

Registration Number NI 7096

William Ewart Properties Limited
Directors' Report and Financial Statements
for the year ended 31 December 2005

William Ewart Properties Limited

Contents

	Page
Directors' report	2
Auditors' Report	3 - 4
Trading and Profit and Loss Account	5
Balance Sheet	6
Notes to the financial statements	7 - 16

William Ewart Properties Limited

Company Information

Directors	F. Boyd D.A. Creighton A Elliott
Secretary	A. Creighton
Company Number	NI 7096
Registered Office	The Linenhall 32 - 38 Linenhall Street Belfast BT2 8BG
Auditors	Maneely Mc Cann Lamont Buildings 44 Stranmillis Embankment Belfast BT9 5FL
Business Address	The Linenhall 32 - 38 Linenhall Street Belfast BT2 8BG
Bankers	First Trust 35 University Road Belfast BT7 1ND First Trust Bank 92 Ann Street Belfast BT1 3AY

William Ewart Properties Limited

Directors' Report for the year ended 31 December 2005

The directors present their report and the Financial Statements for the year ended 31 December 2005.

Principal Activity and Review of the Business

The principal activity of the company continued to be leasing and development of properties for industrial and commercial purposes and provision of management services to its subsidiaries.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2005	2004
F. Boyd	-	-
D.A. Creighton	-	-
A Elliott	-	-

Directors' Responsibilities

Company law requires the directors to prepare Financial Statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the Financial Statements comply with the Companies (NI) Order 1986. 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

The company has by elective resolution under Article 394(1) of the Companies (NI) Order 1986 dispensed with the annual reappointment of the auditors. Maneely Mc Cann will be deemed to be reappointed for each succeeding financial year.

This report is prepared in accordance with the special provisions of Part I of Schedule 8 to the Companies (NI) Order 1986 relating to Small Companies.

This report was approved by the Board on 19 January 2007 and signed on its behalf by

A. Creighton
Secretary

William Ewart Properties Limited

Independent auditors' report to the shareholders of William Ewart Properties Limited

We have audited the financial statements of William Ewart Properties Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 (Northern Ireland) Order 1986. We also report to you if, in our opinion, the directors report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

William Ewart Properties Limited

Independent auditors' report to the shareholders of William Ewart Properties Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

**Maneely Mc Cann
Chartered Accountants and
Registered Auditor
19 January 2007**

**Lamont Buildings
44 Stranmillis Embankment
Belfast
BT9 5FL**

William Ewart Properties Limited

**Trading and Profit and Loss Account
for the year ended 31 December 2005**

Continuing operations

		2005	2004
	Notes	£	£
Turnover	2	3,981,988	5,184,450
Cost of sales		-	(2,248,823)
Gross profit		<u>3,981,988</u>	<u>2,935,627</u>
Administrative expenses		(846,828)	(562,412)
Operating profit	3	<u>3,135,160</u>	<u>2,373,215</u>
Investment income	4	(100)	-
Interest receivable and similar income		18,994	16,779
Amount written back on investments	5	41,119,923	-
Interest payable and similar charges	6	(2,488,872)	(2,215,159)
Retained profit for the year		<u>41,785,105</u>	<u>174,835</u>
Accumulated (loss) brought forward		(2,653,088)	(2,827,923)
Retained profit/(loss) carried forward		<u><u>39,132,017</u></u>	<u><u>(2,653,088)</u></u>
 Statement of total recognised gains and losses			
Profit on ordinary activities after taxation		41,785,105	174,835
Unrealised movement on revaluation of property		40,412,412	97,127,377
Unrealised movement on revaluation of investment property		4,900,000	13,675,000
Total recognised gains relating to the year		<u><u>87,097,517</u></u>	<u><u>110,977,212</u></u>

The notes on pages 7 to 16 form an integral part of these financial statements.

