

Almacantar Limited

Annual Report and Financial Statements

31 December 2012

Company Registration Number 7038904





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Officers and professional advisors

Directors	M R Hussey M D Halcrow
Secretary	M D Halcrow
Registered Office	3 Quebec Mews London W1H 7NX
Auditors	Ernst & Young LLP 1 More London Place LONDON SE1 2AF



Directors' Report

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2012

Principal activities, business review and future outlook

The principal activity of the Company is the provision of advisory and administrative services to other group companies. Income will arise in due course as other group companies make property investments.

The Company has performed in line with expectations, and the directors are satisfied with the position at the end of the year.

The accounts have been prepared on a going concern basis, as the directors intend the Company to continue its activities for the foreseeable future and are satisfied that the Company has access to the resources required.

The results for the Company show a pre-tax loss of £3,065,785 (2011: £3,071,049). The Company has net assets of £16,139,581 (2011: £1,205,366).

The directors do not propose a dividend for the year ended 31 December 2012 (2011: £nil).

Principal risks and uncertainties

The principal risks faced by the Company relate to the progress of the property investment activities of other group companies. These are subject to general market conditions, and in particular to availability of finance and occupier demand.

Key Performance Indicators ("KPIs")

Given the nature of the business, the Company's directors are of the opinion that the KPI for the performance and position of the business is profit or loss before tax. The result for the year is noted above.

Directors

The Directors of the Company who served during the year are noted below:

M R Hussey
M D Halcrow

Directors' indemnities

Directors of the Company are entitled to be indemnified by the Company against any liability, loss or expenditure incurred in connection with their duties, powers or office, to the extent permitted by statute. The appointments of directors of the Company do not provide for compensation for the loss of office that occurs because of takeover.



Directors' report (continued)

Payment policy

It is the Company's policy, in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers' when placing orders. Trade creditors as a proportion of amounts invoiced by suppliers represent 16 days (2011: 22 days).

Statement of Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable United Kingdom laws 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 International Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- Properly select and apply accounting policies,
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- Provide additional disclosures when compliance with the specific requirement in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and,
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and disclosure of information to auditors

Ernst & Young LLP were appointed as auditors on 16 January 2012 and have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



Directors' report (continued)

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

Signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'M D Halcrow', written over a horizontal line.

M D Halcrow
Secretary

3 Quebec Mews
London
W1H 7NX
19 April 2013



Independent Auditors' report to the members of Almacantar Limited

We have audited the financial statements of Almacantar Limited for the year ended 31 December 2012 which comprises the Income Statement, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IRFSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, set out in the Directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statement

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

Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- Have been properly prepared in accordance with IRFSs as adopted by the European Union, and
- Have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.




Independent Auditors' report to the members of Almacantar Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements are not in agreement with the accounting records and returns, or
- Certain disclosures of directors' remuneration specified by law are not made, or
- We have not received all the information and explanations we require for our audit



David Wilson (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

1 More London Place
London
SE1 2AF

19 April 2013



Income statement

Year ended 31 December 2012

	Note	2012 £	2011 £
Fee income		--	710,923
Cost of sales		(226,591)	(568,481)
Gross profit / (loss)		(226,591)	142,442
Administrative expenditure	2	(3 508,163)	(3,115,654)
Operating loss		(3,734,754)	(2,973,212)
Finance income	3	979,800	100,933
Finance expense	4	(310,831)	(198,770)
Loss before taxation		(3,065,785)	(3,071,049)
Taxation	5	-	--
Loss for the year		(3,065,785)	(3,071,049)

All activities during the current year are derived from continuing operations

There are no other items of comprehensive income in the current year or prior year and therefore no statement of comprehensive income is shown



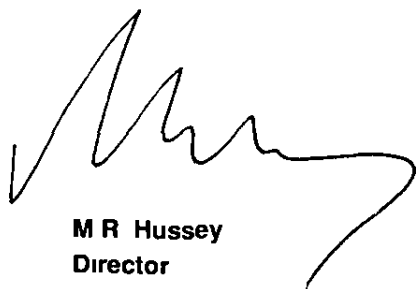
Balance sheet

31 December 2012

	Note	2012 £	2011 £
Assets			
Non-current assets			
Loan receivable	6	15,000,000	–
Property, plant and equipment	7	329,980	401,646
Rent deposit		127,781	127,781
Total non-current assets		15,457,761	529,427
Current assets			
Work-in progress		2,595,062	50,614
Trade and other receivables	8	367,278	1,070,092
Cash and cash equivalents		235,422	40,545,899
Total current assets		3,197,762	41,666,605
Total Assets		18,655,523	42,196,032
Liabilities			
Current liabilities			
Trade and other payables	9	(508,694)	(451,946)
Amounts due to parent undertaking	10	–	(40,083,483)
Total current liabilities		(508,694)	(40,535,429)
Non-current liabilities			
Amounts due to parent undertaking	10	(2,007,248)	(455,237)
Total non-current liabilities		(2,007,248)	(455,237)
Total Liabilities		(2,515,942)	(40,990,666)
Net assets		16,139,581	1,205,366
Equity			
Share capital	13	24,000,000	6,000,000
Retained earnings		(7,860,419)	(4,794,634)
Total equity attributable to shareholders of the company		16,139,581	1,205,366

