Registered number. 4521564

HIBERNIA (2005) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

HIBERNIA (2005) LIMITED

COMPANY INFORMATION

DIRECTORS	Brian O'Donnell Mary O'Donnell
COMPANY SECRETARY	Brian O'Donnell
COMPANY NUMBER	4521564
REGISTERED OFFICE	London House 8 Barton Street Westminster London SW1P 3NE
AUDITORS	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB
BANKERS	HSBC 60 Queen Victoria Street London EC4N 4TR
	Bank of Ireland Private Banking Limited 40 Mespil Road Dublin 4 Ireland
	Morgan Stanley 25 Cabot Square Canary Wharf London E14 4XA

HIBERNIA (2005) LIMITED

CONTENTS

The following pages do not form part of the statutory financial statements

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The Company is a property investment and an investment holding Company The directors have no plans to change significantly the principal activities of the Company for the foreseeable future

BUSINESS REVIEW

The Company has continued to earn rental income during the year It is the directors' view that the market value of the property has appreciated during the year The directors are pleased to report that the short term loan has, since the year end, been renewed with a repayment date of April 2012

RESULTS

The loss for the year, after taxation, amounted to £701,217 *(2009 - profit £291,682)*

DIRECTORS

The directors who served during the year were

Brian O'Donnell
Mary O'Donnell

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company as identified by the directors are as follows

Economic risk
The risk is of increased interest rates and or inflation having an adverse impact This risk is managed by due consideration of the interest rate environment

Market risk
The directors of the Company manage market risk through careful attention to the property market

Funding risk
As at 31 December 2010, the Company had bank borrowings of £129,019,502 which have a maturity date in April 2012 and short term bank borrowings of £5,421,126 We are relying on the lenders to renew and rollover these facilities on broadly similar terms Failure to do so would have material adverse consequences for the Company

Financial risk
Key performance indicators used by management include assessment of rental income, rental yields and profitability Each of these indicators is monitored by management The directors are satisfied with the performance of the Company during the year with regard to these indicators

HIBERNIA (2005) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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) 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

- 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,
- 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 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

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

AUDITORS

The auditors, Moore Stephens LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 17 June 2011 and signed on its behalf

BRIAN O'DONNELL
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HIBERNIA (2005) LIMITED

We have audited the financial statements of Hibernia (2005) Limited for the year ended 31 December 2010, set out on pages 5 to 17 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 AUDITORS

As explained more fully in the Statement of directors' responsibilities, 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 Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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 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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 6 to the financial statements concerning the company's ability to continue as a going concern The going concern presumption may not be appropriate because its validity depends principally on the renegotiation of the loan facilities with Morgan Stanley and Bank of Ireland that fall due in April 2012 These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HIBERNIA (2005) LIMITED

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

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 remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Paul Clark (Senior statutory auditor)

for and on behalf of
Moore Stephens LLP

150 Aldersgate Street
London
EC1A 4AB
Date 24 Jan 2011

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
TURNOVER	1	**8,395,424**	*8,223,792*
Administrative expenses		**(876,837)**	*(94,027)*
OPERATING PROFIT	2	**7,518,587**	*8,129,765*
Interest receivable and similar income	4	**349**	*1,509*
Interest payable and similar charges	5	**(8,220,153)**	*(7,839,592)*
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(701,217)**	*291,682*
Tax on (loss)/profit on ordinary activities	6	**-**	*-*
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	13	**(701,217)**	*291,682*

All amounts relate to continuing operations

The notes on pages 9 to 17 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £	*2009* *£*
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	**(701,217)**	*291,682*
Unrealised surplus on revaluation of investment properties	**3,000,000**	*6,000,000*
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	**2,298,783**	*6,291,682*

