

Quarryvale Two Limited

Company Registration Number 3118887

Annual Report and Financial Statements

Year Ended 31 December 2010

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Quarryvale Two Limited

Directors' Report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2010

Principal Activities and Business Review

The company is a wholly owned subsidiary of Grosvenor Group Limited, its ultimate parent company. Grosvenor Limited is the immediate holding company and is responsible for the operations of the Grosvenor Group in the United Kingdom and Ireland.

The principal activity of the company during the year was property investment. The company's principal investment is in the Liffey Valley shopping centre, Dublin. The directors do not anticipate any significant change in the activity of the company and its profitability.

As at 31 December 2010, the company had net current liabilities of £ 16,995,834. Grosvenor Limited has confirmed that it will continue to support the company's obligations.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

Results and Dividends

The results of the company for the year are shown in the Profit and Loss Account. Profit on ordinary activities before taxation was £ 5,524,804 (2009 - Profit of £ 6,501,352).

The following dividends have been paid:

	2010	2009
	£	£
Dividends paid on ordinary shares	<u>10,253,603</u>	<u>7,378,694</u>

The balance sheet shows that the company's net assets decreased from £ 71,067,422 to £ 59,033,498 during the year.

Key Performance Indicators

The directors of Grosvenor Limited manage its group operations on a divisional basis. For this reason, the company's directors believe that further key financial and non-financial performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The performance of the Grosvenor Limited Group, which includes the company, is discussed in the directors' report in the annual report of that company which does not form part of this report.

Principal Risks and Uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company arise from the investment in property, including:

- demand from occupiers which affect the amount of rent obtainable for buildings in the company's market and the level of occupancy in its portfolio
- supply of properties for rent in the company's market

Quarryvale Two Limited

Directors' Report

- demand from investors which affects the valuation of investment properties
- tenant default
- valuation of investment properties
- Exchange risk

The company is financed by equity and intra group loans. It has no external debt. It therefore has no interest rate exposure.

Grosvenor manages its cash flows, liquidity position and borrowing facilities on a group basis and further disclosure relating to these matters, are included in the annual report of Grosvenor Limited.

Directors of the Company

The directors who served the company throughout the year, except as noted, were as follows:

R F C Blundell	
R Mander	(Appointed 15 March 2011)
Ulrike Schwarz-Runer	(Appointed 1 February 2011)
P S Vernon	
G J Powell	(Resigned 15 March 2011)
C McWilliam	(Appointed 15 March 2011)
Jenefer Greenwood	(Appointed 15 November 2010)
G A Clarke	(Resigned 15 March 2011)

Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

United Kingdom 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 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 and loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are

Quarryvale Two Limited

Directors' Report

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

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all reasonable steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

This information is given in accordance with S 418 of the Companies Act 2006

Auditors

Deloitte LLP has indicated its willingness to be reappointed for another term and is deemed to be reappointed accordingly

Signed by order of the Board



K Robinson
Company Secretary

24 MAR 2011

Independent Auditor's Report to the Members of
Quarryvale Two Limited
For the Year Ended 31 December 2010

We have audited the financial statements of Quarryvale Two Limited for the year ended 31 December 2010 which comprise the profit and loss account, statement of recognised gains and losses, balance sheet and the related notes 1 to 14. 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 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 Auditor

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 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 Practice's Boards 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.

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 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 Matters 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.

Independent Auditor's Report to the Members of
Quarryvale Two Limited
For the Year Ended 31 December 2010

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



Emma Cox (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

24/03/2011

Quarryvale Two Limited

Profit and Loss Account for the Year Ended 31 December 2010

	Note	2010 £	2009 £
Turnover	2	6,453,376	7,774,348
Cost of sales		(638,938)	(1,076,714)
Gross profit		5,814,438	6,697,634
Administrative expenses		(304,980)	(208,855)
Operating profit	3	5,509,458	6,488,779
Interest receivable and similar income	5	15,346	12,573
Profit on ordinary activities before taxation		5,524,804	6,501,352
Tax on profit on ordinary activities	6	(1,264,886)	(1,494,026)
Profit for the financial year		4,259,918	5,007,326

All results are derived from continuing operations

Quarryvale Two Limited

Statement of Total Recognised Gains and Losses for the Year Ended 31 December
2010

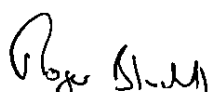
	2010	2009
	£	£
Profit for the financial year attributable to the shareholders	4,259,918	5,007,326
Unrealised loss on revaluation of investment properties	(7,305,125)	(34,906,061)
Total recognised gains and losses relating to the year	<u>(3,045,207)</u>	<u>(29,898,735)</u>

