PPG Metro Limited and Subsidiaries

Financial Statements for the year ended 31 January 2008
together with Directors' and Independent Auditor's Report

Registered Number SC 206554

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Report of the Directors

The directors present their report and the financial statements of PPG Metro Limited and subsidiaries (the "Group") for the year ended 31 January 2008

Principal activity and business review

The principal activity of the Group during the year was the investment in and the development of property within the UK for medium and long term performance

The Group enjoyed another successful trading year with further growth achieved in turnover and operating profit Gains on sale of investment properties and on the sale of a subsidiary undertaking were also realised during the year, resulting in a profit before tax of £3 4 million Turnover and operating profits were generated primarily from rental income, with the full year impact of prior year investment property additions contributing to rental income growth

The property portfolio covers the main commercial property sectors with a UK wide geographical spread During the year, the Group secured the acquisition of Caledonian House, Aberdeen totalling 53,000 sq ft of fully let office and retail space The main investment property disposals in the year were Kings House and Waterloo Place, both in London SW1Y

Development activity continued on projects in Edinburgh, Glasgow and London including both office and retail space At 31 January 2008, the book value of the Group's property holdings (including stocks) amounted to £395 million, with net assets increased to £25 3 million

The Group continues to pursue opportunities to source additional investment and development properties across the UK.

The Group monitors a wide range of performance measures Key financial performance measures include operating profit, profit before tax, assets under management and return on capital employed Non financial performance measures include investment property yields / voids as well as development activity status

The main financial risk management objectives and policies are noted below

Results and dividends

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements

The directors have not recommended a dividend (2007 £Nil)

Directors and their interests in the shares of the company

The directors who served PPG Metro Limited (the "Company") during the year were as follows

Sir D E Murray
I B Tudhope
A Glasgow
L Higgins
A T H Smith
I Robertson (resigned 29 June 2007/appointed 1 August 2007)
B S Anderson (appointed 29 June 2007)

At 31 January 2008 none of the directors had any interests in the share capital of the Company (2007 £Nil)

Financial risk management objectives and policies

The Group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group

Credit risk

The Group has implemented a policy that requires credit checks on prospective purchasers and tenants and regular monitoring of existing tenancies

Liquidity risk

Operations are financed by a mixture of shareholders' funds and bank borrowings The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Group

Interest rate risk

The Group's policy is to arrange core debt, bank loans and overdrafts, with a floating rate of interest plus an agreed margin The Group uses interest rate swaps, caps and collars together with non speculative hedging instruments to manage its exposure to interest rate movements on its bank borrowings

Statement of Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year 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 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 Group will continue in business

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and 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 Group'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 events

Events subsequent to the year end are disclosed in Note 25

Report of the Directors (continued)

Auditor

Grant Thornton UK LLP has expressed its willingness to continue in office and a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Annual General Meeting

BY ORDER OF THE BOARD

David Horne

D W M Horne
Secretary
27 June 2008

Report of the Independent Auditor to the Members of PPG Metro Limited

We have audited the Group and Company financial statements (the "financial statements") of PPG Metro Limited for the year ended 31 January 2008 which comprise the principal accounting policies, the Group profit and loss account, the Group and Company balance sheets, the Group cash flow statement, the Group statement of total recognised gains and losses and Notes 1 to 25 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 auditor

The directors' responsibilities for preparing the Annual report and the financial statements in accordance with United Kingdom law and 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the Directors' Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

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 Group's and 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

Report of the Independent Auditor to the Members of PPG Metro 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 Group's and the Company's affairs as at 31 January 2008 and of the Group's 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

