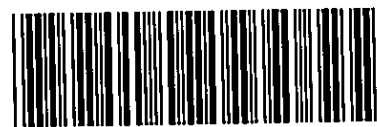


(Registered Number 2305636)

IVG Development (UK) Limited
Annual Report & Audited Financial Statements
Year ended 31 December 2009

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IVG Development (UK) Limited
Annual Report & Audited Financial Statements
Year ended 31 December 2009

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IVG Development (UK) Limited

Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2009

Principal activity, review of the business and future developments

The principal activity of the company during the year was the holding of property in central London for commercial letting. The directors plan to develop the activities of the company taking into account the prevailing economic conditions.

On 1 April 2010 the contracts of employment of all staff within the company were transferred to IVG (UK) Limited.

Results and dividends

The profit for the year after taxation amounted to £5,406,852 (2008 £4,003,346) and has been transferred to reserves. No dividends were paid during the year (2008 £9,000,000).

Directors

The following directors served during the year:

Mr D H Gibson
Mr M Mason

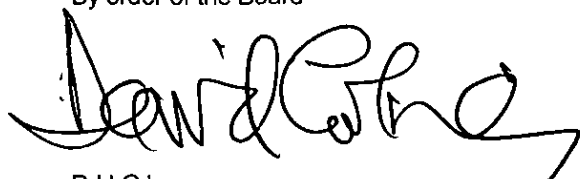
Statement of information provided to auditors

Each of the directors has confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The report of the directors has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

By order of the Board



D H Gibson
Director

IVG Development (UK) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual 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 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 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 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.

Independent Auditors' Report to the Members of IVG Development (UK) Limited

We have audited the financial statements of IVG Development (UK) Limited for the year ended 31 December 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. 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 directors' responsibilities statement, 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 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

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.

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 2009 and of its profit 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.

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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of small companies' exemptions in preparing the directors' report.

PKF (UK) LLP

Stuart Collins (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditors

London, UK

5 August 2010

IVG Development (UK) Limited
Profit and Loss Account
Year ended 31 December 2009

	Notes	2009 £	2008 £
Turnover	1(c)	2,311,190	2,886,276
Other operating income		1,108,068	290,432
		<u>3,419,258</u>	<u>3,176,708</u>
Operating costs		(936,792)	(619,203)
Administrative expenses		(2,007,673)	(2,612,511)
		<u>474,793</u>	<u>(55,006)</u>
Operating profit/(loss)	2		
Amounts written back to/(off) investments	11	4,252,077	(30,342,796)
		<u>4,726,870</u>	<u>(30,397,802)</u>
Profit/(loss) on ordinary activities before interest			
Investment income from subsidiary undertaking	6	-	35,815,373
Interest receivable and similar items	7	6,411,103	6,016,668
Interest payable and similar charges	8	(5,668,121)	(7,430,893)
		<u>5,469,852</u>	<u>4,003,346</u>
Profit on ordinary activities before taxation			
Taxation	9(a)	(63,000)	-
		<u>5,406,852</u>	<u>4,003,346</u>
Profit for the year	17		

All amounts relate to continuing operations

There is no material difference between the result disclosed in the profit and loss account and the result on an unmodified historical cost basis

IVG Development (UK) Limited
Statement of Total Recognised Gains and Losses
Year ended 31 December 2009

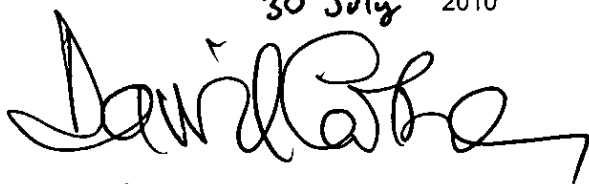
		2009 £	2008 £
Profit for the year	17	5,406,852	4,003,346
Unrealised surplus/(deficit) on revaluation of investment properties	16	70,657	(9,993,539)
Total recognised gains/(losses) relating to the year		<u>5,477,509</u>	<u>(5,990,193)</u>

IVG Development (UK) Limited
Registered Number 2305636
Balance Sheet
31 December 2009