William Ewart Properties Limited

**Balance Sheet
as at 31 December 2005**

	Notes	£	2005	£	2004	£
Fixed Assets						
Tangible assets	8		56,885,998		51,967,750	
Investments	9		142,255,970		101,832,158	
			<u>199,141,968</u>		<u>153,799,908</u>	
Current Assets						
Stocks	10	2,851,728		2,856,228		
Debtors	11	50,701,873		57,946,545		
Cash at bank and in hand		2,520,059		69,215		
			<u>56,073,660</u>		<u>60,871,988</u>	
Creditors: amounts falling due within one year	12	(46,637,366)		(93,191,152)		
Net Current Assets/(Liabilities)			<u>9,436,294</u>		<u>(32,319,164)</u>	
Total Assets Less Current Liabilities			<u>208,578,262</u>		<u>121,480,744</u>	
Capital and Reserves						
Called up share capital	14		8,270,692		8,270,692	
Share premium account	15		666,596		666,596	
Revaluation reserve	15		141,933,957		101,521,545	
Other reserves	15		18,575,000		13,675,000	
Profit and loss account	15		39,132,017		(2,653,088)	
Equity Shareholders' Funds	16		<u>208,578,262</u>		<u>121,480,745</u>	

The Financial Statements are prepared in accordance with the special provisions of Part I of Schedule 8 of the Companies (NI) Order 1986 relating to Small Companies.

The Financial Statements were approved by the Board on 19 January 2007 and signed on its behalf by

D.A. Creighton
Director

The notes on pages 7 to 16 form an integral part of these financial statements.

William Ewart Properties Limited

Notes to the financial statements for the year ended 31 December 2005

1. Accounting Policies

1.1. Accounting convention

The Financial Statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a Small Company.

1.2. Tangible fixed assets and depreciation

Tangible assets are stated at cost less depreciation. The charge for depreciation is calculated to write off the cost of tangible assets over their estimated useful lives as follows:

Computer Equipment	-	25% straight line		
Fixtures & Fittings	-	15% straight line		
Motor vehicles	-	25% straight line		
Plant & Equipment	-	5%	straight	line

1.3. Tangible fixed asset investment properties

Investment Properties are revalued annually, surpluses arising thereon being credited to an investment property revaluation reserve. Deficits arising are charged to the Profit and Loss if not exceeded by previous revaluation surpluses.

No depreciation is charged on investment property interests. This constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their useful economic lives and is necessary to enable the financial statements to give a true and fair view, in accordance with Statement of Standard Accounting Practice No. 19 - Accounting for Investment Properties.

1.4. Fixed asset investments

Investment in subsidiary undertakings

Investments in subsidiary undertakings are revalued by the Company Directors on an annual basis.

Other investments

Other investments are shown at cost less provision for impairment in value.

William Ewart Properties Limited

Notes to the financial statements for the year ended 31 December 2005

..... continued

1.5. Stock

Development properties

Development properties are properties acquired for future development and properties on which initial development has commenced. These are stated at the lower of cost and open market value.

Long term contracts

Long term contracts comprise properties currently being developed. These are assessed on a contracts basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. No profit is recognised until the outcome of a long term contract can be assessed with reasonable certainty. Work in progress represents costs incurred net of amounts transferred to cost of sales, less foreseeable losses and applicable payments on account not matched with turnover.

The amount by which recorded turnover is in excess of payments on account of individual contracts is classified as amounts recoverable on contracts and included within debtors. The balance of payments received on account of individual contracts in excess of amounts matched with turnover and offset against long term contract work in progress balances is classified as payments on account and included within creditors. The amount by which the provision for foreseeable losses exceeds the costs incurred after transfers to cost of sales is included within provisions for liabilities and charges.

Properties held for resale

Properties held for resale are properties on which no further development is required. These are stated at the lower of cost and net realisable value.

1.6. Taxation

Corporation tax is calculated on the results for the year.

1.7. Consolidated accounts

Consolidated financial statements are not prepared as the group has availed of the exemption provided under Section 227 of the Companies Act 1985. The ultimate holding company is established in the UK for which consolidated financial statements are prepared. Details on the availability of the group consolidated financial statements are given in Note 17.

2. Turnover

Turnover, which excludes VAT, represents the sale of trading and development properties together with rental income, property management fees and management fees charged to subsidiary undertakings and arises entirely in the United Kingdom.