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
GLASGOW
27 June 2008

Consolidated Profit and Loss Account

	Notes	2008 £	2007 £
Turnover	1	**26,726,750**	22,314,565
Cost of sales		**(8,290,277)**	(8,736,541)
Gross profit		**18,436,473**	13,578,024
Other operating expenses	2	**(504,674)**	(351,419)
Operating profit		**17,931,799**	13,226,605
Gain on sale of fixed assets		**3,808,992**	5,636,640
Gain on sale of subsidiary undertaking	4	**2,996,970**	
Profit on ordinary activities before interest and taxation		**24,737,761**	18,863,245
Interest receivable	5	**118,741**	5,474
Interest payable and similar charges	6	**(21,429,755)**	(15,478,909)
Profit on ordinary activities before taxation	7	**3,426,747**	3,389,810
Tax on profit on ordinary activities	8	**(1,327,486)**	(374,286)
Profit for the financial year	18	**2,099,261**	3,015,524

The current and prior year profits have been derived wholly from continuing operations

The accompanying notes form part of these financial statements

Consolidated Statement of Total Recognised Gains and Losses

	2008 £	2007 £
Profit for the financial year	**2,099,261**	3,015,524
Unrealised surplus on revaluation of investment properties		3,381,886
Total recognised gains for the year	**2,099,261**	6,397,410

Consolidated Note of Historical Cost Profit and Loss

	Notes	2008 £	2007 £
Reported profit on ordinary activities before taxation		**3,426,747**	3,389,810
Realisation of property revaluation gains of prior years	18	**3,457,141**	
Historical cost profit on ordinary activities before taxation		**6,883,888**	3,389,810
Historical cost profit for the year after taxation		**5,556,402**	3,015,524

Consolidated Balance Sheet

	Notes	2008 £	2007 £
Fixed assets			
Intangible assets	9	**790,032**	987,065
Tangible assets	10	**328,654,065**	388,030,467
		329,444,097	389,017,532
Current assets			
Stocks	12	**66,219,486**	8,612,685
Debtors	13	**5,346,002**	5,111,244
Cash at bank and in hand		**506,666**	
		72,072,154	13,723,929
Creditors amounts falling due within one year	14	**(32,530,561)**	(29,751,623)
Net current assets/(liabilities)		**39,541,593**	(16,027,694)
Total assets less current liabilities		**368,985,690**	372,989,838
Creditors amounts falling due after more than one year	15	**(343,010,955)**	(349,190,000)
Provisions for liabilities and charges	16	**(681,581)**	(605,945)
Net assets		**25,293,154**	23,193,893
Capital and reserves			
Called up share capital	17	**1,000**	1,000
Revaluation reserve	18	**4,315,169**	7,772,310
Profit and loss account	18	**20,976,985**	15,420,583
Shareholders' funds	19	**25,293,154**	23,193,893

Signed on behalf of the Board of Directors on 27 June 2008

Sir D E Murray
Director

I B Tudhope
Director

Balance Sheet

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	10	**21,020,274**	39,965,080
Investments	11	**152,855,187**	152,972,763
		173,875,461	192,937,843
Current assets			
Stocks	12	**1,471,277**	266,256
Debtors	13	**9,315,581**	29,021,824
Cash at bank and in hand		**12,165,107**	20,381,366
		22,951,965	49,669,446
Creditors: amounts falling due within one year	14	**(23,423,195)**	(50,519,484)
Net current (liabilities)/assets		**(471,230)**	(850,038)
Total assets less current liabilities		**173,404,231**	192,087,805
Creditors amounts falling due after more than one year	15	**(147,390,000)**	(180,440,000)
Provision for liabilities and charges	16	**(610,576)**	(560,382)
Net assets		**25,403,655**	11,087,423
Capital and reserves			
Called up share capital	17	**1,000**	1,000
Revaluation reserve	18	**923,460**	4,380,601
Profit and loss account	18	**24,479,195**	6,705,822
Shareholders' funds	19	**25,403,655**	11,087,423

