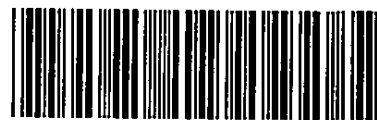


COMPANY REGISTRATION NUMBER 6352297

Grainger Europe (No 4) Limited
Financial statements
30 September 2010

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Grainger Europe (No 4) Limited

Financial statements

Year ended 30 September 2010

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Grainger Europe (No 4) Limited

Officers and professional advisers

The board of directors

Andrew R Cunningham
Nick P On
Mark Greenwood
Nicholas M F Jopling
Peter Q P Couch

Company secretary

Michael P Windle

Registered office

Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JE

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants
& Statutory Auditor
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 LLP
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE99 1SB

Grainger Europe (No 4) Limited

The directors' report

Year ended 30 September 2010

The directors present their report and the financial statements of the company for the year ended 30 September 2010

Principal activities

The principal activity of the company during the year was investing in European property trading companies

Directors

The directors who served the company during the year were as follows

Andrew R Cunningham
Rupert J Dickinson
Nick P On

Rupert J Dickinson resigned as a director on 20 October 2009
Mark Greenwood was appointed as a director on 23 December 2010
Nicholas M F Jopling was appointed as a director on 16 December 2010
Peter Q P Couch was appointed as a director on 15 December 2010

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 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,
- 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.

Grainger Europe (No 4) Limited

The directors' report (*continued*)

Year ended 30 September 2010

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed by order of the directors



Michael P Windle
Company Secretary

Approved by the directors on 21 March 2011

Grainger Europe (No 4) Limited

Independent auditor's report to the shareholders of Grainger Europe (No 4) Limited

Year ended 30 September 2010

We have audited the financial statements of Grainger Europe (No 4) Limited for the year ended 30 September 2010, which comprise the Profit and Loss Account, 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the directors' report, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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 30 September 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 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.

Grainger Europe (No 4) Limited

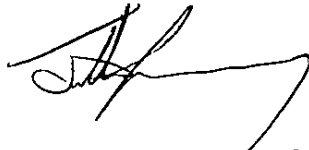
Independent auditor's report to the shareholders of Grainger Europe (No 4) Limited *(continued)*

Year ended 30 September 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, or
- the directors were not entitled to prepare financial statements and the directors' report in accordance with the small company regime



**Jonathan Greenaway (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne**

21 March 2011

Grainger Europe (No 4) Limited

Profit and loss account

Year ended 30 September 2010

	Note	2010 £	2009 £
Turnover		—	—
Administrative expenses		1,845,900	(4,821,197)
Operating profit/(loss)	2	1,845,900	(4,821,197)
Provision for impairment of investments	3	(9,947,020)	—
Interest payable and similar charges		(2,322,521)	(1,815,875)
Loss on ordinary activities before taxation		(10,423,641)	(6,637,072)
Tax on loss on ordinary activities	4	133,454	1,858,380
Loss for the financial year		(10,290,187)	(4,778,692)
Balance brought forward		(5,129,387)	(350,695)
Balance carried forward		(15,419,574)	(5,129,387)

All of the activities of the company are classed as continuing

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £10,290,187 attributable to the shareholders for the year ended 30 September 2010 (2009 - loss of £4,778,692)

The notes on pages 8 to 11 form part of these financial statements.

Grainger Europe (No 4) Limited

Balance sheet

30 September 2010

	Note	2010 £	2009 £
Fixed assets			
Investments	5	<u>32,643,827</u>	<u>42,590,847</u>
Creditors Amounts falling due within one year	6	<u>(48,063,400)</u>	<u>(47,720,233)</u>
Total assets less current liabilities		<u>(15,419,573)</u>	<u>(5,129,386)</u>
Capital and reserves			
Called-up equity share capital	8	1	1
Profit and loss account		<u>(15,419,574)</u>	<u>(5,129,387)</u>
Deficit	9	<u>(15,419,573)</u>	<u>(5,129,386)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 21 March 2011, and are signed on their behalf by



Nick P On
Director

Company Registration Number 6352297

The notes on pages 8 to 11 form part of these financial statements.

Grainger Europe (No 4) Limited

Notes to the financial statements

Year ended 30 September 2010

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year

Going concern

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

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

Investments

Investments are recorded at cost less provision for diminution in value

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account

Group accounts

The financial statements contain information about Grainger Europe (No 4) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the ultimate parent company, Grainger plc, a company registered in England and Wales

Grainger Europe (No 4) Limited

Notes to the financial statements

Year ended 30 September 2010

2 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

	2010 £	2009 £
Auditor's fees	400	400
Net (profit)/loss on foreign currency translation	(1,845,900)	4,821,198

Audit fees are statutory audit fees only and are borne by another Group company

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 period

3. Provision for impairment of investments

	2010 £	2009 £
Amount written off investments	9,947,020	—

4 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	(133,454)	(1,858,380)
Total current tax	(133,454)	(1,858,380)

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

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010 £	2009 £
Loss on ordinary activities before taxation	(10,423,641)	(6,637,072)
Loss on ordinary activities by rate of tax	(2,918,620)	(1,858,380)
Temporary provision on investment not deductible for tax purposes	2,785,166	—
Total current tax (note 4(a))	(133,454)	(1,858,380)

(c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future years

Grainger Europe (No 4) Limited

Notes to the financial statements

Year ended 30 September 2010

5. Investments

	Shares in subsidiary undertakings £
Cost	
At 1 October 2009 and 30 September 2010	<u>42,590,847</u>
Amounts written off	
Written off in year	<u>9,947,020</u>
At 30 September 2010	<u>9,947,020</u>
Net book value	
At 30 September 2010	<u>32,643,827</u>
At 30 September 2009	<u>42,590,847</u>

The company owns 100% of the issued share capital of Grainger FRM GmbH

6. Creditors Amounts falling due within one year

	2010 £	2009 £
Amounts owed to group undertakings	<u>48,063,400</u>	<u>47,720,233</u>

Included within amounts owed to group undertakings are unsecured loans totalling £14,603,839 (2009 £nil) and €38,402,000 (2009 €38,402,000). The Sterling loans bear interest at LIBOR plus margin plus costs, which averaged 3.64% in the year, and the Euro loan bears interest at 6.1% (2009 6.1%). All are repayable on demand but are not expected to be repaid within the next 12 months. All other amounts owed by group undertakings are unsecured, bear no interest, and are repayable on demand.

7 Related party transactions

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.

8 Share capital Authorised share capital

	2010 £	2009 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2010 No	£	2009 No	£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Grainger Europe (No 4) Limited

Notes to the financial statements

Year ended 30 September 2010

9. Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Loss for the financial year	(10,290,187)	(4,778,692)
Opening shareholders' deficit	<u>(5,129,386)</u>	<u>(350,694)</u>
Closing shareholders' deficit	<u>(15,419,573)</u>	<u>(5,129,386)</u>

10 Ultimate parent undertaking and controlling party

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

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.