Quarryvale Two Limited

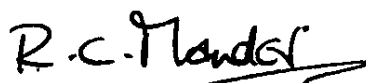
Balance Sheet as at 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Investments	7	100	100
Investment property	8	<u>76,029,232</u>	<u>83,074,353</u>
		<u>76,029,332</u>	<u>83,074,453</u>
Current assets			
Debtors	9	780,515	726,889
Cash at bank and in hand		<u>3,816,647</u>	<u>2,095,088</u>
		4,597,162	2,821,977
Creditors: amounts falling due within one year	10	<u>(21,592,996)</u>	<u>(14,829,008)</u>
Net current liabilities		<u>(16,995,834)</u>	<u>(12,007,031)</u>
Total assets less current liabilities		<u>59,033,498</u>	<u>71,067,422</u>
Net assets		<u>59,033,498</u>	<u>71,067,422</u>
Capital and reserves			
Called up share capital	11	2	2
Revaluation reserve	12	58,928,811	66,233,936
Profit and loss account	12	<u>104,685</u>	<u>4,833,484</u>
Shareholders' funds	12	<u>59,033,498</u>	<u>71,067,422</u>

These financial statements were approved by the Board on 24/03/2011 and are signed on its behalf by



R F C Blundell



R Mander

Company registration number 3118887

Quarryvale Two Limited

Notes to the Financial Statements

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable United Kingdom law and accounting standards. The accounting policies have been applied consistently throughout the current and preceding year.

The company is a wholly owned subsidiary of Grosvenor Group Limited, its ultimate parent undertaking, which is incorporated in Great Britain and registered in England and Wales and prepares consolidated financial statements. Consequently the company is not required to prepare consolidated financial statements.

The directors' report describes the going concern basis of preparation of the financial statements.

Cash flow statement

The directors have taken advantage of the exemption in FRS1 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and is a member of a group that publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents rents receivable in the year, excluding VAT.

Rental income from operating leases is recognised on a straight line basis over the lease term, even if the payments are not received on such a basis. The cost of operating lease incentives are similarly spread, in accordance with UITF28, on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Investment properties

Investment properties are valued annually at open market value by independent valuers. Any surplus or deficit on revaluation is transferred to the revaluation reserve, except that if a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged or credited to the profit and loss account.

Profits and losses on the disposal of investment properties are recognised on unconditional exchange of contracts and are calculated by reference to book value and are included in the profit and loss account. On the disposal or recognition of a provision for impairment of a revalued asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Quarryvale Two Limited

Notes to the Financial Statements

1. Accounting Policies

Investments

Investments held as fixed assets, including subsidiaries are stated at cost less provision for impairment

Taxation

All current and deferred tax charges or credits (after the application of group relief, to the extent relevant) are recognised in the company's profit and loss account

Current UK corporation tax is recognised at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

The company's taxation obligations are settled on its behalf by the intermediate holding company Grosvenor Limited. The benefit of this arrangement is recognised as a capital contribution from Grosvenor Limited to the company (or distribution from the company to Grosvenor Limited where a tax credit arises) with all current and deferred tax assets and liabilities recorded in the balance sheet of Grosvenor Limited

Deferred taxation is provided in full in respect of timing differences between the recognition of income and expenditure for accounting and taxation purposes. Deferred taxation is not provided in respect of unrealised revaluation surpluses where there is no commitment to sell the asset. Deferred tax credits are recognised to the extent that it is regarded as more likely than not that the related assets will be recovered. Deferred tax assets and liabilities are not discounted. As described above, whilst the deferred tax charge or credit is recognised in the profit and loss account of the company, the related deferred tax assets and liabilities are recorded in the balance sheet of Grosvenor Limited

2. Turnover

Turnover and profit before tax are attributable to the one principal activity of the company and arise entirely in Eire

3. Operating Profit

Operating profit is stated after charging	2010	2009
	£	£
Loss/(gain) on foreign currency translation	185,825	89,133

Auditors' remuneration for the audit of the annual accounts of the company for 2010 is £ 4,800 (2009 - £ 2,350) and has been borne by Grosvenor Estate Management Limited, a fellow subsidiary undertaking

4. Particulars of Employees

No fees or other emoluments were paid to the directors of the company during either the current or the preceding year in respect of their services to the company. The directors are paid by Grosvenor Estate Management Limited

There were no employees of the company for the current or preceding year

Quarryvale Two Limited
Notes to the Financial Statements

5. Interest Receivable & Similar Income

	2010 £	2009 £
Bank interest receivable	<u>15,346</u>	<u>12,573</u>
	<u>15,346</u>	<u>12,573</u>

