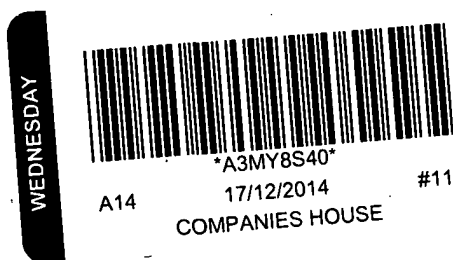


**ANNINGTON (DA) INVESTMENT
LIMITED**

Report and Financial Statements

31 March 2014



ANNINGTON (DA) INVESTMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

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ANNINGTON (DA) INVESTMENT LIMITED

STRATEGIC REPORT

The Company is a subsidiary of Annington Developments (Holdings) Limited ("ADHL"), which is part of the Annington Limited Group. It was created for the purpose of holding the Annington Group's investments in Terra Firma Deutsche Annington – V LP, a private equity investor in Deutsche Annington Immobilien GmbH.

Since the disposal of the investment in December 2012, the Company has entered a period of inactivity.

The Company made a loss for the year of £5.3 million (2013 – £36.9 million) and its net liabilities were £141.1 million at 31 March 2014 (2013 - £135.8 million). The directors consider these measures as key indicators of the Company's performance.

The areas of potential risks and uncertainty which face the business are related to its financial risks, which are addressed in the Financial Risk Management section in the Directors' Report.

The Directors continue to pursue other investment opportunities when market conditions and the terms of financing arrangements permit, however, in the absence of any suitable prospects, the Directors may consider the eventual winding up of the business.

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



A P Chadd
Director

12 December 2014

REGISTERED OFFICE

1 James Street
London
W1U 1DR

ANNINGTON (DA) INVESTMENT LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2014.

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. Whilst a Strategic Report has been prepared, it is not intended to meet fully the requirements of the Companies Act s414 of the Companies Act 2006.

DIRECTORS

The directors who served throughout the year were:

J C Hopkins
N P Vaughan
A Chadd

R A Luft served as company secretary throughout the period.

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

FINANCIAL RISK MANAGEMENT

The Company has no external debt and is funded by other Group companies. The directors anticipate that the refinancing risk will be mitigated by restructuring within the group prior to the Company's debts falling due. (Refer to Note 8 of the financial statements for further details.)

GOING CONCERN

After making 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.

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

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

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



A P Chadd
Director

12 December 2014

REGISTERED OFFICE

1 James Street
London
W1U 1DR

DIRECTORS' RESPONSIBILITIES STATEMENT

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). 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

INDEPENDENT AUDITOR'S 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 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 March 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report



Claire Faulkner (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

12 December 2014

ANNINGTON (DA) INVESTMENT LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2014

		2014 £'000	2013 £'000
	Note		
Administration expenses		-	(405)
OPERATING LOSS	2	-	(405)
Amounts written off investments	7	-	(28,427)
LOSS BEFORE FINANCE CHARGES AND TAXATION		-	(28,832)
Interest receivable and similar income	4	-	6,875
Interest payable and similar charges	5	(5,265)	(14,937)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,265)	(36,894)
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR		(5,265)	(36,894)

All activities derive from continuing operations.

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

ANNINGTON (DA) INVESTMENT LIMITED

BALANCE SHEET

31 March 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	7	-	-
TOTAL ASSETS LESS CURRENT LIABILITIES		-	-
CREDITORS: amounts falling due after more than one year	8	(141,064)	(135,799)
NET LIABILITIES		<u>(141,064)</u>	<u>(135,799)</u>
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	(141,064)	(135,799)
SHAREHOLDER'S DEFICIT	11	<u>(141,064)</u>	<u>(135,799)</u>

The financial statements of Annington (DA) Investment Limited, registered number 6053858, were approved by the Board of Directors and authorised for issue on 31 July 2014.