	Notes	£	2009 £	£	2008 £
Fixed assets					
Tangible assets	10		37,827,409		37,920,972
Investments	11		32,253,897		28,001,820
			<u>70,081,306</u>		<u>65,922,792</u>
Current assets					
Debtors	12	4,293,558		106,578,648	
Cash at bank and in hand		500,648		1,018,752	
		<u>4,794,206</u>		<u>107,597,400</u>	
Creditors					
Amounts falling due within one year	13	(1,503,666)		(67,828,487)	
			<u>3,290,540</u>		<u>39,768,913</u>
Net current assets					
			<u>73,371,846</u>		<u>105,691,705</u>
Total assets less current liabilities					
Creditors					
Amounts falling due after more than one year	13		(13,705,484)		(51,565,852)
Provisions					
Deferred taxation	14		(479,000)		(416,000)
			<u>59,187,362</u>		<u>53,709,853</u>
Capital and reserves					
Called up share capital	15		41,475,000		41,475,000
Revaluation reserve	16		12,077,118		12,006,461
Profit and loss account	17		5,635,244		228,392
			<u>59,187,362</u>		<u>53,709,853</u>
Shareholder's funds	18				
			<u>59,187,362</u>		<u>53,709,853</u>

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

30 July 2010



D H Gibson
Director

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2009

1 Accounting policies

(a) Basis of accounting and basis of preparation

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

The company has considerable financial resources and the directors believe that it is well placed to manage its risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

(b) Consolidated financial statements

The company is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These accounts therefore prepare information about the company as an individual undertaking and not about its group.

(c) Turnover

Turnover represents rents received from tenants, net of value added tax. All turnover is generated from within the United Kingdom.

(d) Investment property

All costs associated with the acquisition and construction of investment property, net of incidental receipts and including interest payable on loans taken out to finance the project, are capitalised. Capitalisation of interest finishes at the date of practical completion, while expenses continue to be capitalised where appropriate after this date. Properties under construction are retained at cost until the date of practical completion and subsequently revalued at the next balance sheet date.

In accordance with Statement of Standard Accounting Practice No. 19 (SSAP 19), investment property is stated in the balance sheet at open market value. Revaluation surpluses and deficits are taken to a revaluation reserve except to the extent that they represent reversals of deficits previously recognised through the profit and loss account.

Also in accordance with SSAP 19 no depreciation is provided in respect of investment property. This is a departure from the requirement of the Companies Act 2006 which requires all assets having a limited useful economic life to be depreciated. The directors consider this treatment necessary in order to show a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which would otherwise have been shown cannot be separately quantified.

(e) Investments

Fixed asset investments are shown at cost less provision for impairment.

(f) Tangible fixed assets

Other tangible fixed assets are depreciated by equal annual instalments over their estimated useful lives as follows:

Fixtures, fittings and equipment - 25%

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2009

1 Accounting policies (continued)

(g) Taxation

Corporation tax payable is provided on taxable profits at the current rate

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

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 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 not discounted.

(h) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated to sterling at the rate prevailing at the balance sheet date. Transactions in foreign currencies are converted at the rate prevailing at the date of the transaction. All exchange gains and losses are taken to the profit and loss account.

(i) Operating leases

Charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreement as incurred.

(j) Pension contributions

The company makes contributions into personal pension plans, which are charged to the profit and loss account as they arise.

(k) Operating lease incentives

In accordance with UITF 28 rent receivable in the period, from lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date, is spread evenly over that period. The cost of other incentives is spread on a straight-line basis over a similar period. Unamortised amounts are included in other debtors.

UITF 28 also requires that the carrying value of investment properties reported in the balance sheet should not include any amount that is reported as a separate asset. Any amounts reported as a separate asset are excluded from the carrying value of investment properties.

(l) Related party transactions

The company has taken advantage of the exemptions in FRS 8 'Related Party Disclosures' not to disclose transactions or balances with other group undertakings.

2 Operating profit/(loss)

	2009 £	2008 £
The operating profit/(loss) is stated after charging		
Depreciation	164,220	162,241
Operating lease rentals in respect of land and buildings	125,295	125,295
	<u> </u>	<u> </u>

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2009

3 Auditors' remuneration

Fees paid to the company's auditors during the year were as follows

	2009 £	2008 £
Audit fees	20,000	20,000
Taxation services	78,015	13,374
Company secretarial	1,020	1,015
	<u>99,035</u>	<u>34,389</u>

4 Staff costs and numbers

	2009 £	2008 £
Staff costs, including directors were		
Wages and salaries	598,527	1,048,448
Social security costs	91,254	119,084
Pension contributions	37,224	40,225
	<u>727,005</u>	<u>1,207,757</u>