Signed on behalf of the Board of Directors on 27 June 2008

Sir D E Murray
Director

I B Tudhope
Director

Consolidated Cash Flow Statement

	Note	2008 £	2007 £
Cash inflow from operating activities	20(a)	**20,285,200**	14,176,927
Returns on investments and servicing of finance	20(b)	**(25,789,773)**	(16,709,136)
Capital expenditure and financial investment	20(c)	**(8,067,191)**	(14,596,102)
Acquisitions and disposals	20(d)	**18,753,598**	(120,657,004)
Cash inflow/(outflow) before financing		**5,181,834**	(137,785,315)
Financing	20(e)	**(10,104,234)**	128,250,000
Decrease in cash in the year		**(4,922,400)**	(9,535,315)

Reconciliation of net cash outflow to movement in net debt

	Note	2008 £	2007 £
Decrease in cash in the year		**(4,922,400)**	(9,535,315)
Cash inflow from movements in debt financing		**10,104,234**	(128,250,000)
Change in net debt resulting from cash flows		**5,181,834**	(137,785,315)
Movement in net debt in year		**5,181,834**	(137,785,315)
Net debt at start of year		**(366,401,933)**	(228,616,618)
Net debt at end of year	20(f)	**(361,220,099)**	(366,401,933)

Statement of Accounting Policies

The principal accounting policies, which have been applied consistently throughout the year and the prior year are

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards, unless otherwise stated

As provided by s 230 of the Companies Act 1985, no profit and loss account is presented for the Company The Company's profit for the financial year, determined in accordance with the Act, was £14,316,232 (2007 – £40,278)

(b) Basis of consolidation

The consolidated financial statements include the results of the Company and all of its subsidiary undertakings drawn up to 31 January 2008

The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from or to the date on which control passed

(c) Intangible assets goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses (representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired) is capitalised and amortised on a straight line basis over an appropriate period depending upon the circumstances of the acquired company, but not greater than twenty years Goodwill in respect of joint ventures is also amortised on a straight line basis over an appropriate period but not greater than twenty years

Any excess of the aggregate of the fair value of the identifiable assets and liabilities acquired over the fair value of the consideration given (negative goodwill) is included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non monetary assets are recovered through depreciation or sale Negative goodwill in excess of the fair values of non monetary assets acquired is credited to the profit and loss account in the periods expected to benefit

Goodwill arising on acquisitions in the year ended 30 April 1998 and earlier periods was written off to reserves in accordance with accounting standards then in force As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet On disposal of a previously acquired property interest, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal

(d) Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for impairment

Statement of Accounting Policies (continued)

(e) Tangible fixed assets

In accordance with SSAP 19, investment properties are revalued annually Surpluses or deficits on individual properties are transferred to the revaluation reserve, unless a deficit (or its reversal) is expected to be permanent and is in excess of any previously recognised surplus over cost related to the same property, in which case it is charged (or credited) to the profit and loss account Depreciation is not provided in respect of freehold investment properties or leasehold investment properties where the unexpired term of the lease is more than 20 years The directors consider that this accounting policy, which represents a departure from the Companies Act, is necessary to provide a true and fair view

Development properties are those properties in respect of which construction and development have not been completed at the balance sheet date, and are reflected at cost, including an allocation of overheads and interest charges on external borrowings which are related to the properties, where recoverability is reasonably certain In the opinion of the directors, the residual value of those development properties currently being operated for business purposes is sufficient to eliminate the requirement for depreciation Provisions are made against the carrying value of development properties when the directors consider book value to exceed recoverable value The directors consider that these policies are necessary to provide a true and fair view

Development properties are classified within tangible fixed assets or stocks according to the specific disposal or realisation strategy for each property with all properties held for both development and resale treated as stock

Where there is a fundamental change in the nature of an investment property such as commencement of development activity it will be classified within tangible fixed assets or transferred to stocks in line with the above criteria

(f) Stocks

Development properties held for development and resale are valued at the lower of the cost and net realisable value Land held for development, including land in the course of development until legal completion of sale, is valued at cost Work in progress on development properties is valued at the cost of labour and materials plus interest incurred on borrowings for development expenditure until the date of practical completion

