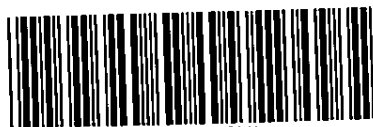


Registered number 4217612

Grainger (Clapham) Limited
Directors' report and financial statements
for the year ended 30 September 2007

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Grainger (Clapham) Limited

Company information

Directors	Andrew R Cunningham Rupert J Dickinson Andrew Pratt Andrew Scrivener Michael P Windle
Company secretary	Marie L Glanville
Company number	4217612
Registered office	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Registered Auditors 89 Sandyford Road Newcastle Upon Tyne NE1 8HW
Bankers	Barclays Bank Plc Barclays House 71 Grey Street Newcastle Upon Tyne NE99 1JP
Solicitors	Dickinson Dees St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB

Grainger (Clapham) Limited

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Grainger (Clapham) Limited

Directors' report for the year ended 30 September 2007

The directors present their report and the audited financial statements for the year ended 30 September 2007

Principal activity and review of the business

The principal activity of the company is property development and trading

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Results and dividends

The results for the year are set out on page 5

The directors do not recommend the payment of a dividend (2006 £nil)

Grainger plc has confirmed to the directors of the company that it will provide such financial support as shall enable the company to continue as a going concern for at least 12 months from the signing of these accounts

Auditors and disclosure of information to auditors

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

Directors and their interests

The directors who served during the year, and up to the date of signing, are as stated below

Andrew R Cunningham

Rupert J Dickinson

Andrew Pratt Appointed 23/07/2007

Geoffrey J Davis Resigned 02/11/2006

Andrew Scrivener Appointed 13/07/2007

Michael P Windle

Peter C G Schwerdt Resigned 30/06/2007

Richard Exley Resigned 13/07/2007

Grainger (Clapham) Limited

Directors' report for the year ended 30 September 2007

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). 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 year.

In preparing these the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 2 July 2008 and signed on its behalf by



Marie L Glanville
Company Secretary

Grainger (Clapham) Limited

Independent auditors' report to the members of Grainger (Clapham) Limited

We have audited the financial statements of Grainger (Clapham) Limited for the year ended 30 September 2007 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Grainger (Clapham) Limited

Independent auditors' report to the members of Grainger (Clapham) Limited

Opinion

In our opinion

The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its loss for the year then ended,

The financial statements have been properly prepared in accordance with the Companies Act 1985, and

The information given in the directors' report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants & Registered Auditors
Newcastle Upon Tyne
2 July 2008

Grainger (Clapham) Limited

**Profit and loss account
for the year ended 30 September 2007**

	Notes	2007 £	2006 £
Development expenses		(1,232)	(83,763)
Loss on ordinary activities before taxation	2	(1,232)	(83,763)
Tax on loss on ordinary activities	3	370	25,128
Loss on ordinary activities after taxation		(862)	(58,635)
Loss for the year		(862)	(58,635)
Accumulated loss brought forward		(124,429)	(65,794)
Accumulated loss carried forward		(125,291)	(124,429)

All amounts relate to continuing operations

There are no recognised gains or losses other than the losses for the above two financial years and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the financial years stated above, and their historical cost equivalents

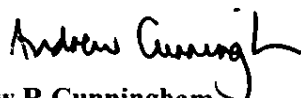
The notes on pages 7 to 10 form an integral part of these financial statements.

Grainger (Clapham) Limited

**Balance sheet
as at 30 September 2007**

		2007		2006	
	Notes	£	£	£	£
Current assets					
Stocks	4	10,460,812		6,184,565	
Debtors	5	-		1,396	
		<u>10,460,812</u>		<u>6,185,961</u>	
Creditors: amounts falling due within one year	6	<u>(10,486,102)</u>		<u>(6,210,389)</u>	
Net current liabilities			<u>(25,290)</u>		<u>(24,428)</u>
Deficiency of assets			<u>(25,290)</u>		<u>(24,428)</u>
Capital and reserves					
Called up equity share capital	7		100,001		100,001
Profit and loss account			<u>(125,291)</u>		<u>(124,429)</u>
Equity shareholders' funds	8		<u>(25,290)</u>		<u>(24,428)</u>

The financial statements were approved by the Board on 2 July 2008 and signed on its behalf by



Andrew R Cunningham
Director

The notes on pages 7 to 10 form an integral part of these financial statements.