	Number	Number
Average monthly number of persons employed during the year		
Administration	<u>7</u>	<u>8</u>

5 Directors' remuneration

	2009 £	2008 £
Emoluments	350,550	715,835
Contributions to personal pension scheme	13,222	9,800
	<u>363,772</u>	<u>725,635</u>

Emoluments of highest paid director		
Total emoluments	178,750	333,884
Contributions to personal pension scheme	6,958	8,050
	<u>185,708</u>	<u>341,934</u>

Contributions were made into personal pension schemes for 2 directors (2008 2)

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2009

6 Investment income from subsidiary undertakings

	2009 £	2008 £
Dividends received	-	35,815,373

In 2008, dividends of £34,815,373 and £1,000,000 were received from IVG Asticus (Caxton) Limited and IVG Developments (Broadway) Limited respectively, both of which are wholly owned subsidiaries

7 Interest receivable and similar items

	2009 £	2008 £
Group interest	6,405,160	5,896,735
Bank interest	5,943	119,933
	<u>6,411,103</u>	<u>6,016,668</u>

8 Interest payable and similar charges

	2009 £	2008 £
Group interest	5,667,047	7,430,559
Other interest	1,074	334
	<u>5,668,121</u>	<u>7,430,893</u>

9 Taxation

	2009 £	2008 £
(a) Analysis of tax charge for year		
Current tax	-	-
Corporation tax	-	-
	<u>-</u>	<u>-</u>
Total current tax (note 9(b))	-	-
Deferred taxation (note 14)		
Origination and reversal of timing differences	63,000	82,000
	<u>63,000</u>	<u>82,000</u>
Tax on profit on ordinary activities	<u>63,000</u>	<u>82,000</u>

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2009

9 Taxation (continued)

(b) Reconciliation of current year tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	5,469,852	4,003,346
Profit on ordinary activities at standard rate of corporation tax in the UK of 28% (2008: 28.5%)	1,531,559	1,140,954
Effects of:		
Expenses not deductible for tax purposes	85,333	8,710,193
Capital allowances (in excess of)/less than depreciation	(23,674)	46,239
Group relief (utilised)/surrendered	(95,465)	309,996
Losses brought forward	(307,171)	-
Non taxable income	(1,190,582)	-
Dividends received	-	(10,207,382)
Current tax charge for the year (note 9(a))	-	-

No capital gains would arise were the investment property to be sold at its carrying value.

10 Tangible fixed assets

	Long leasehold investment properties £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2009	37,506,461	656,882	38,163,343
Revaluations	70,657	-	70,657
At 31 December 2009	37,577,118	656,882	38,234,000
Depreciation			
At 1 January 2009	-	242,371	242,371
Charge for the year	-	164,220	164,220
At 31 December 2009	-	406,591	406,591
Net book amounts			
At 31 December 2009	37,577,118	250,291	37,827,409
At 31 December 2008	37,506,461	414,511	37,920,972

At 31 December 2009 the long leasehold property is stated at a valuation following a professional open market valuation obtained from FPD Savills International Property Consultants. The valuation was carried out in accordance with the Practice Statements of the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, and was undertaken by external valuers as defined in Practice Statement 5.

The historical cost of the property was £25,500,000 (2008: £25,500,000).

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2009

11 Investments	Investments in subsidiaries £	Loans to subsidiaries £	Total £
At 1 January 2009	28,001,820	104,682,249	132,684,069
Reductions in loans	-	(101,897,995)	(101,897,995)
Reversal of Impairments	4,252,077	-	4,252,077
	<hr/>	<hr/>	<hr/>
At 31 December 2009	32,253,897	2,784,254	35,038,151
	<hr/>	<hr/>	<hr/>

At 31 December 2009 the company owned directly, or indirectly, the entire share capital of the following subsidiaries, all of which are registered in England and Wales

	Proportion and class of shares held	Profit/(loss) for the year ended 31 December 2009	Capital and reserves at 31 December 2009 £
Brooksav Limited - dormant	100% of ordinary shares	-	2
IVG Asticus (Caxton) Limited - property investment	100% of ordinary shares	811,449	12,715,895
IVG Developments (Broadway) Limited - property development	100% of ordinary shares	(1,405,893)	16,357,925
IVG Developments (Euston) Limited - property development	100% of ordinary shares	(894,357)	(2,698,740)
IVG Developments (Melton St) Limited - property development	100% of ordinary shares	(700,003)	(8,171,420)
		<hr/>	<hr/>

The provision for impairment made against the investment in IVG Developments (Broadway) Limited in the prior year of £2,536,182 has been released during the year to reflect the imminent sale of a development property in that company. The profit that will be realised on that sale will result in the cost of the investment in IVG Developments (Broadway) Limited being fully supported by the net assets of that entity.

