Registered no: SC 271250

Lagmar Developments Limited

Annual report

for the period ended 31 March 2007

Lagmar Developments Limited

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for the period ended 31 March 2007

Lagmar Developments Limited

Directors and advisers

Directors

S Bell
K Lagan
N Murphy
W Rush

Secretary

N Murphy

Registered office

130 Saint Vincent Street
Glasgow
Strathclyde
G2 5HF

Bankers

Bank of Ireland
Business Banking
1 Donegall Street
Belfast
BT1 5LR

Registered auditors

PricewaterhouseCoopers LLP
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Lagmar Developments Limited

Directors' report
for the period ended 31 March 2007

The directors present their report and the audited financial statements for the sixteen month period ended 31 March 2007

Principal activities

The principal activities of the company and the group are the development and management of a shopping centre

Review of business

The group's loss for the financial period is £564,408

Political and charitable donations

No charitable or political donations were made during the period

Directors

The directors who served during the period are shown on page 1

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the loss of the company and group 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,
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company and the group will continue in business in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware

- there is no relevant audit information of which the company's and the group's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's and the group's auditors are aware of that information

Small companies' exemptions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board

N Murphy
Secretary
Date 30-Jan-08.

Independent auditors' report to the members of Lagmar Developments Limited

We have audited the group and parent company financial statements of Lagmar Developments Limited for the period ended 31 March 2007, which comprise the consolidated profit and loss account, the consolidated and company balance sheets and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and 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) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 if whether in our opinion the information given in the directors' report is not 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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

Fundamental Uncertainty – Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the basis of preparation The financial statements have been prepared on a going concern basis and the validity of this depends on the outcome of the proposed raising of additional funds of approximately £642,842 by a shareholder loan The financial statements do not include any adjustments that would result from a failure to obtain this funding Our opinion is not qualified in this respect

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 March 2007 and of the group's loss for the period then ended, and

- 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast
Date 31 January 2008

Lagmar Developments Limited

Consolidated profit and loss account for the period ended 31 March 2007

	Notes	16 months ended 31 March 2007 £
Turnover	2	**3,467,375**
Cost of sales		
Gross profit		**3,467,375**
Administration expenses		**(1,396,252)**
Other income		**97,375**
Operating profit	3	**2,168,498**
Material profit on sale of investment	6	**639,676**
Interest receivable		**67,345**
Interest payable and similar charges	7	**(3,439,927)**
Loss on ordinary activities before taxation		**(564,408)**
Taxation	8	
Loss for the financial period	17	**(564,408)**

All amounts above relate to discontinued operations of the group

The group has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the loss for the financial period stated above, and their historical cost equivalents

Lagmar Developments Limited

Consolidated balance sheet at 31 March 2007

	Notes	2007 £
Current assets		
Debtors	12	**562,647**
Cash in hand		**5,435**
		568,082
Creditors: amounts falling due within one year	13	**(1,310,924)**
Net current liabilities		**(742,842)**
Total assets less current liabilities		**(742,842)**
Creditors: amounts falling due after more than one year	14	
Net liabilities		**(742,842)**
Capital and reserves		
Called up share capital	16	**2**
Profit and loss account	17	**(742,844)**
Equity shareholders' deficit		**(742,842)**

The financial statements on pages 6 to 14 were approved by the board and were signed on its behalf by

Director
Date 30 January 2008

Lagmar Developments Limited

Company balance sheet at 31 March 2007

	Notes	31 March 2007 £	30 November 2005 £
Current assets			
Development property	11		38,990,733
Debtors	12	**562,647**	393,873
Cash at bank and in hand		**1**	213,528
		562,648	39,598,134
Creditors amounts falling due within one year	13	**(1,304,452)**	(428,925)
Net current liabilities		**(741,804)**	39,169,209
Total assets less current liabilities		**(741,804)**	39,169,209
Creditors: amounts falling due after more than one year	14		(39,347,644)
Net liabilities		**(741,804)**	(178,435)
Capital and reserves			
Called up share capital	16	**2**	2
Profit and loss account	17	**(741,806)**	(178,437)
Equity shareholders' deficit		**(741,804)**	(178,435)

The financial statements on pages 6 to 14 were approved by the board and were signed on its behalf by

Director
Date 30 January 2008

Notes to the financial statements for the sixteen months ended 31 March 2007

1 Accounting policies

These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards The significant accounting policies adopted are set out below

Fundamental uncertainty

The financial statements have been prepared on the going concern basis, which assumes that the group will continue to be able to meet its liabilities as they fall due for the foreseeable future

