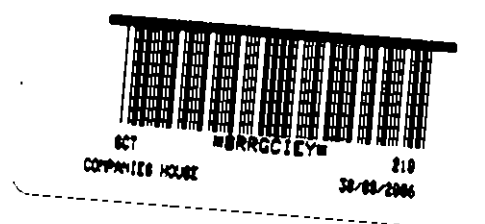


Centros Miller Limited

Directors' report and financial statements

For the year ended 31 December 2005

Registered number SC268024



Directors' report and financial statements

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Chairman's statement

The company's main activity is the development of mixed use projects in town centres often in partnership with landowners and local authorities. The Company is also involved in mixed use development consultancy.

The principal projects under management include the Cattle Market site in Bury St Edmunds which will commence construction later this year and the Tricorn Centre redevelopment in Portsmouth anchored by John Lewis. The Company has also secured the Canal Corridor North site in Lancaster, a mixed use development on a 10 acre site. These projects are managed on behalf of our major investors, The Miller Group and Delancey on behalf of its funds.

The company is also working in partnership with Development Securities in Wells, Somerset.

The company continues to support the British Council of Shopping Centres by our sponsorship of the Town Centre Environment Awards which recognise work undertaken by the public sector in bringing about improvements to town centre environments.

Directors' report

The directors have pleasure in submitting their report together with the financial statements of the company for the year ended 31 December 2005.

Principal activities

The principal activity of the company is that of property development consultancy.

Results

The results for the year are set out on page 5. The company made a loss for the year of £965,286 (2004: loss of £51,750).

Directors

The directors of the company during the year were:

P H Miller	
Marlene Wood	(resigned as director and appointed alternate director 18 March 2005)
J F Laker	
J C Marsh	
D T Milloy	(appointed 18 March 2005)
J M Jackson	(appointed alternate director 18 March 2005; resigned 25 August 2005)
DV3 Administration UK 1 Ltd	
DV3 Administration UK 2 Ltd	
F M Hewett	(appointed alternate director 25 August 2005)

The directors had no interests in the shares of the company during the period.

Auditors

A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


P J Smyth
Secretary

19th July 2006

Edinburgh

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Centros Miller Limited

We have audited the financial statements of Centros Miller 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 accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

Edinburgh

Chartered Accountants

Registered Auditor

25 August 2006

Profit and loss account
 For the year ended 31 December 2005

	Notes	Year ended 31 December 2005 £	Period ended 31 December 2004 £
Turnover		2,207,514	154,444
Cost of sales		(1,035,952)	(75,081)
Gross profit		1,171,562	79,363
Administrative expenses		(2,309,972)	(131,113)
Operating loss		(1,138,410)	(51,750)
Other interest receivable and similar income	3	9,061	-
Interest payable and similar charges	3	(145)	-
Loss on ordinary activities before taxation	2	(1,129,494)	(51,750)
Tax on loss on ordinary activities	6	164,208	-
Loss for the financial year	12	(965,286)	(51,750)

There were no gains and losses other than the loss for the current and preceding financial years.

Balance sheet
at 31 December 2005

	Notes	2005 £	2004 £ Restated
Fixed assets	7	64,846	-
Current assets			
Debtors	8	782,950	181,472
Bank and cash		118,698	365,194
		<u>901,648</u>	<u>546,666</u>
Creditors: amounts falling due within one year	9	<u>(1,983,428)</u>	<u>(598,314)</u>
Net current liabilities		<u>(1,081,780)</u>	<u>(51,648)</u>
Creditors: amounts falling due after more than one year	10	(2)	(2)
Net liabilities		<u>(1,016,936)</u>	<u>(51,650)</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	(1,017,036)	(51,750)
Shareholders' deficit	13	<u>(1,016,936)</u>	<u>(51,650)</u>

These financial statements were approved by the board of directors on behalf by:

19th July 2006

and are signed on its



JPH Miller
Director

Notes (forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the company's financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

The corresponding amounts in these financial statements are restated in accordance with the new policies. The impact on the financial statements is to decrease net assets at both 31 December 2005 and 2004 by £2.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules. The financial statements have been prepared on the going concern basis as the shareholders have indicated that they will continue to support the company.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard number 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold fittings	-	life of lease
Furniture and office equipment	-	20% per annum
Computer equipment	-	33% per annum

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1. Accounting policies (continued)

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Turnover

Turnover represents management fees received from development special purposes entities.

2. Loss on ordinary activities before taxation	2005 £	2004 £
<i>This is stated after charging:</i>		
Auditors' remuneration	7,000	-
Depreciation	840	-
	8,840	-
3. Net interest receivable	2005 £	2004 £
Payable on bank loans and overdraft	(145)	-
Other interest receivable	9,061	-
	8,916	-

Notes (continued)

4. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2005	2004
	Number of employees	
Property development and administration	<u>15</u>	<u>2</u>

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£	£
Wages and salaries	1,729,849	100,205
Social security costs	208,864	10,020
Other pension costs	106,132	-
	<u>2,044,845</u>	<u>110,225</u>

5. Remuneration in respect of directors was as follows:

	2005	2004
	£	£
Emoluments	698,804	-
Pension contributions to money purchase pension schemes	40,776	-
	<u>739,580</u>	<u>-</u>

The amounts set out above include the emoluments of the highest paid director as follows:

	2005	2004
	£	£
Emoluments	442,517	-
Pension contributions to money purchase schemes	27,036	-
	<u>469,553</u>	<u>-</u>

Retirement benefits are accruing to two directors under money purchase schemes.