The notes on pages 9 to 17 form part of these financial statements

HIBERNIA (2005) LIMITED
REGISTERED NUMBER: 4521564

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Investment property	7		**145,000,000**		*142,000,000*
Investment	8		**1**		*1*
			145,000,001		*142,000,001*
CURRENT ASSETS					
Debtors	9	**66,386**		*219,034*	
Cash at bank		**3,042**		*1,735*	
		69,428		*220,769*	
CREDITORS: amounts falling due within one year	10	**(8,182,699)**		*(7,451,048)*	
NET CURRENT LIABILITIES			**(8,113,271)**		*(7,230,279)*
TOTAL ASSETS LESS CURRENT LIABILITIES			**136,886,730**		*134,769,722*
CREDITORS: amounts falling due after more than one year	11		**(134,169,104)**		*134,350,879)*
NET ASSETS			**2,717,626**		*418,843*
CAPITAL AND RESERVES					
Called up share capital	12		**1**		*1*
Revaluation reserve	13		**10,250,000**		*7,250,000*
Profit and loss account	13		**(7,532,375)**		*(6,831,158)*
SHAREHOLDERS' FUNDS	14		**2,717,626**		*418,843*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
17th Jan 2011

BRIAN O'DONNELL
Director

The notes on pages 9 to 17 form part of these financial statements

HIBERNIA (2005) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Net cash flow from operating activities	15	**8,804,219**	*6,724,432*
Returns on investments and servicing of finance	16	**(8,502,409)**	*(7,838,083)*
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**301,810**	*(1,113,651)*
Financing	16	**(300,503)**	*(940,960)*
INCREASE/(DECREASE) IN CASH IN THE YEAR		**1,307**	*(2,054,611)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £	2009 £
Increase/(Decrease) in cash in the year	**1,307**	*(2,054,611)*
Cash outflow from decrease in debt and lease financing	**300,503**	*940,960*
MOVEMENT IN NET DEBT IN THE YEAR	**301,810**	*(1,113,651)*
Net debt at 1 January 2010	**(134,739,396)**	*(133,625,745)*
NET DEBT AT 31 DECEMBER 2010	**(134,437,586)**	*(134,739,396)*

The notes on pages 9 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of Investment property and in accordance with applicable accounting standards

The Company is the parent undertaking of a medium sized group However in accordance with section 405 (2) of the Companies Act 2006 the subsidiary has not been consolidated on the basis that it is not material The subsidiary, Gort Limited, is not considered material as it exists solely to collect rent on behalf of the Company This rent is then transferred to Hibernia (2005) Limited

1.2 Turnover

Turnover comprises revenue recognised by the Company in respect of rental income accounted for on an accruals basis, exclusive of Value Added Tax

1.3 Investments

Investments held as fixed assets are shown at cost less provision for impairment

1.4 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the Company

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if 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 are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

1. ACCOUNTING POLICIES (continued)

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.7 Going Concern

At 31 December 2010, the Company had bank borrowings totalling £134,440,628 Of this amount £5,421,126 was short term and fell due during 2010, with the balance falling due in April 2012 The Company's bank borrowings are provided by two institutions

Although the short term loan was in default at the year end, it has subsequently been renewed by the lender, with a new maturity date of April 2012

In particular while the ultimate outcome of the Company's discussions with its bankers regarding refinancing of the £129,019,502 cannot be assessed with certainty at this time, the Directors are of the opinion that based on the current stage of discussions, it is appropriate to prepare the financial statements on the going concern basis

The Company is committed to maintaining adequate liquidity to enable its existing debt facility (interest plus 50% of rental surplus) with Morgan Stanley to be serviced Liquidity is provided by way of rental income derived from the investment property The Directors are satisfied that exposure to liquidity risk is low having assessed the following reasons

- Strength of tenant - the tenant is Morgan Stanley which represents a rated lease covenant,
- Debt coverage - rental income gives an adequate coverage of debt cost at current levels, and
- Fixed variables - interest on the debt facility is fixed under a 5 year swap agreement - both of which expire in April 2012

1.8 Property Value

The Directors have conducted a review of the valuation of the Company's investment property in Canary Wharf Based on observable market transactions which took place in the year, the Directors conducted this review on the evidence that