(g) Capitalised interest

Interest is capitalised from the point at which development expenditure is incurred until the date of practical completion, except where there is a substantial delay between acquisition and commencement of physical construction, where capitalisation will commence at the latter point Where properties are held for re development interest is capitalised from the point re development commences

Statement of Accounting Policies (continued)

(h) Taxation

Current tax, including UK corporation 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

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings The tax benefits arising from group relief are normally recognised in the financial statements of the surrendering undertakings

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Group undertakings taxable profits and their results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non discounted basis

(i) Turnover and revenue recognition

Group turnover was generated wholly within the United Kingdom and is net of VAT and intra group transactions Rental and management fee income is recognised as it is earned Income from the sale of development properties is recognised when the transaction is complete

(j) Leases

Assets held under leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of lease term and estimated useful life The capital elements of future finance lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the agreement to produce a constant rate of charge on the balance of capital repayments outstanding

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis

Notes to the Financial Statements

1 Turnover

Segmental information

	2008	2007
	£	£
Rental income	**26,642,313**	22,183,065
Other income	**84,437**	131,500
	26,726,750	22,314,565

2 Other operating expenses

The following is included in other operating expenses

	2008	2007
	£	£
Administrative expenses	**504,674**	351,419

3 Staff costs

The Group had no employees during the current and prior year and none of the directors received any remuneration from the Group or from other undertakings in respect of services to it

4 Gain on sale of subsidiary undertaking

The gain on sale of subsidiary undertaking relates to the disposal of the Group's interest in the ordinary share capital of PPG Metro Lime Street Limited (now renamed PPG Lime Street Limited) (Note 11)

5 Interest receivable and similar income

The following is included in interest receivable and similar income

	2008	2007
	£	£
Other interest	**118,741**	5,474

Notes to the Financial Statements (continued)

6 Interest payable and similar charges

The following are included in interest payable and similar charges

	2008 £	2007 £
On bank overdrafts	**21,266,707**	15,471,691
Other loans	**985,322**	975,000
On loan notes from group undertakings	**975,000**	975,000
	23,227,029	17,421,691
Less added to the cost of development properties	**(1,797,274)**	(1,942,782)
	21,429,755	15,478,909

The cumulative interest capitalised is shown in Note 10

7 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging

	2008 £	2007 £
Auditor's remuneration for audit services	**21,000**	22,500
Amortisation of goodwill	**197,407**	144,190

Notes to the Financial Statements (continued)

8 Tax on profit on ordinary activities

The tax charge comprises

	2008	2007
	£	£
Current tax		
UK corporation tax	**1,261,261**	426,499
Adjustment in respect of prior years	**(9,411)**	(6,600)
Total current tax	**1,251,850**	419,899
Deferred tax		
Origination and reversal of timing differences		
Current year	**107,249**	(13,911)
Prior year	**(31,613)**	(31,702)
Total deferred tax (Note 16)	**75,636**	(45,613)
Total tax on profit on ordinary activities	**1,327,486**	374,286

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2008	2007
	£	£
Profit on ordinary activities before tax	**3,426,747**	3,389,810
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2007 – 30%)	**1,028,024**	1,016,943
Effects of		
Non taxable income	**(1,441,189)**	(2,020,945)
Expenses not deductible for tax purposes	**(239,928)**	15,586
Unrelieved tax losses and other deductions	**(29,388)**	(1,698)
Capital allowances in excess of depreciation	**(85,520)**	14,168
Other short term timing differences		(1,500)
Capital gains	**2,029,262**	1,403,945
Adjustment in respect of prior year	**(9,411)**	(6,600)
Current tax charge for year	**1,251,850**	419,899

The Group earns its profits in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30% (2007 30%)

Notes to the Financial Statements (continued)