At 31 March 2007, the group has net liabilities totalling £742,842

The directors have produced cash flow forecasts to 31 March 2008, which indicate that the group can continue as a going concern In preparing these cash flow forecasts the directors have assumed that

- All current assets at 31 March 2007 will be received in full
- All liabilities at 31 March 2007 will be paid in full The shortfall in group funds will be provided by a shareholder loan

There can be no certainty that the outcome of all the matters discussed above will be as forecast by the directors The directors believe that they will secure adequate funding from the existing shareholders and manage their cash outflows as described above On this basis the directors believe it appropriate to prepare the financial statements on the going concern basis

Basis of consolidation

The consolidated financial statements include the financial statements of Lagmar Developments Limited and all its subsidiary companies up to 31 March 2007 Inter group charges and profits are eliminated fully on consolidation Where subsidiaries or associates are acquired or disposed of during the year, the consolidated income statement includes the results from or to the effective date of acquisition or disposal The net assets of companies acquired are incorporated into the consolidated accounts at their fair values to the Group Under FRS 5 "Reporting the Substance of Transactions" the accounts of the Unit Trust are consolidated as a quasi subsidiary See Note 10

Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection

Development property

Development properties are stated at the lower of cost or net realisable value

Rental income

Rental income is accounted for from the commencement of the rental lease In accordance with Urgent Issues Task Force (UITF) Abstract 28 (Operating Lease Incentives), all incentives given for lessees to enter into leases are treated as revenue costs Rental income is accounted for from the commencement of a lease rather than from the expiry date of any rent free periods The cost of all incentives which do not enhance the property is offset against the total rent due and allocated to the profit and loss account on a straight line basis over the period from the rent commencement date (or rent free date if sooner) to the date of the next rent review (or lease end date if sooner) Lease incentives which enhance the property generally are added to the cost of properties

1 Accounting policies (continued)

Deferred taxation

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 company's taxable profit and its results as stated in the financial statements Deferred tax assets are recognised to the extent that they are regarded as recoverable Deferred tax assets are regarded as recoverable to the extent that, 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 assets and liabilities recognised have not been discounted

Cash flow

The group is exempt from preparing a cash flow statement under the requirements of Financial Reporting Standard ('FRS') 1 (Revised) as it qualifies as a small company

2 Analysis of turnover

Turnover relates to the company's main activity which is carried out in the United Kingdom

3 Operating profit

	16 months ended 31 March 2007 £
This is stated after charging:	
Auditors' remuneration	
Fees payable to the company's auditors for the audit of the company's financial statements	9,000
Fees payable for the company's auditors for taxation services	

4 Employee information

The company and group had no employees outside of the directors during the period (2005 Nil)

5 Directors' emoluments

The directors did not receive any remuneration during the period (2005 £Nil)

6 Exceptional items

	16 months ended 31 March 2007 £
Material profit on sale of investment	639,676

The disposal has been classified as exceptional because of its size and incidence The taxation impact is £Nil

7 Interest payable and similar charges

	16 months ended 31 March 2007 £
On bank loans and overdraft	3,439,927

8 Taxation

	16 months ended 31 March 2007 £
Current tax:	
UK corporation tax at 30%	
Deferred tax:	
Accelerated capital allowances and other timing differences	
Tax on loss on ordinary activities	

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 30% The differences are explained below

	16 months ended 31 March 2007 £
Loss on ordinary activities before tax	(564,408)
Loss on ordinary activities multiplied by standard rate in the UK 30%	(169,322)
Effects of	
Expenses not deductible for tax purposes	(2,313,650)
Other timing differences	7,857
Capital transactions	2,475,115
Current tax charge for the period	

The group has carried forward tax losses of £204,626 (2005 £178,437) At present these losses have not been recognised in the deferred tax calculation as they may not be utilised in the foreseeable future However, if taxable profits do arise these losses will be available for off set, reducing the tax payable in the future by potentially £61,388 (2005 £53,531)

9 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements The amount of the consolidated loss attributable to shareholders dealt with in the financial statements of the holding company was £563,370

10 Investments

Company	Investment in unit trusts £
Cost	
Additions	46,400,000
Disposals	(46,400,000)
At 31 March 2007	
Amounts written off	
At 1 December 2005 **and 31 March 2007**	
Net book value	
At 31 March 2007	
At 30 November 2005	

The group's principal operating subsidiary, acquired during the year, with a financial year end of 31 March 2007 is disclosed below

	Nature of business	Country of incorporation	Percentage of units and voting rights held
Savoy Unit Trust	Development and management of a shopping centre	Jersey	99 81%

