

**Greenwich Peninsula Regeneration Limited**

**Directors' report and financial  
statements**

Registered number 6231628

31 March 2008



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## **Directors' report**

The directors present their directors' report and financial statements for the year ended 31 March 2008.

### **Principal activities and business review**

Greenwich Peninsula Regeneration Limited (the "Company") is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office is 19 Hanover Square, London W1S 1HY.

The Company was incorporated on 30 April 2007 and changed its name on 3 May 2007 from Shelfco (no3402) Limited. The company's controlling parties comprise of Lend Lease Europe Ltd and Quintain Estates and Development Plc.

Its principal activity is the investment in property development vehicles and joint ventures. The Company's investment vehicles and joint ventures were involved in the following activities:

- During the year to 31 March 2008, Meridian Delta Limited (MDL) continued in its role as master developer of Greenwich Peninsula. Aside from design development and marketing for sale of certain development plots within the site, MDL progressed the infrastructure design and sequencing plan for the site. In June 2007, Millennium Square was completed by MDL on program in readiness for the opening of the O2 Arena.
- During October 2007 a joint venture with two registered social landlords was established to facilitate the development of 207 residential dwellings on plot MO114. The planning application was approved by the London borough of Greenwich in late March 2008. Design development is progressing towards a targeted sales launch and construction commencement within 12 months.
- In January 2008 a shareholders agreement was executed between the Company and Crest Nicholson Regeneration Limited. This joint venture will develop a 305 dwelling residential building on plot NO206. The planning application for this scheme was approved in late April 2008.
- During the year, Peninsula Quays Limited, a wholly owned subsidiary of the Company has progressed design for a 395 dwelling residential scheme. The planning application was approved in October 2008.
- Under a development management agreement executed in November 2007, GPRL Development Company Limited assumed responsibility for the development of a commercial office building on plot NO204 for Greenwich Peninsula NO204 Block A Limited Partnership and Greenwich Peninsula NO204 Block B Limited Partnership. The Company receives a development management fee in respect of the services.

Residential and commercial market conditions remain challenging. Investors and banks are conspicuously risk adverse and in the current macroeconomic environment, this is unlikely to change in the near future. However, the Board's strategy is to pre-sell a percentage of dwellings within the building to investors before construction and secure a lump sum construction price before committing significant costs beyond those incurred for planning and design, to mitigate risk in the development. This focus on pre-sales and a guaranteed delivery price will secure the prospects for the plot prior to construction.

### **Financial instruments**

The financial risk management objectives and policies of the Group, together with an analysis of the exposure to such risks, as required under the Companies Act are set out in Note 16 of the Notes to the financial statements.

### **Proposed dividend**

The directors do not recommend the payment of a dividend.

### **Environment**

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Company's activities.

## **Directors' report** *(continued)*

### **Directors**

The directors who held office during the year were as follows:

N Hugill	(appointed 23 May 2007)
D Labbad	(appointed 23 May 2007)
T Lee	(appointed 23 May 2007 and resigned 28 March 2008)
N Shattock	(appointed 23 May 2007)
M Taylor	(appointed 28 March 2008)
R Worthington	(appointed 23 May 2007)
A Wyatt	(appointed 23 May 2007)

None of the directors who held office at the end of the financial period had any disclosable interest in group undertakings as recorded in the register of directors' interests.

Subsequent to the year-end M Taylor and N Hugill resigned as Directors on 18 July 2008 and 3 September 2008 respectively.

### **Political and charitable donations**

The company made no political or charitable donations or incurred any political expenditure during the year.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

Pursuant to Section 386 of the Companies Act 1985, a resolution is to be put to the forthcoming Annual General Meeting which, if passed, would result in the company not being required to appoint its auditors annually. KPMG LLP would then continue as the company's auditors.

By order of the board

  
**T Janandiran**  
Company Secretary

19 Hanover Square  
London  
W1S 1HY

27 January 2009

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditors' report to the members of Greenwich Peninsula Regeneration Limited**

We have audited the financial statements of Greenwich Peninsula Regeneration Limited for the year ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes. 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 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

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 whether the financial statements have been 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 judgments 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.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 March 2008 and of its profit 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.

*KPMG LLP*

**KPMG LLP**  
Chartered Accountants  
Registered Auditor  
27 January 2009

**Income Statement**  
*for year ended 31 March 2008*

	Note	2008
		£
Revenue		-
Cost of sales		-
		<hr/>
<b>Gross Profit</b>		-
Administrative expenses		(4,005)
		<hr/>
<b>Operating Loss</b>		(4,005)
Finance Income		5,053
		<hr/>
<b>Profit/(loss) before taxation</b>		1,048
Taxation		(314)
		<hr/>
<b>Profit for the year</b>		734
		<hr/>

The amounts recorded in the income statement relate to continuing operations.