9 Intangible assets

The movement in the year for the Group was as follows

	Goodwill 2008 £
Cost	
At 31 January 2007	1,154,315
Additions	374
At 31 January 2008	**1,154,689**
Amortisation	
At 31 January 2007	167,250
Charge for the year	197,407
At 31 January 2008	**364,657**
Net book value	
At 31 January 2008	**790,032**
At 31 January 2007	987,065

10 Tangible fixed assets

The following are included in the net book value of tangible fixed assets

	Group 2008 £	**Company 2008 £**	Group 2007 £	Company 2007 £
Investment properties	**301,580,320**	**21,020,274**	309,797,870	39,965,080
Development properties	**27,073,745**		78,232,597	
	328,654,065	**21,020,274**	388,030,467	39,965,080

Notes to the Financial Statements (continued)

10 Tangible fixed assets (continued)

The movements in the year for the Group were as follows

	Investment properties £	Development properties £	Total £
Cost or valuation			
At 31 January 2007	309,797,870	78,232,597	388,030,467
Additions	11,198,190	20,737,274	31,935,464
Transfers to stock	(1,153,359)	(56,354,425)	(57,507,784)
Disposals	(18,262,381)	(15,541,701)	(33,804,082)
At 31 January 2008	**301,580,320**	**27,073,745**	**328,654,065**
Depreciation			
At 31 January 2007 and 31 January 2008	–		
Net book value			
At 31 January 2008	**301,580,320**	**27,073,745**	**328,654,065**
At 31 January 2007	309,797,870	78,232,597	388,030,467

Freehold and leasehold investment properties were valued on an open market existing use basis as at 31 January 2008 The valuation was undertaken by an officer of the Company who is a qualified chartered surveyor The valuation was made in full compliance with the RICS Appraisal and Valuation Manual In addition, the Group policy is for all properties to be externally valued on acquisition and on a regular cycle thereafter

The historic cost of investment properties at the year end was £297,265,151 (2007 £302,025,560) If the revalued properties were sold at their book values, a charge to corporation tax of £1,208,247 would arise, which has not been provided in the financial statements

In accordance with SSAP 19, the investment properties are not depreciated It is not possible to quantify the depreciation which would otherwise have been charged

Cumulative interest included in the cost of development properties amounted to £1,481,956 (2007 £2,037,272)

Notes to the Financial Statements (continued)

10 Tangible fixed assets (continued)

The movements in the year for the Company were as follows

	Investment properties
	£
Cost or valuation	
At 31 January 2007	39,965,080
Additions	470,934
Transfers to stock	(1,153,359)
Disposals	(18,262,381)
At 31 January 2008	**21,020,274**
Depreciation	
At 31 January 2007 and 31 January 2008	–
Net book value	
At 31 January 2008	**21,020,274**
At 31 January 2007	39,965,080

11 Fixed asset investments

The following are included in the net book value of fixed asset investments

	2008	2007
	£	£
Company		
Investments in subsidiary undertakings	**31,866,083**	32,366,084
Investment in unit trust	**120,989,104**	120,606,679
	152,855,187	152,972,763

The movements in the year from investments in subsidiary undertakings were as follows

	Company
	£
Cost and net book value	
At 31 January 2007	32,366,084
Disposal of subsidiary undertaking	(1)
Write down in carrying value of subsidiary undertaking	(500,000)
At 31 January 2008	**31,866,083**

Notes to the Financial Statements (continued)

11 Fixed asset investments (continued)

The subsidiary undertakings at 31 January 2008 were

	Country of registration	Principal activity	Holding
PPG Metro Grosvenor Limited	Scotland	Property investment & development	100%
PPG Metro Oswald Limited	Scotland	Non trading	100%
PPG Metro Franborough Limited	Scotland	Property investment & development	100%
PPG Metro Aberdeen Limited	England	Non trading	100%
PPG Metro Apex Limited	Scotland	Property investment & development	100%
PPG Metro Greenock Limited	Scotland	Property investment & development	100%
PPG Metro (Charles II Street 1) Limited	England	Non trading	100%
PPG Metro (Charles II Street 2) Limited	England	Non trading	100%
PPG Metro 39 Limited	Scotland	Property investment & development	100%
PPG Metro 500 Limited	Scotland	Property investment & development	100%
PPG Metro Mansfield Limited	Scotland	Property investment & development	100%
Eleven Haymarket Limited	England	Property investment & development	100%