William Ewart Properties Limited

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

3. Operating profit	2005	2004
	£	£
Depreciation of tangible assets	176,341	34,165
Auditors' remuneration	30,000	30,000
	<u> </u>	<u> </u>
4. Income from investments	2005	2004
	£	£
Loss on disposal of investments	(100)	-
	<u> </u>	<u> </u>
5. Amounts written off investments	2005	2004
	£	£
Amounts written off investments in prior years written back:		
- current assets	(41,119,923)	-
	<u> </u>	<u> </u>
6. Interest payable and similar charges	2005	2004
	£	£
Included in this category is the following:		
Interest payable on bank borrowing	2,488,872	2,215,159
	<u> </u>	<u> </u>

William Ewart Properties Limited

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

7. Employees

7.1. Number of employees

The average weekly numbers of employees (including executive directors) employed during the year were:

	2005 Number	2004 Number
Administration	1	1
	<hr/>	<hr/>
Employment costs	2005	2004
	£	£
Wages and salaries	18,312	14,296
Social security costs	1,776	1,227
	<hr/>	<hr/>
	20,088	15,523
	<hr/>	<hr/>

8. Tangible fixed assets

	Investment properties	Equipment	Fixtures, fittings & equipment	Motor vehicles	Plant & Equipment	Total
	£	£	£	£	£	£
Cost/revaluation						
At 1 January 2005	49,300,000	36,820	11,633	125,000	2,600,000	52,073,453
Additions	-	-	-	-	194,591	194,591
Revaluation	4,900,000	-	-	-	-	4,900,000
At 31 December 2005	<hr/> 54,200,000	<hr/> 36,820	<hr/> 11,633	<hr/> 125,000	<hr/> 2,794,591	<hr/> 57,168,044
Depreciation						
At 1 January 2005	-	36,254	6,951	62,500	-	105,705
Charge for the year	-	283	1,745	31,250	143,063	176,341
At 31 December 2005	<hr/> -	<hr/> 36,537	<hr/> 8,696	<hr/> 93,750	<hr/> 143,063	<hr/> 282,046
Net book values						
At 31 December 2005	<hr/> 54,200,000	<hr/> 283	<hr/> 2,937	<hr/> 31,250	<hr/> 2,651,528	<hr/> 56,885,998
At 31 December 2004	<hr/> 49,300,000	<hr/> 566	<hr/> 4,682	<hr/> 62,500	<hr/> 2,600,000	<hr/> 51,967,750

William Ewart Properties Limited

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

Revaluation of Fixed Assets

Investment properties are valued on an open market value for existing use as follows:

Property	Valuer	Date	£
Hampden House	Company Directors	31 December 2005	7,200,000
Mc Auley House	Company Directors	31 December 2005	47,000,000
			<u>54,200,000</u>

In respect of the asset stated at valuation, the comparable historical cost value is as follows:

	2005 £	2004 £
NBV of revalued tangible fixed assets:		
Historical cost	35,625,000	35,625,000
	<u>35,625,000</u>	<u>35,625,000</u>

9. Fixed Asset Investments

	Subsidiary Undertakings Shares	Other Unlisted Investments	Total
	£	£	£
Cost/revaluation			
At 1 January 2005	101,832,159	-	101,832,159
Additions	2	11,595	11,597
Disposals	(198)	-	(198)
Revaluations	40,412,412	-	40,412,412
At 31 December 2005	<u>142,244,375</u>	<u>11,595</u>	<u>142,255,970</u>
Net book values			
At 31 December 2005	<u>142,244,375</u>	<u>11,595</u>	<u>142,255,970</u>
At 31 December 2004	<u>101,832,159</u>	<u>-</u>	<u>101,832,159</u>