There were no gains and losses other than those recognised in the income statement.

**Balance Sheet**  
**at 31 March 2008**

	<i>Note</i>	<b>2008</b> <b>£</b>
<b>Non-current assets</b>		
Investments in subsidiaries	7	203
Investments in jointly controlled entities	7	159,474
Other receivables from related parties	9	70,803,099
		<hr/>
		70,962,776
		<hr/>
<b>Current assets</b>		
Inventories	8	3,567,826
Other receivables from related parties	9	7,053
Cash and cash equivalents		19,995
		<hr/>
		3,594,874
		<hr/>
<b>Total assets</b>		<b>74,557,650</b>
		<hr/>
<b>Current liabilities</b>		
Accruals	11	1,690,469
Tax payable	11	314
Other payables to related parties	11	203
		<hr/>
		1,690,986
		<hr/>
<b>Non-current liabilities</b>		
Other interest-bearing loans and borrowings	10	72,863,930
		<hr/>
		72,863,930
		<hr/>
<b>Total liabilities</b>		<b>74,554,916</b>
		<hr/>
<b>Net assets</b>		<b>2,734</b>
		<hr/>
<b>Equity</b>		
Share capital	12	2,000
Retained earnings	12	734
		<hr/>
<b>Total equity</b>		<b>2,734</b>
		<hr/>

These financial statements were approved by the board of directors on January 2009 and were signed on its behalf by:

  
**R Worthington**  
Director

  
**D Labbad**  
Director



**Cash Flow Statement**  
*for year ended 31 March 2008*

	<i>Note</i>	<b>2008</b>
		<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the year		734
Adjustments for:		
Taxation		314
		<hr/>
		1,048
Increase in trade and other receivables		(7,053)
Increase in inventories		(3,567,826)
Increase in trade and other payables		1,690,672
		<hr/>
		(1,884,207)
		<hr/>
<b>Net cash from operating activities</b>		<b>(1,883,159)</b>
		<hr/>
<b>Cash flows from investing activities</b>		
Proceeds from the issue of share capital		2,000
Acquisition of a subsidiary		(203)
Acquisition of a joint venture		(159,474)
Loan to subsidiaries		(70,430,993)
Loan to joint ventures		(372,106)
		<hr/>
<b>Net cash from investing activities</b>		<b>(70,960,776)</b>
		<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from new loan		72,863,930
		<hr/>
<b>Net cash from financing activities</b>		<b>72,863,930</b>
		<hr/>
Net increase/(decrease) in cash and cash equivalents		19,995
Cash and cash equivalents at 1 April		-
		<hr/>
<b>Cash and cash equivalents at 31 March</b>		<b>19,995</b>
		<hr/>

## Notes to the financial statements

### 1 Accounting policies

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

#### *Measurement convention*

The financial statements are prepared on the historical cost basis.

#### *Significant judgements, estimates and assumptions*

The preparation of financial statements under IFRS requires the Board to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenue and expense during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements that are not readily apparent from other sources. However, the actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. The carrying amount of trade receivables is reduced through the use of an allowance account.

#### *Trade and other payables*

Trade and other payables are recognised initially at fair value.

#### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### 2 Other operating income

	2008 £
Interest from loan to jointly controlled entities	5,053

### **3 Expenses and auditors' remuneration**

#### *Auditors' remuneration:*

	<b>2008</b>
	<b>£</b>
Fee payable to the Company auditor for the audit of the financial statements	<b>4,000</b>

## Notes to the financial statements (continued)

### 4 Remuneration of directors

The directors did not receive any remuneration from the company for their services during the period.

### 5 Staff numbers and costs

The company did not directly employ any staff during the period.