All holdings in subsidiary undertakings relate to the percentage of ordinary share capital held by the Company

Sale of subsidiary undertakings

On 26 June 2007, the Group sold its interest in the entire issued ordinary share capital of PPG Metro Lime Street Limited (now renamed PPG Lime Street Limited) The loss after taxation of PPG Metro Lime Street Limited up to the date of disposal was £88,243 and for its last financial year was £362,728

Net assets disposed of and the related sale proceeds were as follows

	£
Fixed assets	15,541,701
Current assets	315,968
Creditors	(15,854,639)
Net assets	3,030
Profit on sale	2,996,970
Sales proceeds	3,000,000
Satisfied by	
Cash	3,000,000

Net cash inflows in respect of the sale comprised

Cash consideration	3,000,000
Bank overdraft/loans sold	15,753,598
	18,753,598

Notes to the Financial Statements (continued)

11 Fixed asset investments (continued)

The movement in the year for investment in unit trust was as follows

Cost and net book value	Company £
At 31 January 2007	120,606,679
Investment in unit trust	382,425
At 31 January 2008	**120,989,104**

The unit trust holding at 31 January 2008 was

	Place of registration	Principal activity	Holding
Plumtree Court Unit Trust	Jersey	Property investment & development	100%

The units in Plumtree Court Unit Trust are held by the Company (99 951%) and PPG Metro Grosvenor Limited (0 049%)

Notes to the Financial Statements (continued)

12 Stocks

The following is included in the net book value of stocks

	Group 2008 £	**Company 2008 £**	Group 2007 £	Company 2007 £
Work in progress	**66,219,486**	**1,471,277**	8,612,685	266,256

Cumulative interest included in the cost of work in progress amounted to £1,934,459 (2007 £Nil)

13 Debtors

The following are included in the net book value of debtors

	Group 2008 £	**Company 2008 £**	Group 2007 £	Company 2007 £
Amounts falling due within one year				
Trade debtors	**1,232,019**	**123,045**	672,448	163,957
Amounts due from other group undertakings	**1,195,681**	**120,653**	1,961,775	11,443,031
Loans to subsidiary undertakings		**8,742,091**		16,806,466
VAT recoverable	**374,106**		167,499	
Other debtors	**346,190**	**303,154**	776,163	496,850
Prepayments and accrued income	**2,198,006**	**26,638**	1,533,359	111,520
	5,346,002	**9,315,581**	5,111,244	29,021,824

14 Creditors: amounts falling due within one year

The following are included in creditors falling due within one year

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Bank overdrafts (secured)	18,715,810		17,211,933	
Trade creditors	1,152,847	12,808	91,541	58,055
Amounts due to other group undertakings	1,865,242	21,530,038	2,747,223	48,084,871
Amounts due to related parties	33,972	20,383	33,973	20,384
Other creditors	325,191	26,692	568,873	22,454
VAT	865,544	34,514	298,397	4,042
Accruals and deferred income	9,571,955	1,798,760	8,799,683	2,329,678
	32,530,561	23,423,195	29,751,623	50,519,484

The bank overdrafts are secured by bonds and floating charges over the assets of the Group and in certain cases by cross guarantees In addition, certain properties are subject to standard securities or fixed charges

15 Creditors· amounts falling due after more than one year

The following are included in creditors falling due after more than one year

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Interest bearing loan notes 2000/2009 issued by related parties	30,000,000	6,000,000	30,000,000	6,000,000
Term loans (secured)	313,010,955	141,390,000	319,190,000	174,440,000
	343,010,955	147,390,000	349,190,000	180,440,000