- The transaction values and reported market values of properties in Canary Wharf support the valuation of the Company's investment property as at 31 December 2010,
- Market rents in similar properties were approximately £47 50 per square foot, and
- Yields are currently between 5 5% and 5 7% and have strengthened during 2010

The Directors acknowledge the current uncertainty with regard to the London commercial property market, but believe that the open market value of the Company's investment property of £145 million is materially correct

Any deterioration in the economic environment in the United Kingdom could have a material adverse impact on the value of the property and consequently the Company's ability to renegotiate bank facilities on terms broadly similar to the existing facilities

1. ACCOUNTING POLICIES (continued)

1.9 Lessors

The investment property is held under an operating lease agreement with the tenant All income is derived from the operating lease

1.10 Finance costs

Costs incurred on the securing of bank finance are dealt with as part of the carrying value of the loan and amortised at a constant rate on the carrying amount of the loan over the period of the loan

2. OPERATING PROFIT

The operating profit is stated after charging

	2010 £	*2009 £*
Difference on foreign exchange	**58,001**	-

During the year, no director received any emoluments *(2009 - £NIL)*

3. AUDITORS' REMUNERATION

	2010 £	*2009 £*
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**6,750**	*6,000*

The Company also meets the fees payable for the audit of its subsidiary company, Gort Limited These amounted to £5,750 for the year

4. INTEREST RECEIVABLE

	2010 £	*2009 £*
Other interest receivable	**349**	*1,509*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

5. INTEREST PAYABLE

	2010	*2009*
	£	*£*
On bank loans and overdrafts	**7,713,647**	*7,743,617*
Amortisation of refinancing fees	**219,034**	*95,975*
On Directors loan	**287,472**	*-*
	8,220,153	*7,839,592*

6. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2009 - the same as)* the standard rate of corporation tax in the UK of 28% *(2009 - 28%)* as set out below

	2010	*2009*
	£	*£*
(Loss)/profit on ordinary activities before tax	**(701,217)**	*291,682*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% *(2009 - 28%)*	**(196,341)**	*81,671*
Effects of		
Other timing differences	**195,341**	*(81,810)*
Group relief surrendered	**1,000**	*139*
Current tax charge for the year (see note above)	**-**	*-*

Factors that may affect future tax charges

In accordance with FRS 19, no deferred tax asset has been recorded in respect of tax losses carried forward as it cannot be regarded as more likely than not that there will be suitable future profits to offset the losses forward The total amount not recognised is £1,600,000 (2009 £1,695,626)

In addition, the rate of corporation tax in the United Kingdom is likely to fall from 28% to 24% over the next four years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

7. INVESTMENT PROPERTY

	Long term leasehold investment property £
Valuation	
At 1 January 2010	142,000,000
Surplus on revaluation	3,000,000
At 31 December 2010	145,000,000

The 2010 valuations were made by the directors, on an open market value for existing use basis, based on current year market yields

The property is held on a 999 year lease expiring 11 June 3000

The estimated amount of corporation tax payable in respect of chargeable gains which would become payable under present legislation in the event of a future sale of the property at the amount at which it is stated in the financial statements is £nil

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary £
Cost or valuation	
At 1 January 2010 and 31 December 2010	1
Net book value	
At 31 December 2010	1
At 31 December 2009	*1*

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Gort Limited	Ordinary	100%

Gort Limited collect the rent on the property owned by the Company, which is passed over, on receipt, to Hibernia (2005) Limited At 31 December 2010 the Company's share capital and reserves was £5,104, with a profit before tax of £1,000 made in respect of the eighteen months ending on that date

9. DEBTORS

	2010	2009
	£	£
Insurance debtors	66,386	219,034

10. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Bank loan	5,421,126	5,100,300
Amounts owed to group undertakings	5,104	-
Accruals	2,756,469	2,350,748
	8,182,699	7,451,048

11. CREDITORS Amounts falling due after more than one year

	2010	2009
	£	£
Bank loans	129,019,502	129,640,831
Other creditors	5,149,602	4,710,048
	134,169,104	134,350,879

