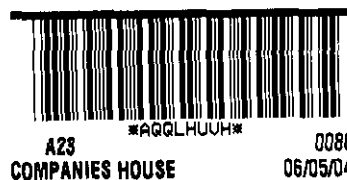


Key Property Investments (Number Five) Limited

Report and Accounts

30 November 2003

Registered Number 04434716



Key Property Investments (Number Five) Limited

DIRECTORS

C C A Glossop
D K S Bushe
N S Doyle
R L Froggatt
A Al Usaimi
G Alnafisi

SECRETARY

W A Oliver

AUDITORS

Ernst & Young LLP
One Colmore Row
Birmingham
B3 2DB

REGISTERED OFFICE

1st Floor
Lyndon House
58/62 Hagley Road
Edgbaston
Birmingham
B16 8PE

Key Property Investments (Number Five) Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 November 2003.

RESULTS AND DIVIDENDS

Profit for the year, after taxation, amounted to £1,655,000 (2002: £405,000). The directors do not recommend the payment of a dividend (2002: £nil).

PRINCIPAL ACTIVITY

The principal activity of the company is property investment and development.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The directors are pleased with the results and activities for the period and look forward to capitalising on future development and investment opportunities.

DIRECTORS AND THEIR INTERESTS

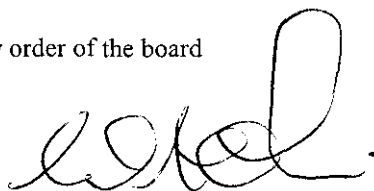
Details of the directors during the year are included on page 1.

None of the directors had any interests in the share capital of the company.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



W A Oliver
Secretary

22 April 2004

Key Property Investments (Number Five) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEY PROPERTY INVESTMENTS (NUMBER FIVE) LIMITED

We have audited the company's financial statements for the year ended 30 November 2003 which comprise the Profit and Loss Account, Balance Sheet, Reconciliation of Movement in Shareholders' Funds, Statement of Total Recognised Gains and Losses and the related notes 1 to 15. These financial statements have been prepared on the basis of 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 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 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 United Kingdom law and 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 Act 1985. 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 November 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Birmingham

Ernst & Young LLP

Date:

4 May 2004

Key Property Investments (Number Five) Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 November 2003

		<i>Year to 30 November 2003 £'000</i>	<i>29 weeks to 30 November 2002 £'000</i>
	<i>Notes</i>		
TURNOVER	2	3,182	1,058
Cost of sales		(920)	(268)
Gross profit	2	<u>2,262</u>	<u>790</u>
Revaluation surplus/(deficit) on investment property		8	(8)
Administrative & other operating expenses		195	(200)
OPERATING PROFIT		<u>2,465</u>	<u>582</u>
Interest receivable		2	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>2,467</u>	<u>782</u>
Taxation on profit on ordinary activities	6	(812)	(177)
RETAINED PROFIT	12	<u><u>1,655</u></u>	<u><u>405</u></u>

Key Property Investments (Number Five) Limited

BALANCE SHEET at 30 November 2003

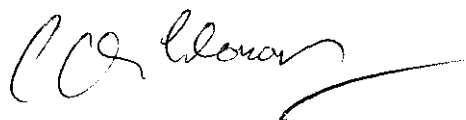
	Notes	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible Assets	7	32,340	30,500
		<u>32,340</u>	<u>30,500</u>
CURRENT ASSETS			
Debtors	8	208	258
CREDITORS: amounts falling due within one year	9	(29,469)	(30,331)
NET CURRENT LIABILITIES		<u>(29,261)</u>	<u>(30,073)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,079	427
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(32)	(22)
		<u>3,047</u>	<u>405</u>
CAPITAL AND RESERVES			
Called up share capital	11	-	-
Revaluation reserve	12	987	-
Profit and loss account	12	2,060	405
EQUITY SHAREHOLDERS' FUNDS		<u>3,047</u>	<u>405</u>

The Report and Accounts were approved by the board of directors on 22 April 2004.

Signed on behalf of the board of directors



D K S Bushe



C C A Glossop

Key Property Investments (Number Five) Limited

OTHER PRIMARY STATEMENTS

for the year ended 30 November 2003

	2003 £'000	2002 £'000
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
Profit for the financial period	1,655	405
Unrealised surplus on revaluation of investment properties	987	-
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR	2,642	405

	2003 £'000	2002 £'000
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit attributable to shareholders	1,655	405
Surplus on revaluation of investment properties	987	-
Net addition to shareholders' funds	2,642	405
Opening shareholders' funds	405	-
CLOSING SHAREHOLDERS' FUNDS	3,047	405

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS

for the year ended 30 November 2003

1. ACCOUNTING POLICIES

Going Concern

The accounts have been prepared under the going concern concept as continuing finance will be made available from the parent company in order for the company to meet its liabilities as they fall due and to continue operations without immediate realisation of its assets.

Accounting Policies

The accounts and notes have been prepared in accordance with applicable accounting standards. The particular policies adopted are described below.

Accounting convention

The accounts have been prepared under the historical cost convention, modified by the revaluation of investment properties.

Turnover and profit recognition

Turnover represents rental income receivable and proceeds from the sale of properties held for resale, exclusive of Value Added Tax, in the UK.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount, which might otherwise have been shown, cannot be separately identified or quantified.

Deferred taxation

Under FRS19, deferred taxation is provided at the rate ruling at the balance sheet date on timing differences which arise from the recognition of income and expenditure in different periods for taxation and accounting purposes. Under this policy no provision has been made for the potential further liability to taxation which would arise in the event of the realisation of investment properties included at the values attributed to them in the accounts.