The financial statements of Almacantar Limited, registered number 7038904, were approved by the Board of Directors on 19 April 2013

Signed on behalf of the Board of Directors



M R Hussey
Director



M D Halcrow
Director



Statement of cash flows

Year ended 31 December 2012

	Note	2012 £	2011 £
Operating activities			
Loss before tax		(3,065,785)	(3,071,049)
Non-cash adjustments to reconcile loss before tax to net cash flows			
Depreciation of other property, plant and equipment		103,480	87,838
Finance income		(979,800)	(100,933)
Finance expense		310,831	198,770
Working capital adjustments			
(Increase) / decrease in trade and other receivables		937,566	(1,046,947)
(Increase) / decrease in work-in-progress		(2,338,448)	(50,614)
Increase / (decrease) in trade and other payables		(149,252)	303,199
		(5,181,408)	(3,679,736)
Interest received		745,048	100,933
Interest paid		(310,831)	(198,770)
Net cash flows used in operating activities		(4,747,191)	(3,777,573)
Investing activities			
Purchase of property, plant and equipment		(31,814)	(129,022)
Loan to group company		(15,000,000)	-
Cash flows used in investing activities		(15,031,814)	(129,022)
Financing activities			
Proceeds from issue of share capital		18,000,000	4,000,000
Net increase / (decrease) in loans from group companies		(38,531,472)	40,156,415
Cash flows from / (used in) financing activities		(20,531,472)	44,156,415
Net increase / (decrease) in cash and cash equivalents		(40,310,477)	40,249,820
Cash and cash equivalents at 1 January		40,545,899	296,079
Cash and cash equivalents at 31 December		235,422	40,545,899



Statement of changes in equity

Year ended 31 December 2012

	Share Capital	Retained Earnings	Shareholders' equity
	£	£	£
Total equity at 1 January 2012	6,000,000	(4,794,634)	1,205,366
Loss for the year	--	(3,065,785)	(3,065,785)
Issue of share capital	18,000,000	--	18,000,000
Total equity at 31 December 2012	24,000,000	(7,860,419)	16,139,581

Year ended 31 December 2011

	Share Capital	Retained Earnings	Shareholders' equity
	£	£	£
Total equity at 1 January 2011	2,000,000	(1,723,585)	276,415
Loss for the year	--	(3,071,049)	(3,071,049)
Issue of share capital	4,000,000	--	4,000,000
Total equity at 31 December 2011	6,000,000	(4,794,634)	1,205,366



Notes to the financial statements

1. Accounting policies and basis of preparation

The financial statements of Almacantar Limited have been prepared on a historical cost basis. The financial statements have been prepared on a going concern basis.

The functional currency of the Company is Sterling.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2012, none of which has had a material impact on the financial statements:

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
- IFRS 1 First Time Adoption of International Financial Reporting Standards (Amendment)
- IFRS 7 Financial Instruments: Disclosures – Enhanced De-recognition Disclosure Requirements

At the date of approval of these financial statements, the following applicable Standards have been issued but are not yet effective, and have not been applied in these financial statements. These Standards are not currently expected to have any material impact on the Group's financial statements:

- IAS 1 Financial Statement Presentation (effective from 1 January 2013)
- IFRS 9 Financial Instruments: Classification and Measurement (effective from 1 January 2015)
- IFRS 13 Fair Value Measurement (effective from 1 January 2013)

Judgements, estimates and assumptions

When applying the Company's accounting policies, the Directors make judgements, estimates and assumptions which may affect the financial statements. The judgements, estimates and assumptions made in the preparation of the financial statements are considered to be reasonable. However, actual outcomes may differ from those anticipated.

Revenue

Turnover comprises charges to other Group companies for advisory and administration services provided together with other fee income.



Notes to the financial statements (continued)

Work-in-progress

Work-in-progress largely comprises professional fees relating to potential property developments expected to be undertaken by other group companies. The Company anticipates charging these costs against direct recharges or future fee income.

An impairment provision is created where there is objective evidence that the Company will not be able to recover these amounts in full.

Property, plant and equipment

Leasehold property comprises fit-out and other improvements to office premises.

Equipment comprises computers and office furniture.

These assets are stated at cost less accumulated depreciation and are depreciated on a straight-line basis over five years.