The interest bearing loan notes 2000/2009 are unsecured and bear interest at commercial rates The loan notes are repayable in one instalment by 31 July 2009

The term loans at 31 January 2008 are secured by bonds and floating charges and/or debentures over the assets of the Group and by standard securities and/or fixed charges over certain properties Each of the loans is repayable in one instalment, ranging from 31 July 2009 to 10 January 2011, or earlier dependent on the disposal of certain properties The loans bear interest at commercial rates

The Group holds derivative financial instruments to manage interest rate risk arising from borrowings The Group does not hold or issue derivative financial instruments for speculative purposes

Notes to the Financial Statements (continued)

16 Provisions for liabilities and charges

Deferred taxation has been provided to the extent that the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is probable that the liability will be realised

	Group 2008 £	**Company 2008 £**	Group 2007 £	Company 2007 £
Deferred taxation accelerated capital allowances	**681,581**	**610,576**	605,945	560,382

The movement on net deferred tax liabilities during the year was

	Group 2008 £
At 31 January 2007	605,945
Charged to profit and loss account (Note 8)	75,636
At 31 January 2008	**681,581**

Deferred taxation has been provided in full

17 Called up share capital

Authorised share capital

	2008 £	2007 £
Authorised		
475 ordinary A shares of £1 each	**475**	475
525 ordinary B shares of £1 each	**525**	525
	1,000	1,000
Allotted, called up and fully paid		
475 ordinary A shares of £1 each	**475**	475
525 ordinary B shares of £1 each	**525**	525
	1,000	1,000

A and B ordinary shares rank pari passu in all respects

Notes to the Financial Statements (continued)

18 Reserves

The movements in the year were as follows

	Revaluation reserve	**Profit and loss account**
	£	**£**
Group		
Balance at 31 January 2007	7,772,310	15,420,583
Profit for the financial year		2,099,261
Realisation of surplus on property disposal	(3,457,141)	3,457,141
Balance at 31 January 2008	**4,315,169**	**20,976,985**

	Revaluation Reserve	**Profit and loss account**
	£	**£**
Company		
Balance at 31 January 2007	4,380,601	6,705,822
Profit for the financial year		14,316,232
Realisation of surplus on property disposal	(3,457,141)	3,457,141
Balance at 31 January 2008	**923,460**	**24,479,195**

19 Reconciliation of movements in shareholders' funds

	Group 2008	**Company 2008**	Group 2007	Company 2007
	£	**£**	£	£
Profit for the financial year	**2,099,261**	**14,316,232**	3,015,524	40,278
Surplus on property revaluations			3,381,886	3,381,886
Net addition to shareholders' funds	**2,099,261**	**14,316,232**	6,397,410	3,422,164
Opening shareholders' funds	**23,193,893**	**11,087,423**	16,796,483	7,665,259
Closing shareholders' funds	**25,293,154**	**25,403,655**	23,193,893	11,087,423

20 Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to operating cash flows

	2008	2007
	£	£
Operating profit	**17,931,799**	13,226,605
Amortisation charges	**197,407**	51,949
Increase in stock	**(99,016)**	
Increase in debtors	**(827,686)**	(1,765,412)
(Decrease)/increase in creditors	**3,082,696**	2,663,785
Net cash inflow from operating activities	**20,285,200**	14,176,927

Notes to the Financial Statements (continued)

20 Notes to the consolidated cash flow statement (continued)

(b) Returns on investment and servicing of finance

	2008	2007
	£	£
Interest received	**395,701**	5,474
Interest paid	**(26,185,474)**	(16,714,610)
Net cash outflow	**(25,789,773)**	(16,709,136)

(c) Capital expenditure and financial investment

	2008	2007
	£	£
Purchase of tangible fixed assets	**(30,138,564)**	(28,355,990)
Sale of tangible fixed assets	**22,071,373**	13,759,888
Net cash outflow	**(8,067,191)**	(14,596,102)