William Ewart Properties Limited

Notes to the financial statements for the year ended 31 December 2005

..... continued

9.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held
Subsidiary undertaking			
Brunswick No.4 Properties Limited	Northern Ireland	Ordinary	100%
Brunswick Property Holdings Limited	Northern Ireland	Ordinary	100%
Lanyon Developments Limited	Northern Ireland	Ordinary	100% by subsidiary
Castle Centre Management Services Limited	Northern Ireland	Ordinary	100%
Brunswick (9 Lanyon Place) Limited	Northern Ireland	Ordinary	100%
Brunswick (6 Lanyon Place) Limited	Northern Ireland	Ordinary	100%
Brunswick No.3 Limited	Northern Ireland	Ordinary	100%
Brunswick (Cathedral Way) Limited	Northern Ireland	Ordinary	100%
Brunswick Property Holdings (Middlesex St.) Limited	Northern Ireland	Ordinary	100% by subsidiary
Brunswick Property Holdings (No 2) Limited	Northern Ireland	Ordinary	100%
Farset Properties Limited	Northern Ireland	Ordinary	100%
Fitzwilliam Developments Limited	Northern Ireland	Ordinary	100%
Ewart Property Holdings (Bedford Street) Limited	England	Ordinary	100% by subsidiary
Ewart Property Holdings (Princes Street) Limited	England	Ordinary	100% by subsidiary
Mandalay Properties Limited	Northern Ireland	Ordinary	100%
Hammersmith Shopping Centre Limited	Northern Ireland	Ordinary	100%
Girona Developments Limited	Northern Ireland	Ordinary	100%
Helicopter Management Limited	Northern Ireland	Ordinary	100%

Associate undertaking

The investment in associate comprises an investment of 25% in the ordinary share capital of Belfast Hilton Limited which owns the Belfast Hilton Hotel. The registered office of Belfast Hilton Limited is 4 Lanyon Place, Belfast, BT1 3LP.

The investment in associate also comprises an investment of 25% in the ordinary share capital of Brunswick (Sirocco) Limited. The registered office of Brunswick (Sirocco) Limited is The Linenhall, 32 - 38 Linenhall Street, Belfast, BT2 8BG.

The investment in associate also comprises an investment of 50% in the ordinary share capital of Leaside Developments Limited. The registered office of Leaside Developments Limited is The Linenhall, 32 - 38 Linenhall Street, Belfast, BT2 8BG.

The investment in associate also comprises an investment of 50% in the ordinary share capital of Ewart Property Holdings (Stamford Street) Limited. Ewart Property Holdings (Stamford Street) Limited is the holding company of Fleet Shopping Centre Limited and Newbury Shopping Centre Limited. The registered office of Ewart Property Holdings (Stamford Street) Limited is 10 Orange Street, Haymarket, London, WC2H 7DQ. The registered office of Fleet Shopping Centre Limited and Newbury Shopping Centre Limited is The Linenhall, 32 - 38 Linenhall Street, Belfast, BT2 8BG.

William Ewart Properties Limited

Notes to the financial statements for the year ended 31 December 2005

..... continued

The investment in associate also comprises an investment of 50% in the ordinary share capital of CBM Developments Limited. The registered office of CBM Developments Limited is Acorn House, 21 Jubilee Road, Newtownards, BT23 4YJ.

The investment in associate also comprises an investment of 50% in the ordinary share capital of Merset Properties Limited. The registered office of Merset Properties Limited is The Linenhall, 32 - 38 Linenhall Street, Belfast, BT2 8BG.

The investment in associate also comprises an investment of 50% in the ordinary share capital of Glenway Developments Limited. The registered office of Glenway Developments Limited is 10 Ballynahinch Street, Hillsborough, Co. Down, BT26 6AW.

The capital and reserves of the subsidiary undertakings at 31 December 2005 and the results for the year then ended are as follows:

