assessed the responses of the directors of the company's parent Annington Reserve Limited to their enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Group accounts

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company for which consolidated accounts are prepared.

Cash flow statement

The company is a wholly owned subsidiary of Annington Holdings plc and is included in the consolidated financial statements of Annington Holdings plc which include a consolidated cash flow statement and are publicly available. The company has therefore elected to make use of the exemption provided in Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" not to produce its own cash flow statement.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investment

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

ANNINGTON (DA) INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

2. OPERATING LOSS

The auditors' remuneration was £3,800 (2008 - £2,000) for audit services, £1,200 (2008 - £1,000) for other services relating to taxation and £500 (2008 - £1,000) for other accounting services and was borne by another group company, Annington Management Limited.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no emoluments for their services to this company in the current year or preceding period.

The company had no employees of its own during the current year or preceding period. The cost of performing work for the company is borne by another group company, Annington Management Limited.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 March 2009 £'000	Period 16 January 2007 to 31 March 2008 £'000
Interest payable on inter-company balance	14,493	9,994
Exchange loss on inter-company balance	14,050	20,291
	<u>28,543</u>	<u>30,285</u>

Amounts due to group undertakings relate to loans which are unsecured and interest bearing.

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 March 2009 £'000	Period 16 January 2007 to 31 March 2008 £'000
Current tax		
United Kingdom corporation tax at 28% (16 January 2007 to 31 March 2008 - 30%)	-	-

ANNINGTON (DA) INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

5. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 28% (16 January 2007 to 31 March 2008 - 30%). The current tax charge for the year differs from the standard tax rate for the reasons set out in the following reconciliation:

	Year ended 31 March 2009 £'000	Period 16 January 2007 to 31 March 2008 £'000
Loss on ordinary activities before tax	(28,543)	(30,285)
Tax on loss on ordinary activities at standard rate	(7,992)	(9,086)
Factors affecting charge for the year:		
Taxable income from investment in Annington - V L.P.	998	986
Creation of tax losses	6,994	-
Group relief surrendered	-	8,100
Total actual amount of current tax	-	-

The amount of tax losses carried forward at 31 March 2009 is £52,060,644 (2008 - £nil).

A deferred tax asset has not been recognised in respect of timing differences relating to the tax losses as there is insufficient evidence that the asset will be recovered.

6. FIXED ASSET INVESTMENTS

Investments	2009 £'000	2008 £'000
Cost and net book value		
At 1 April 2008	124,937	124,937
Additions	397	-
At 31 March 2009	125,334	124,937

The principal undertakings at 31 March 2009 are shown below:

Name of investment undertaking	Country of incorporation	Principal activity	Holding %
Terra Firma Deutsche Annington - V L.P.	Guernsey	Private equity investor in Deutsche Annington Immobilien GmbH	9.1

The company has a Euro 183 million (2008 - Euro 183 million) investment as a special limited partner in the fund.

ANNINGTON (DA) INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Amounts due to group undertakings	184,162	155,222

Amounts owed to group undertakings are unsecured, interest bearing at 8% and have a fixed repayment date of 31 March 2025.

8. CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised		
100,000 ordinary shares of 1p each	1	1
Called up, allotted and nil paid		
1 ordinary share of 1p	-	-

9. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £'000
At 1 April 2008	(30,285)
Retained loss for the year	(28,543)
At 31 March 2009	(58,828)

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2009 £'000	2008 £'000
Loss for the financial year	(28,543)	(30,285)
Net increase in shareholders' deficit	(28,543)	(30,285)
Opening shareholders' deficit	(30,285)	-
Closing shareholders' deficit	(58,828)	(30,285)

ANNINGTON (DA) INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

11. CONTINGENT LIABILITIES

The company has a commitment of Euro 67.0 million (2008 - Euro 67.5 million) which is contingent on the German partner, Terra Firma Investments (DA) Limited, issuing a call in accordance with the partnership agreement to make further investments in Deutsche Annington Immobilien GmbH.

12. RELATED PARTY TRANSACTIONS

The company is a subsidiary of Le Grand Annington Limited and has taken advantage of the exemption provided in paragraph 3(c) of Financial Reporting Standard No.8, "Related Party Disclosures", not to make disclosure of transactions with other entities that are part of the group.

13. POST BALANCE SHEET EVENTS

Terra Firma Investments (DA) Limited made a call in accordance with the partnership agreement on the company for a capital contribution of Euro 9,782,929.38. These funds were transferred on 20 April 2009.

A further call has been advised for another capital contribution of Euro 3,284,874; due 10 November 2009.

14. PARENT COMPANY

Annington Developments (Holdings) Limited, a company incorporated in Great Britain, is the immediate parent company, Annington Holdings plc, a company incorporated in Great Britain, is the intermediary parent company and Le Grand Annington Limited, a company incorporated in Great Britain, is the ultimate parent company and controlling party.

Annington Holdings plc is the smallest parent company of which the company is a member and for which group financial statements are drawn up.

Le Grand Annington Limited is the largest parent company of which the company is a member and for which group financial statements are drawn up. Group accounts for both these companies are available on request from the registered office at 1 James Street, London W1U 1DR.