(d) Acquisitions and disposals

	2008	2007
	£	£
Purchase of unit trust		(120,657,004)
Sale of subsidiary undertaking	**18,753,598**	
Net cash inflow/(outflow)	**18,753,598**	(120,657,004)

(e) Financing

	2008	2007
	£	£
(Repayment)/increase of secured loans	**(10,104,234)**	128,250,000
Net cash outflow/(inflow)	**(10,104,234)**	128,250,000

Notes to the Financial Statements (continued)

20 Notes to the consolidated cash flow statement (continued)

(f) Analysis and reconciliation of net debt

	At 31 January 2007 £	Cash flow £	Non cash movements £	At 31 January 2008 £
Cash at bank and in hand		506,666		**506,666**
Bank overdrafts within 1 year	(17,211,933)	(5,429,066)	3,925,189	**(18,715,810)**
	(17,211,933)	(4,922,400)	3,925,189	**(18,209,144)**
Debt due after more than one year	(349,190,000)	10,104,234	(3,925,189)	**(343,010,955)**
Total	**(366,401,933)**	**5,181,834**		**(361,220,099)**

21 Guarantees and other financial commitments

(a) Capital commitments

Capital expenditure contracted but not provided at 31 January 2008 amounted to £21,526,074 (2007 £37,326,412)

(b) Contingent liabilities

The Group has guaranteed bank borrowings of fellow subsidiary undertakings by a corporate guarantee The total contingency at 31 January 2008 amounts to £26,316,643 (2007 £21,106,113)

(c) VAT

The Group is registered for VAT purposes in a group of undertakings which share a common registration number As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the Group The directors are of the opinion that no additional liability is likely to arise

(d) Fair values

The Group holds derivative financial instruments to manage interest rate risks The total debt subject to interest rate derivative instruments at 31 January 2008 amounts to £120,000,000 (2007 £75,000,000) with the fair value of these instruments amounting to a liability of £3,546,456 (2007 – asset of £227,076) The fair value of these instruments has been significantly impacted by the volatility of LIBOR in the financial year At 23 June 2008 the total debt subject to interest rate derivative instruments amounts to £100,000,000 with the fair value of these instruments amounting to a liability of £21,541

Notes to the Financial Statements (continued)

22 Related party transactions

The Group has taken advantage of the exemption available under FRS 8 not to disclose transactions with its wholly owned subsidiary undertakings

The amounts due to and from other group undertakings and related parties at 31 January 2008 are shown in Notes 13, 14 and 15

During the year the Group entered into transactions with The Premier Property Group Limited and Uberior Ventures Limited as immediate parent company and shareholder respectively The main transactions during the year were as follows

(a) The balance of loan notes at 31 January 2008 is £30,000,000 (2007 £30,000,000)

(b) The Group paid interest at commercial rates on loan notes of £1,950,000 (2007 £1,950,000) At 31 January 2008 interest due was £67,945 (2007 £67,945)

(c) The Group paid management fees of £3,303,167 (2007 £2,052,238) with a balance due at 31 January 2008 of £Nil (2007 £511,815)

23 Ultimate holding company

The immediate parent company is The Premier Property Group Limited and the ultimate holding company is Murray International Holdings Limited both of which are registered in Scotland

The largest group in which the results of the Company are consolidated is that headed by the ultimate holding company whose principal place of business is at 9 Charlotte Square, Edinburgh, EH2 4DR Copies of Murray International Holdings Limited financial statements are available from the above address The smallest group in which the results of the Company are consolidated is that headed by The Premier Property Group Limited whose principal place of business is at 10 Charlotte Square, Edinburgh, EH2 4DR

24 Ultimate control

Sir D E Murray, a director of the ultimate holding company (Note 23), and members of his close family control the Company as a result of controlling directly or indirectly 81% of the issued share capital of the ultimate holding company

25 Post balance sheet events

Subsequent to the year end, the Group entered into the following significant transaction

the acquisition of a development property for a total consideration of £6,200,000