	Capital and Reserves	Profit for the Year
	£	£
Brunswick No.4 Properties Limited	-	(21,179,433)
Brunswick Property Holdings Limited	3,404,017	(3,030,452)
Lanyon Developments Limited	858,263	(217,236)
Castle Centre Management Services Limited	1	-
Brunswick (9 Lanyon Place) Limited	9,684,686	(191,783)
Brunswick (6 Lanyon Place) Limited	23,332,265	(897,434)
Brunswick No.3 Limited	40	(573,607)
Brunswick (Cathedral Way) Limited	4,744,405	(137,471)
Brunswick Property Holdings (Middlesex St.) Limited	(2,777,202)	(4,651,210)
Brunswick Property Holdings (No 2) Limited	3,207,672	-
Farset Properties Limited	15,230	729,503
Fitzwilliam Developments Limited	100	-
Ewart Property Holdings (Bedford Street) Limited	-	(2,774,090)
Ewart Property Holdings (Princes Street) Limited	-	85,968
Mandalay Properties Limited	5,009,578	5,227,602
Hammersmith Shopping Centre Limited	70,080,399	(1,776,466)
Girona Developments Limited	(63,964)	(63,965)
Helicopter Management Limited	192	190

William Ewart Properties Limited

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

10. Stocks	2005	2004
	£	£
Development Properties	2,851,728	2,856,228
	<u> </u>	<u> </u>
 11. Debtors		
	2005	2004
	£	£
Trade debtors	28,173	1,722,233
Other debtors	46,184	214,629
Amounts owed by group undertakings	47,410,779	53,315,098
Amount owed by associated company	1,871,258	1,604,015
Prepayments and accrued income	1,345,479	1,090,570
	<u>50,701,873</u>	<u>57,946,545</u>
	<u> </u>	<u> </u>
 12. Creditors: amounts falling due within one year		
	2005	2004
	£	£
Bank overdraft	1,930,587	17,315
Trade creditors	41,926	3,053,004
Amounts owed to group undertaking	43,530,249	89,342,890
Other taxes and social security costs	455,762	360
Directors' accounts	396,099	227,093
Other creditors	-	69,081
Accruals and deferred income	282,743	481,409
	<u>46,637,366</u>	<u>93,191,152</u>
	<u> </u>	<u> </u>

Bank borrowings secured as follows:

The bank loans and overdrafts are secured by first legal charges and mortgages over properties owned by the company. In addition, there are limited personal guarantees provided by the Directors in respect of the properties owned by the company.

William Ewart Properties Limited

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

13. Provisions for liabilities and charges

The revaluation of properties does not constitute a timing difference and the potential amount of deferred tax on this has therefore not been quantified.

14. Share capital

	2005 £	2004 £
Authorised equity		
35,000,000 Ordinary shares of 25 each	8,750,000	8,750,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid equity		
33,082,770 Ordinary shares of 25 each	8,270,692	8,270,692
	<u> </u>	<u> </u>

15. Equity Reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £	Investment property reserve £	Total £
At 1 January 2005	666,596	101,521,545	(2,653,088)	13,675,000	113,210,053
Revaluation of property		40,412,412		4,900,000	45,312,412
Retained profit for the year			41,785,105		41,785,105
At 31 December 2005	<u>666,596</u>	<u>141,933,957</u>	<u>39,132,017</u>	<u>18,575,000</u>	<u>200,307,570</u>

16. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the year	41,785,105	174,835
Other recognised gains or losses	45,312,412	110,802,377
Net addition to shareholders' funds	<u>87,097,517</u>	<u>110,977,212</u>
Opening shareholders' funds	121,480,745	10,503,533
	<u>208,578,262</u>	<u>121,480,745</u>

William Ewart Properties Limited

Notes to the financial statements for the year ended 31 December 2005

..... continued

17. Ultimate parent undertaking

The company is a wholly owned subsidiary of Brunswick (No. 1) Limited, a company registered in Northern Ireland. The directors regard Brunswick (No. 1) Limited, as the ultimate holding company. The largest and smallest group of undertakings for which group financial statements are prepared and of which the results of William Ewart Properties Limited are consolidated is that headed by Brunswick (No. 1) Limited. The consolidated financial statements of Brunswick (No. 1) Limited may be obtained from The Secretary, Brunswick (No. 1) Limited, The Linenhall, 32 - 38 Linenhall Street, Belfast, BT8 2BG.

18. Related party transactions

The company has availed of the exemption available in FRS8: Related party disclosures from disclosing transactions with group undertakings. Details on the availability of the group consolidated financial statements are given in note 17.