Financial instruments

a) Loans receivable

Interest bearing loans receivable are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

b) Trade receivables

Trade receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method, as reduced by appropriate allowances for impairment or other estimated irrecoverable amounts.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and other highly liquid investments that are readily convertible into a known amount of cash and are subject to insignificant risk of changes in fair value.

d) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

e) Amounts due to parent undertaking

Interest bearing loans from the Company's parent undertaking are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method.



Notes to the financial statements (continued)

Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the probable lease term. Deposits paid to the lessor are recognised as an asset on the balance sheet, classification as non-current or current is determined by reference to when the deposit is repayable. Future minimum lease payments are disclosed in note 2.

Tax

Income tax expense comprises tax currently payable and deferred tax.

a) Current taxation

Current income tax assets and liabilities are measured at the amounts expected to be paid to or recovered from taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

b) Deferred taxation

Deferred tax is provided on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates which have been enacted or substantively enacted by the balance sheet date. A deferred tax asset on tax losses is recognised to the extent that an offset is available against a deferred tax liability, or taxable profits are predicted to be available against which the loss can be utilised.



Notes to the financial statements (continued)

2. Administrative expenditure

	2012 £	2011 £
Salaries and other payroll costs	2,435,232	2,092,656
Legal and other professional costs	482,163	471,942
Office and other administrative costs	487,288	463,218
Depreciation	103,480	87,838
	3,508,163	3,115,654

The aggregate payroll costs of employees were

	2012 £	2011 £
Wages and salaries	2,159,082	1,850,296
Social security costs	276,150	242,360
	2,435,232	2,092,656

The average number of employees of the company was 18 (2011: 10)

Directors' remuneration		
Emoluments	630,000	875,000
Remuneration of the highest paid director	380,000	500,000

Audit fees

The audit fee payable to Ernst & Young LLP in respect of the audit of the financial statements is £17,500 (2011: £17,000)

Operating lease

Future minimum rental payments under non-cancellable operating leases are as follows

	2012 £	2011 £
Within 1 year	191,653	188,750
Between 2 - 5 years	413,931	409,956
After 5 years	-	-
	605,584	598,706



Notes to the financial statements (continued)

3. Finance income

	2012 £	2011 £
Interest received on short-term bank deposits	268,841	100,933
Interest receivable from another group company (see note 6)	710,959	--
	979,800	100,933

4. Finance expense

Finance expense comprises interest payable on loans from the Company's parent (see note 10)

5. Taxation

a) Tax charged in the income statement

	2012 £	2011 £
Current tax		
UK corporation tax	--	--
Total current tax credit at 24.5% (2011: 26.5%)	--	--

b) Factors affecting the current tax credit in the income statement for the year

The tax credit for the year is lower than the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%) applied to the loss on ordinary activities. The differences are explained below:

	2012 £	2011 £
Loss before taxation	(3,065,785)	(3,071,049)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(751,117)	(813,828)
Factors affecting credit		
Origination and reversal of temporary differences	8,766	(8,945)
Permanent differences	36,923	26,850
Surrender of group relief not paid for	571,369	--
Tax losses not recognised	134,059	795,923
Total tax credit in the income statement (note (a))	--	--



Notes to the financial statements (continued)

5. Taxation (continued)

c) Deferred tax

At balance sheet date, the Company has unused tax losses of £4,245,000 (2011 £4,770,000) available for offset against future profits. No deferred tax has been recognised in respect of these losses due to the unpredictability of future profits.

6. Loan receivable

On 12 July 2012 the Company entered into a £15,000,000 loan with Almacantar Kingsway Sarl, a fellow subsidiary undertaking of Almacantar SA. This loan bears interest at a rate of 10% per annum and is repayable on 5 August 2016.

7. Property, plant and equipment

	Leasehold property £	Equipment £	Total £
Historical cost			
At 1 January 2011	248,304	131,144	379,448
Additions	30,984	98,038	129,022
At 31 December 2011	279,288	229,182	508,470
Additions	16,480	15,334	31,814
At 31 December 2012	295,768	244,516	540,284
Accumulated depreciation			
At 1 January 2011	(12,415)	(6,571)	(18,986)
Charge for the year	(53,483)	(34,355)	(87,838)
At 31 December 2011	(65,898)	(40,926)	(106,824)
Charge for the year	(55,858)	(47,622)	(103,480)
At 31 December 2012	(121,756)	(88,548)	(210,304)
Net book value			
31 December 2011	213,390	188,256	401,646
31 December 2012	174,012	155,968	329,980

The basis of measurement for carrying value is depreciated historic cost.



