

COMPANY REGISTRATION NUMBER 06160287

**FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2008**

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# **FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2008**

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**FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	M Brown G Nieslony
<b>Company secretary</b>	K Daly
<b>Registered office</b>	Building One Chiswick Road 556 Chiswick High Road London W4 5BE
<b>Auditor</b>	Shipleys LLP Chartered Accountants & Registered Auditor 10 Orange Street Haymarket London WC2H 7DQ

# **FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2008**

The directors present their report and the financial statements of the company for the year ended 31 December 2008

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was an investment holding company. The company was incorporated on 14 March 2007 as DMWSL 558 Ltd.

Foxtons Intermediate Holdings 1 Limited is one of a number of investment holding companies within the Foxtons Holdings Limited group of companies.

The group's trading subsidiaries are Foxtons Limited and Alexander Hall Associates Limited. The principal activities of these companies are that of Estate Agency and Mortgage Broking respectively.

#### **FUTURE DEVELOPMENTS**

It is expected that the trading subsidiaries will continue to grow through the opening of new offices.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £135,337,803. The directors have not recommended a dividend.

#### *Financial risk management objectives and policies*

a) The company's principal financial instrument is that of loans. The main purpose of this instrument is to raise funds for the company's operations and to make acquisitions.

b) Due to the nature of the financial instrument used by the company there is no exposure to price risk or credit risk.

The company manages its liquidity risk and cash flow risk by ensuring sufficient funds are due as its liabilities fall due.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

M Brown

G Nieslony

G Nieslony was appointed as a director on 10 April 2008.

G Nieslony resigned as a director on 24 December 2009.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk to the company is the potential impairment to the carrying value of its investment.

# **FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2008**

### **KEY PERFORMANCE INDICATOR**

The company's key performance indicator is that of the valuation of its investment. As referred to in the Post Balance Sheet Event note, the Foxtons Holdings group was involved in a capital reorganisation. This resulted in the company losing control of its investment and receiving no consideration for this. Therefore the net realisable value of the investments is deemed to be zero.

### **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.

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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **POST BALANCE SHEET EVENT**

Since the balance sheet date the main stakeholders in the business have agreed a capital reorganisation of the group which aims to realign the group's debt structure with future cashflows, which will leave the group on a sound financial footing. It is the Directors' intention that, following its restructuring, Foxtons Intermediate Holdings 1 Ltd will be put into liquidation to complete the restructuring. For this reason alone, the financial statements have not been prepared on the Going Concern basis. All assets have been reflected at realisable value.

**FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED**


**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2008**

Registered office  
Building One Chiswick Road  
556 Chiswick High Road  
London  
W4 5BE

Signed on behalf of the directors

M R Brown  
Director



Approved by the directors on 18/02/2010

# **FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED**

**YEAR ENDED 31 DECEMBER 2008**

We have audited the financial statements of Foxtons Intermediate Holdings 1 Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

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.

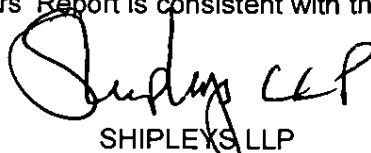
**FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2008**

**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 December 2008 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



SHIPLEYS LLP  
Chartered Accountants  
& Registered Auditor

10 Orange Street  
Haymarket  
London  
WC2H 7DQ

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# FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	Note	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
<b>TURNOVER</b>		—	—
<b>OPERATING PROFIT</b>	<b>2</b>	—	—
Interest receivable		9,531,871	5,298,352
Amounts written off investments	<b>4</b>	(134,390,395)	—
Interest payable and similar charges	<b>5</b>	(10,072,865)	(5,384,362)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(134,931,389)	(86,010)
Tax on loss on ordinary activities	<b>6</b>	(406,414)	(1,030,442)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(135,337,803)</u>	<u>(1,116,452)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the  
year as set out above

The notes on pages 9 to 13 form part of these financial statements

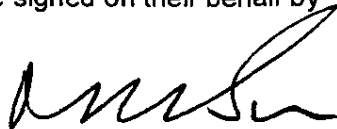
# FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED

## BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Investments	7	—	124,858,524
<b>CREDITORS: Amounts falling due within one year</b>	8	(1,436,856)	(1,030,442)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(1,436,856)	123,828,082
<b>CREDITORS: Amounts falling due after more than one year</b>	9	(112,032,985)	(101,960,120)
		<u>(113,469,841)</u>	<u>21,867,962</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	11	100	100
Share premium account	12	22,984,314	22,984,314
Profit and loss account	13	(136,454,255)	(1,116,452)
<b>(DEFICIT)/SHAREHOLDERS' FUNDS</b>	14	<u>(113,469,841)</u>	<u>21,867,962</u>

These financial statements were approved by the directors and authorised for issue on 19/02/2010, and are signed on their behalf by



M BROWN

Company Registration Number 06160287

The notes on pages 9 to 13 form part of these financial statements

# FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The accounts have not been prepared on a going concern basis. They have been prepared on a break up basis.