The provision for impairment made against the investment in IVG Asticus (Caxton) Limited in the prior year has been partially released by £1,715,895 to reflect the net asset position of that subsidiary at 31 December 2009.

The investments in IVG Developments (Euston) Limited and IVG Developments (Melton St) Limited were both fully impaired in the prior year and no changes have been made in the current year.

12 Debtors	2009 £	2008 £
Amounts falling due within one year		
Trade debtors	762,053	778,978
Amounts due from group undertakings	2,647,547	104,682,249
Amounts due from associated undertakings	-	101
Other debtors	721,735	1,052,562
Prepayments and accrued income	162,223	64,758
	<hr/>	<hr/>
	4,293,558	106,578,648
	<hr/>	<hr/>

IVG Developments (UK) Limited

Notes to the Financial Statements

Year ended 31 December 2009

13	Creditors	2009	2008
		£	£
	Amounts falling due within one year		
	Trade creditors	304,899	271,816
	Amounts due to parent undertaking	-	29,004,055
	Amounts due to subsidiary undertakings	-	37,078,709
	Other creditors including taxation and social security	429,406	532,718
	Accruals and deferred income	769,361	941,189
		<hr/>	<hr/>
		1,503,666	67,828,487
		<hr/>	<hr/>
	Amounts falling due after more than one year		
	Amount due to ultimate parent company	-	51,565,852
	Amounts due to subsidiary undertakings	13,705,484	-
		<hr/>	<hr/>
		13,705,484	51,565,852
		<hr/>	<hr/>
14	Deferred taxation	2009	2008
		£	£
	At 1 January 2009	416,000	416,000
	Charge for the year	63,000	-
		<hr/>	<hr/>
	At 31 December 2009	479,000	416,000
		<hr/>	<hr/>
	The deferred tax balance comprises the following, provided at 28% (2008 28%) where appropriate		
	Accelerated capital allowances	479,000	416,000
		<hr/>	<hr/>
15	Called up share capital	2009	2008
		£	£
	Allotted, issued and fully paid		
	41,475,000 (2008 41,475,000) ordinary shares of £1 each	41,475,000	41,475,000
		<hr/>	<hr/>
16	Revaluation reserve	2009	2008
		£	£
	At 1 January 2009	12,006,461	22,000,000
	Revaluations	70,657	(9,993,539)
		<hr/>	<hr/>
	At 31 December 2009	12,077,118	12,006,461
		<hr/>	<hr/>

IVG Development (UK) Limited
Notes to the Financial Statements
Year ended 31 December 2009

17 Profit and loss account

	2009 £	2008 £
At 1 January 2009	228,392	5,225,046
Profit for the year	5,406,852	4,003,346
Dividends paid	-	(9,000,000)
	<hr/>	<hr/>
At 31 December 2009	5,635,244	228,392
	<hr/>	<hr/>

No dividends were paid during the year (2008 £9,000,000, 21 70 pence per share)

18 Reconciliation of movements in shareholder's funds

	2009 £	2008 £
At 1 January 2009	53,709,853	68,700,046
Profit for the year	5,406,852	4,003,346
Revaluations	70,657	(9,993,539)
Dividends paid	-	(9,000,000)
	<hr/>	<hr/>
At 31 December 2009	59,187,362	53,709,853
	<hr/>	<hr/>

19 Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2009 £	2008 £
Expiry date		
Between one and two years	125,295	-
Between two and five years	-	125,295
	<hr/>	<hr/>

20 Ultimate parent company and controlling party

The company's immediate parent company is IVG Developments (London & UK) Limited, a company incorporated in England and Wales. IVG Immobilien AG, incorporated in Germany, is regarded by the directors as the ultimate parent company and controlling party and is the parent undertaking of the largest and smallest group for which group accounts are prepared. Group accounts of IVG Immobilien AG are available to the public from Zanderstr. 5, D-53177 Bonn, Germany.