Notes to the financial statements (continued)

8. Trade and other receivables

	2012 £	2011 £
Trade receivables	--	853,108
VAT recoverable	51,041	-
Interest receivable from another group company	234,247	-
Other debtors	81,990	216,984
Trade and other receivables	367,278	1,070,092

9 Trade and other payables

	2012 £	2011 £
Trade payables	152,566	56,337
VAT payable	--	103,613
Other taxation and social security	97,651	26,409
Accruals	258,477	265,587
Trade and other payables	508,694	451,946

10. Amounts due to parent undertaking

	2012 £	2011 £
Current	--	40,083,483

The prior year amount of £40,083,483 was a short term loan from the Company's parent, Almacantar SA. This loan was repaid on 9 July 2012 and the facility was terminated.

	2012 £	2011 £
Non current	2,007,248	455,237

The amount of £2,007,248 (2011: £455,237) is a loan from the Company's parent, Almacantar SA. Under the terms of the facility, the Company may borrow funds up to a limit of £10,000,000. The loan bears interest at a current annual rate of 4.5%. Repayment of the loan is not expected within the next 12 months.



Notes to the financial statements (continued)

11 Financial instruments

Financial assets in the Company comprise trade and other receivables, categorised as loans and receivables, and cash and cash equivalents which is classified as other financial assets. Financial liabilities comprise trade and other payables, amounts due to its parent company and tax balances, all of which are categorised as other financial liabilities. The carrying values of these financial assets and liabilities approximate their fair values as shown in the following table.

	Carrying value		Fair value	
	2012 £	2011 £	2012 £	2011 £
Financial assets				
Loan receivable	15,000,000	--	15,000,000	--
Rent deposit	127,781	--	127,781	--
Trade and other receivables	234,247	1,070,092	234,247	1,070,092
Cash and cash equivalents	235,422	40,545,899	235,422	40,545,899
Financial liabilities				
Trade and other payables	411,043	451,946	411,043	451,946
Amounts due to parent undertaking	2,007,248	40,538,720	2,007,248	40,538,720

12. Financial risk management

a) Capital risk

Capital risk is the risk that the Company may lack sufficient funding to meet its long-term objectives. The Company's capital structure comprises equity and loans from its parent.

i) Equity

Equity comprises issued share capital and retained earnings as disclosed in the Statement of Changes in Equity. The Directors consider that the Company is likely to be able to call on additional share capital from its parent, if and when required.

ii) Loans

Loans comprise interest bearing amounts from the Company's parent. The Directors consider that the Company is likely to continue to be able to access additional loans to support its business activities.

b) Market risk

The Company expects to derive most of its income in connection with property investment activities undertaken by other group companies. There is a risk that the scale or timing of those activities will be adversely affected by market conditions in the property sector, including availability of funding for those other undertakings. The Directors consider that the prospects are generally positive, and that this risk is satisfactorily managed accordingly.



Notes to the financial statements (continued)

12. Financial risk management (continued)

c) Credit risk

The Company has cash deposits of £235,422 (2011 £40,545,899) with reputable banks, which hold appropriate short-term and long-term credit ratings

d) Liquidity risk

The following table shows the maturity profile of the Company's financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay

31 December 2012	Carrying value	Less than one year	Over one year	Total
Trade and other payables	(411,043)	(411,043)	--	(411,043)
Amounts due to parent undertaking	(2,007,248)	-	(2,007,248)	(2,007,248)
	(2,418,291)	(411,043)	(2,007,248)	(2,418,291)

31 December 2011	Carrying value	Less than one year	Over one year	Total
Trade and other payables	(321,924)	(321,924)	--	(321,924)
Amounts due to parent undertaking	(40,538,720)	(40,083,483)	(455,237)	(40,538,720)
	(40,860,644)	(40,405,407)	(455,237)	(40,860,644)

13. Share Capital

	2012 £	2011 £
Allotted, called up and fully paid		
24,000,000 (2011 6,000,000) Ordinary shares		
1 January	6,000,000	2,000,000
Issue of share capital	18,000,000	4,000,000
31 December	24,000,000	6,000,000

Authorised, issued and fully paid share capital comprises 24,000,000 (2011 6,000,000) Ordinary shares with a nominal value of £1 each



Notes to the financial statements (continued)

14. Related party transactions

Key management personnel are considered to be the Directors of the Company. Directors' remuneration is disclosed in note 2.

As detailed in note 10, at 31 December 2012 the Company has borrowings from its parent of £2,007,248 (2011: £40,538,720). During the year interest of £310,831 (2011: £198,770) was payable on these borrowings. No amounts were accrued at year end.

As detailed in note 6, on 12 July 2012 the Company entered into a £15,000,000 loan with Almacantar Kingsway Sarl, a fellow subsidiary undertaking of Almacantar SA. During the year, interest income of £710,959 (2011: nil) was recognised in the income statement. At 31 December 2012, the amount of accrued interest income was £234,247 (2011: nil).

The parent Company and ultimate controlling party is Almacantar SA. Copies of the financial statements of Almacantar SA can be obtained from the Company's office at 37 rue d'Anvers, L-1130 Luxembourg.