Subsequent to the year end the group was restructured and the company no longer retains ownership of the investment in group undertakings. The company now holds no useful purpose and it is the director's intention to put the company into liquidation to complete the restructuring process.

#### Group accounts

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

#### Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### 2. OPERATING PROFIT

Operating profit is stated after crediting

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Directors' emoluments	—	—
The audit fee was borne by a group undertaking	—	—

### 3. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

# FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 4. AMOUNTS WRITTEN OFF INVESTMENTS

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Amount written off investments	<u>134,390,395</u>	<u>-</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Other similar charges payable	<u>10,072,865</u>	<u>5,384,362</u>

### 6 TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2007 - 30%)	406,414	1,030,442
Total current tax	<u>406,414</u>	<u>1,030,442</u>

#### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2007 - 30%)

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Loss on ordinary activities before taxation	<u>(134,931,389)</u>	<u>(86,010)</u>
Profit on ordinary activities by rate of tax	-	-
Tenth item to increase/(decrease) tax liability	406,414	1,030,442
Total current tax (note 6(a))	<u>406,414</u>	<u>1,030,442</u>

# FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 7. INVESTMENTS

	Total £
<b>COST</b>	
At 1 January 2008 and 31 December 2008	<u>22,984,414</u>
<b>AMOUNTS WRITTEN OFF</b>	
Written off in year	22,984,414
At 31 December 2008	<u>22,984,414</u>
<b>LOANS</b>	
At 1 January 2008	101,874,110
Interest accrued in year	9,531,871
Write-down in year	(111,405,981)
At 31 December 2008	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 December 2008	<u>-</u>
At 31 December 2007	<u>124,858,524</u>

The company owns 100% of the issued share capital of the company listed below,

Aggregate capital and reserves	2008	2007
Foxtons Intermediate Holdings 2 Limited	(111,379,975)	22,923,732
<b>Profit and (loss) for the year</b>		
Foxtons Intermediate Holdings 2 Limited	(134,303,707)	(60,682)

### 8 CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Amounts owed to group undertakings	<u>1,436,856</u>	<u>1,030,442</u>

# FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 9. CREDITORS: Amounts falling due after more than one year

	2008 £	2007 £
Other loans	54,963,464	47,784,322
Amounts owed to group undertakings	57,069,521	54,175,798
	<u>112,032,985</u>	<u>101,960,120</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	2008 £	2007 £
Other loans	54,963,464	47,784,322
Amounts owed to group undertakings	57,069,521	54,175,798

Loans amounting to £54,963,464 (2007 £47,784,322) are secured by a fixed and floating charge over the assets of the company

The loans are made up as follows

Loans from shareholders amounting to £54,963,464 (2007 £47,784,322) at the year end are due repayable in 2017 Interest is payable on these loans at a fixed rate of 15%

Amounts owed to group undertakings are due repayable in 2022 Interest is payable on £54,191,953 (2007 £50,000,000) loan capital at LIBOR less 100 basis points, and on £2,877,568 (2007 £2,312,253) loan capital at a fixed rate of 15%

### 10. RELATED PARTY TRANSACTIONS

M Brown (Director) made a loan to the company, amounting to £3,756,893 (2007 £3,018,747) and interest payable for this loan amounted to £490,707 (2007 £247,438) which is due to be repaid in 2017

### 11. SHARE CAPITAL

Authorised share capital:

	2008 £	2007 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2008 No	£	2007 No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

# FOXTONS INTERMEDIATE HOLDINGS 1 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 12. SHARE PREMIUM ACCOUNT

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Balance brought forward	22,984,314	–
Premium on shares issued in the year	–	22,984,314
Balance carried forward	<u>22,984,314</u>	<u>22,984,314</u>

### 13. PROFIT AND LOSS ACCOUNT

	Year to 31 Dec 08 £	Period from 14 Mar 07 to 31 Dec 07 £
Balance brought forward	(1,116,452)	–
Loss for the financial year	(135,337,803)	(1,116,452)
Balance carried forward	<u>(136,454,255)</u>	<u>(1,116,452)</u>

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008		2007	
	£	£	£	£
Loss for the financial year		(135,337,803)		(1,116,452)
New equity share capital subscribed	–		100	
Premium on new share capital subscribed	–		22,984,314	
		–		22,984,414
Net (reduction)/addition to shareholders' funds		(135,337,803)		21,867,962
Opening shareholders' funds		21,867,962		–
Closing shareholders' (deficit)/funds		<u>(113,469,841)</u>		<u>21,867,962</u>

### 15. ULTIMATE PARENT COMPANY

The ultimate parent company is CIE Management II Limited