6. Taxation on Ordinary Activities

Taxation

	2010 £	2009 £
Current tax		
UK Corporation tax	<u>1,313,233</u>	<u>1,545,357</u>
Total current tax	<u>1,313,233</u>	<u>1,545,357</u>
Deferred tax		
Origination and reversal of timing differences	<u>(48,347)</u>	<u>(51,331)</u>
Total deferred tax	<u>(48,347)</u>	<u>(51,331)</u>
Tax on profit on ordinary activities	<u>1,264,886</u>	<u>1,494,026</u>

Tax reconciliation:

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>5,524,804</u>	<u>6,501,352</u>
Tax on ordinary activities at the standard UK corporation rate of 28% (2009 - 28%)	<u>1,546,945</u>	<u>1,820,379</u>
Group relief received for nil consideration	<u>(282,059)</u>	<u>(326,353)</u>
Other tax adjustments	<u>48,347</u>	<u>51,331</u>
Total current tax	<u>1,313,233</u>	<u>1,545,357</u>

7. Investments

Subsidiaries

	£
Cost:	
At 1 January 2010	<u>100</u>
At 31 December 2010	<u>100</u>
Net book value:	
At 31 December 2010	<u>100</u>
At 31 December 2009	<u>100</u>

Subsidiary undertakings

Quarryvale Two Limited
Notes to the Financial Statements

The company owns 100% of the issued share capital of the following company which is incorporated in Great Britain

	Nature of business
Grosvenor Quarryvale Limited	Property Development

8. Fixed Assets

	Investment property Freehold £
Cost or valuation	
At 1 January 2010	83,074,353
Additions	322,024
Disposals	(62,020)
Revaluation	(7,305,125)
At 31 December 2010	<u>76,029,232</u>
Net book value	
At 31 December 2010	76,029,232
At 31 December 2009	<u>83,074,353</u>

Investment properties were valued at 31 December 2010 by CB Richard Ellis, acting as external valuers, on the basis of open market value as defined in the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual

The historical cost of properties was £ 17,100,414 (2009 - £ 16,840,410)

The taxation on capital gains which would be payable on the surplus arising on the revaluation of investment properties, in the event of their sale at valuation, is estimated to be approximately £ 14,467,416 (2009 - £ 17,379,380)

9. Debtors: amounts falling due within one year

	2010 £	2009 £
Trade debtors	774,634	571,170
Amounts owed by group undertakings	5,881	154,484
Other debtors	-	1,235
	<u>780,515</u>	<u>726,889</u>

Quarryvale Two Limited
Notes to the Financial Statements

10. Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	3,082	6,549
Amounts owed to group undertakings	19,182,093	12,507,633
Other creditors	1,486,673	10,657
Accruals and deferred income	921,148	2,304,169
	<u>21,592,996</u>	<u>14,829,008</u>

11. Called up Share Capital

Authorised share capital:

	2010 £	2009 £
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Allotted, called up and fully paid:

	2010 £	2009 £
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12. Reconciliation of Movements in Shareholders' Funds

	Share capital £	Profit and loss account £	Revaluation reserve £	Total £
1 January 2010	2	4,833,484	66,233,936	71,067,422
Profit for the financial year	-	4,259,918	-	4,259,918
Dividends paid	-	(10,253,603)	-	(10,253,603)
Capital contributions from holding company	-	1,264,886	-	1,264,886
Revaluation of fixed assets	-	-	(7,305,125)	(7,305,125)
31 December 2010	<u>2</u>	<u>104,685</u>	<u>58,928,811</u>	<u>59,033,498</u>

13. Related Party Transactions

The company has applied the exemption granted by FRS8 'Related party disclosures' not to disclose transactions with Grosvenor Group Limited or wholly owned fellow subsidiaries of Grosvenor Group Limited, which would otherwise qualify as related parties

Accordingly, during the period under review there were no transactions or balances with related parties which require disclosure in these financial statements

Quarryvale Two Limited

Notes to the Financial Statements

14. Ultimate Parent Company and Controlling Party

The company's ultimate parent undertaking is Grosvenor Group Limited, a company incorporated in Great Britain and registered in England and Wales which is wholly owned by trusts and members of the Grosvenor family, headed by the Duke of Westminster

The ultimate parent undertaking heads the largest group of undertakings of which the company is a member and for which group accounts are prepared. Grosvenor Limited, the intermediate holding company, heads the smallest group of undertakings of which the company is a member and for which group accounts are prepared.

Copies of the consolidated financial statements of Grosvenor Group Limited and Grosvenor Limited can be obtained from Companies House, 3 Crown Way, Maindy, Cardiff, CF14 3UZ