Included within the above are bank loan amounts falling due as follows

	2010	2009
	£	£
Between one and two years		
Bank loans	129,019,502	-
Between two and five years		
Bank loans	-	129,640,831

The Company's borrowings are secured by legal charges over the Company's property and by guarantees given by Gort Limited

The Bank Of Ireland facility was not repaid, as required, on 6 March 2010, which constituted an event of default Subsequent to the year end the Bank Of Ireland has agreed with the senior lenders not to demand repayment of the facility until such time as the facilities advanced to the senior lenders have been repaid in full The senior facilities fall due for repayment in April 2012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

12. SHARE CAPITAL

	2010 £	*2009 £*
Allotted, called up and fully paid		
1 Ordinary share of £1	1	*1*

13. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 2010	7,250,000	(6,831,158)
Loss for the year	-	(701,217)
Revaluation during the year	3,000,000	-
At 31 December 2010	10,250,000	(7,532,375)

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	*2009 £*
Opening shareholders' funds/(deficit)	418,843	*(5,872,839)*
(Loss)/profit for the year	(701,217)	*291,682*
Other recognised gains and losses during the year	3,000,000	*6,000,000*
Closing shareholders' funds	2,717,626	*418,843*

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £	*2009 £*
Operating profit	7,518,587	*8,129,765*
Decrease in debtors	152,648	*95,975*
Increase/(decrease) in creditors	1,127,880	*(1,501,308)*
Increase in amounts owed to group undertakings	5,104	-
Net cash inflow from operating activities	8,804,219	*6,724,432*

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2010 £	*2009 £*
Returns on investments and servicing of finance		
Interest received	349	*1,509*
Interest paid	(8,502,758)	*(7,839,592)*
Net cash outflow from returns on investments and servicing of finance	(8,502,409)	*(7,838,083)*

	2010 £	*2009 £*
Financing		
Repayment of loans	(300,503)	*(940,960)*

17. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2010 £	Cash flow £	Other non-cash changes £	31 December 2010 £
Cash at bank and in hand	1,735	1,307	-	3,042
Debt:				
Debts due within one year	(5,100,300)	300,503	(621,329)	(5,421,126)
Debts falling due after more than one year	(129,640,831)	-	621,329	(129,019,502)
Net debt	(134,739,396)	301,810	-	(134,437,586)

18. CONTINGENT LIABILITIES

In the event that the principle bank loan was repaid in full during the period from 1 January 2011 to 20 April 2011 a penalty of 0 5% of the sum repaid would have arisen No such repayment was made After this date no early redemption penalty arises

19. RELATED PARTY TRANSACTIONS

Hibernia (2005) Limited holds a 999 year leasehold interest in an investment property A fixed term under-lease has been granted to Gort Limited, a subsidiary Company This subsidiary acts as a landlord to the tenant of the property Notwithstanding the legal entitlements of the subsidiary Company, all rent passes through it to Hibernia (2005) Limited

Hibernia (2005) Limited's related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the extent of transactions with them during the period and balances at 31 December 2010 are summarised below

During the year the Company was charged management fees of £587,680 (2009 £575,665) by Brian O'Donnell Included in accruals at 31 December 2010 was £1,163,345 (2009 £575,665) in respect of management fees Also included within accruals was interest charged on the management fees of £40,717 for 2010 and 2009

During the year rent of £8,223,792 (2009 £8,223,792) was transferred from Gort Limited

The Company paid amounts totalling £158,342 (2009 £292,672) to Brian O'Donnell, and during the year Brian O'Donnell paid bank interest of £7,734 (2009 £nil) on the Company's behalf At 31 December 2010, the balance due to Brian O'Donnell was £5,149,602 (2009 £4,710,048), of which £287,472 related to interest for 2010 and £302,690 related to interest for 2009

Included within creditors at the year end was the audit fee in relation to Gort Limited of £5,750 (2009 £nil)

20. POST BALANCE SHEET EVENTS

There have been no significant events since the balance sheet date

21. CONTROLLING PARTY

Brian and Mary O'Donnell jointly are the ultimate controlling party of this Company