The fair value of the net assets acquired accorded with the fair value of the consideration paid consequently no goodwill arose on the transaction On the grounds of materiality an acquisition table has not been presented in these financial statements The group's investment in the Unit Trust was disposed off on 22 December 2006 to an independent third party for a consideration of £49,321,810

11 Development property

	Group 31 March 2007 £	Group 30 November 2005 £	**Company 31 March 2007 £**	Company 30 November 2005 £
Property held for development		38,990,733		38,990,733

12 Debtors

	Group 31 March 2007 £	Group 30 November 2005 £	**Company 31 March 2007 £**	Company 30 November 2005 £
Amounts owed by related party undertakings	**400,000**	300,000	**400,000**	300,000
Other debtors	**152,837**	93,871	**152,837**	93,871
Prepayments and accrued income	**9,810**	2	**9,810**	2
	562,647	393,873	**562,647**	393,873

13 Creditors: amounts falling due within one year

	Group 31 March 2007 £	Group 30 November 2005 £	Company 31 March 2007 £	Company 30 November 2005 £
Bank overdraft	**20,355**		**20,355**	
Trade creditors	**22,381**	11,278	**22,381**	11,278
Amounts owed to related party undertakings (Note 19)	**759,715**		**853,243**	
Other taxes and social security costs	**336,593**	75,632	**336,593**	75,632
Accruals and deferred income	**171,880**	342,015	**71,880**	342,015
	1,310,924	428,925	**1,304,452**	428,925

14 Creditors: amounts falling due after more than one year

	Group 31 March 2007 £	Group 30 November 2005 £	Company 31 March 2007 £	Company 30 November 2005 £
Bank loans (Note 15)				37,500,000
Shareholders loans (Note 15)				1,847,644
				39,347,644

15 Bank and other loans

	Group 31 March 2007 £	Group 30 November 2005 £	Company 31 March 2007 £	Company 30 November 2005 £
Maturity of debt				
Less than one year, or on demand				
Between one and two years				39,347,644
				39,347,644

Security

The bank borrowings are secured by a specific legal mortgage over the company's property, a deed of assignment of rental income in respect of the property and a floating charge over the company's assets, together with undertakings, guarantees and indemnities from Shareholders

16 Called up share capital

	Group		Company	
	31 March 2007 £	30 November 2005 £	31 March 2007 £	30 November 2005 £
Authorised				
100 ordinary shares of £1 each	**100**	100	**100**	100
Allotted and fully paid				
2 ordinary shares of £1 each	**2**	2	**2**	2

17 Profit and loss reserve

	Group	Company
	£	£
At 1 December 2005		(178,436)
On formation of group – Company balances	(178,436)	
Loss for the financial period	(564,408)	(563,370)
At 31 March 2007	**(742,844)**	**(741,806)**

18 Reconciliation of movements in shareholders' deficit

	31 March 2007	30 November 2005
	£	£
Loss for the financial period	**(564,408)**	(178,436)
On formation of group – Company balances	**(178,434)**	
Nominal value of ordinary shares issued		2
Net movement during period	**(742,842)**	(178,434)
Opening shareholders' funds		
Closing shareholders' deficit	**(742,842)**	(178,434)

19 Related party disclosures

During the period, Lagmar Developments Holdings Limted granted a loan of £300,000 to Lagmar (Barnstaple), a related party undertaking as defined by FRS8 "Related Party Disclosures" In addition, during the period the company incurred an £8 million option fee redemption charge which was payable to a partnership registered in the Isle of Man, connected to the directors of the ultimate parent companies At the period end details of other balances with related party undertakings are as follows

Balances – Group & company	Nature of relationship	31 March 2007	30 November 2005
		£	£
Due to Lagmar Developments Limited			
Lagmar (Barnstaple)	Common directors	**300,000**	300,000
SF 3028	Common directors	**100,000**	
Due by Lagmar Developments Limited			
Mar Properties Limited	Parent company		459,375
Lagan Developments Holdings Limited	Parent company		1,388,269
SF 3028	Common directors	**93,528**	
Lagmar Norwich	Common directors	**13,612**	
Lagmar Properties	Common directors	**246,103**	
Lagmar Norwich (In Shops)	Common directors	**500,000**	

20 Ultimate controlling party

The directors regard MAR Properties Limited and Lagan Developments Holdings Limited, both incorporated in the United Kingdom to be the ultimate controlling parties Copies of the financial statements of both MAR Properties Limited and Lagan Developments Holdings Limited can be obtained from Companies Registry