Signed on behalf of the Board of Directors



A P Chadd

Director

ANNINGTON (DA) INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1. ACCOUNTING POLICIES

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

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 currently has not generated any profits, is in a net liabilities position and is reliant on the group to provide additional funds. After making enquiries and having assessed both the responses of the directors of the Company's parent Annington Development (Holdings) Limited and a commitment for financial support from another group entity, 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 400 of the Companies Act 2006 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 Limited and is included in the consolidated financial statements of Annington Limited 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.

2. OPERATING LOSS

The auditor's remuneration was £3,300 (2013 - £8,000) for the audit services of the Company's annual accounts and £1,600 (2013 - £2,400) for the taxation compliance services and was borne by another group company in the current and preceding year.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

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

ANNINGTON (DA) INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2014

4. INTEREST RECEIVABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Exchange gain on inter-company balance	-	6,785
Interest receivable on inter-company balance	-	90
	<u>-</u>	<u>6,875</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest payable on inter-company balance	5,265	14,937
	<u>5,265</u>	<u>14,937</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
Current tax		
United Kingdom corporation tax at 23% (2013 - 24%)	-	-
	<u>-</u>	<u>-</u>
The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 23%. The current tax charge for the year differs from the standard tax rate for the reasons set out in the following reconciliation:		
	2014 £'000	2013 £'000
Loss on ordinary activities before tax	(5,265)	(36,894)
Tax on loss on ordinary activities at standard rate	(1,211)	(8,855)
Factors affecting charge for the year:		
Taxable income from investment in Annington - V L.P.	-	659
Utilisation of tax losses	-	911
Group relief surrendered	1,211	7,285
Consideration received for consortia relief	-	-
Total actual amount of current tax	<u>-</u>	<u>-</u>

The amount of tax losses carried forward at 31 March 2014 is £nil (2013 - £nil). A deferred tax asset of £nil (2013: £nil) 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.

From 1 April 2014, the headline rate of corporation tax reduced from 23% to 21%, and will be reduced further to 20% from 1 April 2015.

ANNINGTON (DA) INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2014

7. FIXED ASSET INVESTMENTS

	2014 £'000	2013 £'000
Investments		
Cost and net book value		
At 1 April	-	144,968
Additions	-	20,659
Disposals	-	(137,200)
Impairment	-	(28,427)
	<hr/>	<hr/>
At 31 March	-	-
	<hr/>	<hr/>

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

	2014 £'000	2013 £'000
Amounts due to group undertakings	141,064	135,799
	<hr/>	<hr/>

Amounts owed to group undertakings include a £71.1 million loan (2013: £65.8 million) which is unsecured, interest bearing at 8% and has a fixed repayment date of 31 March 2025 and other amounts of £70.0 million (2013 - £70.0 million) which is unsecured, interest free and has a fixed repayment date of 31 March 2025.

9. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Called up, allotted and nil paid		
1 ordinary share of 1p	0.01	0.01
	<hr/>	<hr/>

10. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £'000
At 1 April 2013	(135,799)
Retained loss for the year	(5,265)
	<hr/>
At 31 March 2014	(141,064)
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ANNINGTON (DA) INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	2014 £'000	2013 £'000
Loss for the financial year	(5,265)	(36,894)
Net increase in shareholder's deficit	(5,265)	(36,894)
Opening shareholder's deficit	(135,799)	(98,905)
Closing shareholder's deficit	<u>(141,064)</u>	<u>(135,799)</u>

12. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary within the Annington Limited group and is included in the consolidated financial statements of Annington Limited. The company has taken advantage of the exemption provided in Financial Reporting Standard 8 "Related Party Disclosures" not to make disclosure of transactions with other entities that are part of the same group, on the basis that all subsidiary undertakings party to the transactions are wholly owned by a member of the group.

13. PARENT COMPANY

Annington Development (Holdings) Limited, a company incorporated in Great Britain, is the immediate parent company.

The directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity. The ultimate controlling party is Guy Hands.

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