### 6 Taxation

#### Recognised in the income statement

	2008 £
Current tax expense	
Current year	314

#### Reconciliation of effective tax rate

	2008 £
Profit before tax	1,048
Tax using the UK corporation tax rate of 30%	314
Total tax expense (including tax on discontinued operations)	314

### 7 Investments in subsidiaries and jointly controlled entities

The Company has the following investments in subsidiaries and jointly controlled entities:

	Country of Incorporation	Class of shares held	Ownership 2008
GPRL Development Company Limited	United Kingdom	Ordinary	100%
GPRL Infrastructure Limited	United Kingdom	Ordinary	100%
GPRL Overriding Lease Company Limited	United Kingdom	Ordinary	100%
GPRL Retail Limited	United Kingdom	Ordinary	100%
Greenwich Peninsula MO114 Limited	United Kingdom	Ordinary	100%
Meridian Delta Limited	United Kingdom	Ordinary A	96%
Meridian Delta Limited	United Kingdom	Ordinary B	100%
Peninsula Quays Limited	United Kingdom	Ordinary	100%
Greenwich Peninsula NO206 Limited	United Kingdom	Ordinary	50%

### 8 Inventories

	2008 £
Work in progress	3,567,826

## Notes to the financial statements (continued)

### 9 Trade and other receivables

	2008 £
<i>Current</i>	
Other receivables from related parties	2,000
Accrued income	5,053
	<u>7,053</u>
<i>Non-current</i>	
Loans to subsidiaries	70,430,993
Loans to jointly controlled entity	372,106
	<u>70,803,099</u>

### 10 Other interest-bearing loans and borrowings

For more information about the Company's exposure to interest rate and foreign currency risk, see note 16

	2008 £
<i>Non-current liabilities</i>	
Loans from shareholders	72,863,930
	<u>72,863,930</u>

### 11 Trade and other payables

	2008 £
<i>Current</i>	
Non-trade payables and accrued expenses	1,690,469
Other payables to related parties	203
Tax payable	314
	<u>1,690,986</u>

### 12 Capital and reserves

#### Reconciliation of movement in capital and reserves

	Share capital £	Retained earnings £	Total parent equity £
Balance at 30 April 2007	2,000	-	2,000
Total recognised income and expense	-	734	734
	<u>2,000</u>	<u>734</u>	<u>2,734</u>
<b>Balance at 31 March 2008</b>	<b>2,000</b>	<b>734</b>	<b>2,734</b>

## Notes to the financial statements (continued)

### 12 Capital and reserves (continued)

	2008 £
<i>Authorised</i>	
Ordinary shares of £0.001 each	3,000
	<hr/> 3,000 <hr/>
<i>Allotted, called up and fully paid</i>	
Ordinary shares of £0.001 each	2,000
	<hr/> 2,000 <hr/>

### 13 Related parties

During the period the Company issued £42,991,962 of loan stock (£849,923 of which was to satisfy loan stock interest) to Lend Lease Europe Limited and £42,991,962 of loan stock (£849,923 of which was to satisfy loan stock interest) to Quintain Estates and Development plc in exchange for shareholder funding. During the period the Company repaid £6,559,997 of loan stock to Lend Lease Europe Limited and £6,559,997 of loan stock to Quintain Estates and Development plc. Interest is charged quarterly at 2 month Libor + 2% on all stock balances. At year end loan stock of £36,431,965 was owed to Lend Lease Europe Limited and £36,431,065 was owed to Quintain Estates and Development plc. The loan terms state that any surplus cash beyond that necessary to fund its operations will be used in repaying outstanding loan stock.

### 14 Ultimate parent company and parent company of larger group

The Company is owned by Lend Lease Europe Limited, a company incorporated in England and Wales and Quintain Estates and Development plc, a company incorporated in England and Wales.

### 15 Accounting estimates and judgements

There is significant judgement involved in the valuation of work in progress, classified under inventories. The directors have assessed the carrying value of work in progress and believe it to be correctly valued at the lower of cost and net realisable value.

### 16 Financial instruments

Exposure to credit and interest rate risks arises in the normal course of the Company's business.

#### *Credit policy*

The Company did not have any sales in the year but intends to manage its credit risk by minimising exposure to credit risk and securing guarantees against significant credit risks.

## Notes to the financial statements (continued)

### 16 Financial instruments

#### *Effective interest and repricing analysis*

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the period in which they reprice:

31 March 2008	Effective interest rate %	Total	One year or less	5 + years
		£	£	£
Cash	0.5% - 2.0%	19,995	19,995	-
Interest-bearing loans and borrowings	5% - 10%	(72,863,930)	-	(72,863,930)
		<u>(72,843,935)</u>	<u>19,995</u>	<u>(72,863,930)</u>

All financial instruments are floating rate.

#### *Sensitivity analysis*

At 31 March 2008, it was estimated that a general increase of one percentage point in interest rates would increase the Company's interest payable before tax by approximately £687,910 based on the average outstanding balance of interest-bearing liabilities during the period. Most of the interest cost is being capitalised into work in progress.

#### *Fair values*

There is no significant difference between the carrying value and the fair value of the financial instrument.