Cash flow statement

The company is a wholly owned subsidiary of Key Property Investments Limited, and its cash flows are included in that company's consolidated cash flow statement. Consequently, the company is exempt from the requirement of Financial Reporting Standard 1 (Revised) to prepare a cash flow statement.

Prior Year Adjustment

A prior year adjustment has been recorded to reflect an overstatement of expenditure in the profit and loss account for the period ending 30 November 2002. The directors have concluded that this balance should have been adjusted in the prior year and due to its material nature have booked a prior year adjustment.

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS for the year ended 30 November 2003

2. TURNOVER

Turnover, which is stated net of value added tax and trade discounts, represents amounts receivable from third parties for the period.

The company operates solely in the UK.

The contributions to turnover and gross profit by each of the principal activities of the company were as follows:

	<i>Turnover</i>		<i>Gross Profit</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Rental Income	3,182	1,058	2,262	790
	<u>3,182</u>	<u>1,058</u>	<u>2,262</u>	<u>790</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's audit fee has been borne by a fellow subsidiary company.

4. DIRECTORS' EMOLUMENTS

None of the Directors received any remuneration.

5. EMPLOYEES

The company has no full time employees. The company is operated on a day to day basis by Redman Heenan Properties Ltd, a subsidiary of St Modwen Properties PLC. Under an arms length management agreement Redman Heenan Properties Ltd receive 2% of income received for managing the property portfolio.

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS

for the year ended 30 November 2003

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2003 £'000	2002 £'000
<i>(a) Analysis of Charge in period</i>		
UK Corporation tax		
UK Corporation tax on profits of the period	715	155
Adjustments in respect of previous years	87	-
Total Current tax	<u>802</u>	<u>155</u>
Deferred tax		
Originating and reversal of timing differences	10	22
Tax on profit on ordinary activities	<u>812</u>	<u>177</u>

(b) Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of Corporation tax in the UK. The differences are explained below

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	<u>2,467</u>	<u>582</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	740	174
Effect of:		
Disallowed expenses and non taxable income	(2)	3
Capital allowances for the period in excess of depreciation	(19)	(22)
Adjustments in respect of previous years	87	-
Differences in tax rates	(4)	-
Current tax charge (note 6a)	<u>802</u>	<u>155</u>

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS for the year ended 30 November 2003

7. FIXED ASSETS

	£'000
30 November 2002	30,500
Additions	845
Surplus on revaluation	995
30 November 2003	<u>32,340</u>

Comparable amounts determined according to the historical cost convention are:

	£'000
At 30 November 2002	30,508
Net Additions	845
At 30 November 2003	<u>31,353</u>

The investment property was valued as at 30 November 2003, on the basis of open market value, by Colliers CRE, Chartered Surveyors.

8. DEBTORS

	2003 £'000	2002 £'000
Trade debtors	196	258
Other debtors	12	-
	<u>208</u>	<u>258</u>

9. CREDITORS: amounts falling due within one year

	2003 £'000	2002 £'000
Amount due to group undertakings	28,218	29,442
Trade creditors	52	4
Corporation tax	87	75
Other tax and social security	125	66
Accruals and deferred income	987	744
	<u>29,469</u>	<u>30,331</u>

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS

for the year ended 30 November 2003

10. DEFERRED TAX

The amount of deferred taxation in the accounts is:

	<i>Provided</i>		<i>Unprovided</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Capital allowances in excess of depreciation	32	22	-	-
Revaluation surpluses/(deficits)	-	-	-	(2)
	<u>32</u>	<u>22</u>	<u>-</u>	<u>(2)</u>

The movements in deferred taxation during the current and previous years are as follows:

	<i>£'000</i>	<i>£'000</i>
At 30 November 2002	22	-
Charge for the year	19	22
Adjustment in respect of previous years	(9)	-
At 30 November 2003	<u>32</u>	<u>22</u>

11. CALLED UP SHARE CAPITAL

	<i>Number</i>	<i>2003</i> <i>£</i>	<i>Number</i>	<i>Authorised</i> <i>2002</i> <i>£</i>
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

	<i>Number</i>	<i>2003</i> <i>£</i>	<i>Number</i>	<i>Allotted, called up and fully paid</i> <i>2002</i> <i>£</i>
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Key Property Investments (Number Five) Limited

NOTES TO THE ACCOUNTS

for the year ended 30 November 2003

12. RESERVES

	<i>Revaluation reserve £'000</i>	<i>Profit & loss account £'000</i>
At 30 November 2002	-	405
Surplus arising on revaluation of property	987	-
Retained profit for the year	-	1,655
At 30 November 2003	987	2,060

13. CAPITAL COMMITMENTS

At 30 November 2003, the company had no contracted capital expenditure (2002: £nil).

14. PARENT UNDERTAKING AND CONTROLLING PARTIES

The company's immediate parent undertaking is Key Property Investments Limited, a company incorporated in the United Kingdom and registered in England and Wales. It has included the company in its group accounts, copies of which are available from its registered office: 1st Floor, Lyndon House, 58/62 Hagley Road, Edgbaston, Birmingham, B16 8PE.

The company's ultimate controlling parties are St Modwen Properties PLC, a company incorporated in the United Kingdom and registered in England and Wales; and Salhia Real Estate Company k.s.c., a company registered in Kuwait.

15. RELATED PARTY TRANSACTIONS

During the year management fees of £96,000 (2002: £nil) were paid to Redman Heenan Properties Limited, a subsidiary of St Modwen Properties PLC, under an arms length agreement.