Notes (continued)

6. Taxation

	2005 £	2004 £
Corporation tax		
Charge for the current year	-	-
Consortium relief receivable	<u>164,208</u>	<u>-</u>

The current tax charge for the year is higher (2004: *higher*) than the standard rate of corporation tax in the UK of 30%. The differences are explained below.

	2005 £	2004 £
Current tax reconciliation		
Loss on ordinary activities before tax	<u>(1,129,494)</u>	<u>(51,750)</u>
Current tax @ 30%	(338,849)	(15,525)
Effects of:		
Expenses not deductible for tax purposes	21,852	-
Deferred tax asset not recognised	2,605	1,500
Losses carried forward	150,184	14,025
Tax charge for the current year	<u>164,208</u>	<u>-</u>

The company has tax losses carried forward amounting to £550,000 (2004: £47,000) available to offset future profits. There is also a deferred tax asset of £4,000 (2004: £1,250) in respect of timing differences which is not recognised. A deferred tax asset has not been recognised in these accounts as the company has no history of profitability and there is uncertainty over the future use of the losses.

7. Tangible fixed assets

	Leasehold fittings £	Furniture and office equipment £	Computer equipment £	Total £
Cost				
Additions	17,076	42,023	6,587	65,686
At 31 December 2005	<u>17,076</u>	<u>42,023</u>	<u>6,587</u>	<u>65,686</u>
Depreciation				
Charged in the year	-	22	818	840
At 31 December 2005	<u>-</u>	<u>22</u>	<u>818</u>	<u>840</u>
Net book value at 31 December 2005	<u>17,076</u>	<u>42,001</u>	<u>5,769</u>	<u>64,846</u>

Notes (continued)

8. Debtors	2005	2004
	£	£
Trade debtors	5,805	181,472
Other debtors	527,168	-
Prepayments	85,769	-
Consortium relief receivable	164,208	-
	<u>782,950</u>	<u>181,472</u>

9. Creditors: amounts falling due within one year	2005	2004
	£	£
Accruals and deferred income	970,040	73,731
Other creditors	513,388	24,583
Shareholders' loans	500,000	500,000
	<u>1,983,428</u>	<u>598,314</u>

The shareholders' loans are non interest bearing and are repayable on demand.

10. Creditors: amounts falling due after more than one year	2005	2004
	£	£ Restated
Shares classified as liabilities	<u>2</u>	<u>2</u>

Shares classified as liabilities comprise A and B preference shares. The holders of these shares have no voting rights. On winding up of the company, the A and B preference shareholders have the right to receive in priority to the ordinary shareholders the sum of £1 per share.

11. Share capital	2005	2004
	£	£ Restated
Equity		
<i>Authorised, allocated, called up and unpaid</i>		
50 ordinary 'A' shares of £1 each	50	50
50 ordinary 'B' shares of £1 each	50	50
	<u>100</u>	<u>100</u>

The ordinary A and B shares rank *pari passu* in all respects.

Notes (continued)

12. Profit and loss account	2005
	£
At beginning of year	(51,750)
Loss for year	(965,286)
At end of year	<u>(1,017,036)</u>

13. Reconciliation of movement in shareholders' deficit	2005	2004
	£	£
		Restated
Opening shareholders' deficit	(51,650)	-
Retained loss for the period	(965,286)	(51,750)
Issue of share capital	-	100
Closing shareholders' deficit	<u>(1,016,936)</u>	<u>(51,650)</u>

14. Transactions with related parties

The company earned management fees of £343,675 (2004: Nil) from Centros Miller Bury St Edmunds Limited Partnership, the partners in which are Miller Bury St Edmunds Limited and DV3 Properties Bury Limited, companies controlled by the company's shareholders. At 31 December 2005 £149,000 (2004: £Nil) was due from Centros Miller Bury St Edmunds Limited Partnership.

The company earned management fees of £811,362 (2004: £60,444) from Centros Miller Portsmouth Limited Partnership, the owners of which are Miller (Portsmouth) Limited and DV3 Properties Portsmouth Limited, companies controlled by the company's shareholders. At 31 December 2005 £351,000 (2004: £Nil) was due from Centros Miller Portsmouth Limited Partnership.

The company earned £532,000 (2004: £nil) from Centros Miller 1999 Limited, a company controlled by the company's shareholders.

At year end shareholder loans and other amounts totalling £250,000 (2004: £250,000) and £250,000 (2004: £250,000) were due to the Miller Group Limited and DV3 Centros Miller UK Limited respectively. At the year end, the Miller Group Limited owed the company £164,208 in respect of consortium relief (2004: £nil).

15. Ultimate parent company

The company is jointly controlled by the Miller Group Limited and DV3 Centros Miller UK Limited.