Grainger (Clapham) Limited
Notes to the financial statements
for the year ended 30 September 2007

1. Statement of accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

1.1. Accounting convention

These financial statements are prepared on the going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom which have been applied consistently throughout the year.

Grainger plc has confirmed to the directors of the company that it will provide such financial support as shall enable the company to continue as a going concern for at least 12 months from the signing of these accounts.

1.2. Cash flow statement

The company is a wholly owned subsidiary of Grainger plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised 1996) from preparing a cash flow statement.

1.3. Stock

Trading properties are shown in the financial statements at the lower of cost to the company and net realisable value. Cost to the company includes legal and surveying charges incurred during the acquisition plus improvement costs. Net realisable value is the net sale proceeds which the company expects on sale of a property with vacant possession.

Repairs are expensed in the profit and loss account as incurred. Improvement costs are capitalised.

1.4. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Grainger (Clapham) Limited

Notes to the financial statements for the year ended 30 September 2007

2. Loss on ordinary activities before taxation

	2007	2006
	£	£
Loss on ordinary activities before taxation is stated after charging		
Auditors' remuneration	400	400
	<u>400</u>	<u>400</u>

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the year, or in the previous year.

3. Tax on loss on ordinary activities

Analysis of credit in year	2007	2006
	£	£
Current tax		
UK corporation tax	(370)	(25,128)
	<u>(370)</u>	<u>(25,128)</u>

Factors affecting tax credit for year

There is no difference between the tax assessed for the year and the standard rate of corporation tax in the UK (30 per cent).

	2007	2006
	£	£
Loss on ordinary activities before taxation	(1,232)	(83,763)
	<u>(1,232)</u>	<u>(83,763)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(370)	(25,129)
(30 September 2006 30%)	<u>(370)</u>	<u>(25,129)</u>

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements.

Factors that may affect future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement. These were enacted in the 2007 Finance Act or are expected to be enacted in the 2008 Finance Act. All changes that had been enacted or substantively enacted at the balance sheet date are included in these financial statements where applicable. There are no other factors that are expected to significantly affect the taxation charge in future years.

Grainger (Clapham) Limited

**Notes to the financial statements
for the year ended 30 September 2007**

4. Stocks	2007	2006
	£	£
Development Properties	10,460,812	6,184,565
	<u> </u>	<u> </u>
The replacement value of stock is £10,500,000 (2006 £9,500,000) based on market value at 30 September 2007		
5. Debtors	2007	2006
	£	£
Other debtors	-	1,396
	<u> </u>	<u> </u>
6. Creditors: amounts falling due within one year	2007	2006
	£	£
Trade creditors	1,413	15
Amounts owed to group undertakings	10,394,689	6,210,374
Accruals and deferred income	90,000	-
	<u>10,486,102</u>	<u>6,210,389</u>
7. Called up equity share capital	2007	2006
	£	£
Authorised		
100,100 Ordinary shares of 100p each	<u>100,100</u>	<u>100,100</u>
Allotted, called up and fully paid		
100,001 Ordinary shares of 100p each	<u>100,001</u>	<u>100,001</u>
8. Reconciliation of movements in equity shareholders' funds	2007	2006
	£	£
Loss for the year	(862)	(58,635)
Opening equity shareholders' funds	<u>(24,428)</u>	<u>34,207</u>
Closing equity shareholders' funds	<u>(25,290)</u>	<u>(24,428)</u>

Grainger (Clapham) Limited
Notes to the financial statements
for the year ended 30 September 2007

9. Contingent liabilities

At 30 September 2007 the company, together with certain of its fellow subsidiaries, has guaranteed bank loans of £1,125,474,000 (2006 £993,395,000) of certain fellow subsidiaries by means of a legal charge over its assets and book debts

10. Related party disclosures

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the Grainger plc group

11. Ultimate parent undertaking

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE

Grainger plc has confirmed to the directors of the company that it will provide such financial support as shall enable the company to continue as a going concern for at least 12 months from the signing of these accounts

12. Immediate parent

GIP Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company