GROSVENOR HOUSE SOUTHAMPTON LIMITED (FORMERLY PPG CUMBERLAND PLACE LIMITED)

FINANCIAL STATEMENTS FOR THE PERIOD FROM 15 NOVEMBER 2007
TO 31 JANUARY 2009

TOGETHER WITH DIRECTORS' AND INDEPENDENT AUDITOR'S REPORTS

REGISTERED NUMBER: SC333930

GROSVENOR HOUSE SOUTHAMPTON LIMITED

DIRECTORS' REPORT

FOR THE 15 MONTH PERIOD ENDED 31 JANUARY 2009

The directors present their first report and the financial statements of the Company for the 15 month period from incorporation to 31 January 2009. This Directors' Report has been prepared in accordance with the special provisions relating to small companies under Section 246 (4) of the Companies Act 1985.

CHANGE OF NAME:

On 11 September 2009 the Company changed its name from PPG Cumberland Place Limited to Grosvenor House Southampton Limited.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW:

The company was incorporated on 15 November 2007.

The principal activity of the Company during the period was the development of property within the UK for medium and long-term returns.

The challenging economic environment and continuing liquidity crisis in the UK has had a detrimental impact on commercial property values. The Company has reported an operating loss for the period as a consequence of an impairment in the carrying value of its development properties. As at the balance sheet date, the Company's current liabilities exceeded its total assets by £2,972,512.

Subsequent to the year end, the Company submitted a planning application for an office development in Southampton with the local authority planning committee voting in favour of granting consent. This greatly enhances the prospects for the property and therefore the Company.

The financial statements have been prepared on a going concern basis as detailed in note 1(b) to the financial statements.

RESULTS AND DIVIDENDS:

The trading results for the period and the Company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company.

Liquidity risk

Operations are financed by a mixture of shareholders' funds and bank borrowings. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Company.

Interest rate risk

The Company policy is to arrange core debt and bank overdrafts, with a floating rate of interest plus an agreed margin to manage its exposure to interest rate movements on its bank borrowings.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY:

The directors who served the Company during the period were as follows:

I B Tudhope	(appointed 15 November 2007)
A Glasgow	(appointed 15 November 2007)
L Higgins	(appointed 15 November 2007)

At 31 January 2009 none of the directors had any interests in the share capital of the Company.

DIRECTORS' RESPONSIBILITIES:

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

United Kingdom company law requires the directors to prepare financial statements for each financial period which 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;
- 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 proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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:

Grant Thornton UK LLP were appointed as auditor to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

David Horne

D Horne
Secretary
14 September 2009

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GROSVENOR HOUSE SOUTHAMPTON LIMITED

We have audited the financial statements of Grosvenor House Southampton Limited for the period from 15 November 2007 to 31 January 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and 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).

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.

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 31 January 2009 and of its loss for the period from 15 November 2007 (date of incorporation) to 31 January 2009;

- 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.

Emphasis of matter - going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1(b) to the financial statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of £2,973,512 during the period ended 31 January 2009 and, at that date, the Company's current liabilities exceeded its total assets by £2,972,512. These conditions, along with the other matters explained in note 1(b) to the financial statements, 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 was unable to continue as a going concern.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
GLASGOW
14 SEPTEMBER 2009

GROSVENOR HOUSE SOUTHAMPTON LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE 15 MONTH PERIOD ENDED 31 JANUARY 2009

	Notes	15 month period to 31 January 2009		
		Normal	Exceptional	Total
TURNOVER		£ -	£ -	£ -
Cost of sales		(164,677)	-	(164,677)
GROSS LOSS		(164,677)	-	(164,677)
Other operating expenses	2	(51,984)	-	(51,984)
Impairment losses on properties	3	-	(2,764,303)	(2,764,303)
OPERATING LOSS		(216,661)	(2,764,303)	(2,980,964)
Investment income	5	7,452	-	7,452
Interest payable and similar charges	6	-	-	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	7	(209,209)	(2,764,303)	(2,973,512)
Tax on loss on ordinary activities	8	-	-	-
LOSS FOR THE FINANCIAL PERIOD	13	£ (209,209)	£ (2,764,303)	£ (2,973,512)

The loss has been derived wholly from continuing operations.

The Company has no gains or losses in the period other than the reported loss and therefore no Statement of Total Recognised Gains and Losses is presented.

The reported loss on ordinary activities before taxation equates to the historical cost loss on ordinary activities before taxation.

The accompanying notes form an integral part of this profit and loss account.

GROSVENOR HOUSE SOUTHAMPTON LIMITED

BALANCE SHEET - 31 JANUARY 2009

	Notes	2009
FIXED ASSETS		
Tangible assets	9	£ 4,154,000
CURRENT ASSETS		
Debtors	10	14,660
CREDITORS: Amounts falling due within one year	11	(7,141,172)
NET CURRENT LIABILITIES		(7,126,512)
NET LIABILITIES		£ (2,972,512)
CAPITAL AND RESERVES		
Called-up share capital	12	£ 1,000
Profit and loss account	13	(2,973,512)
SHAREHOLDERS' DEFICIT	14	£ (2,972,512)

The accompanying notes form an integral part of this balance sheet.

SIGNED ON BEHALF OF THE BOARD ON 14 SEPTEMBER 2009

I B Tudhope)
) Directors
L Higgins)

L Higgins

GROSVENOR HOUSE SOUTHAMPTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently throughout the period are:

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, unless otherwise stated.

No cash flow statement has been presented as provided by FRS 1 (Revised) as the consolidated financial statements of the immediate holding company (Note 17) contain a consolidated cash flow statement and are publicly available.

(b) Basis of preparation

The financial statements have been prepared on a going concern basis which assumes that the Company will continue to trade. The Company is dependent upon the support of its bankers and the bank facilities which were due for renewal in August 2009. Whilst the Company has commenced discussions with its bankers in relation to bank facility renewal these discussions were not concluded at the date of signing the financial statements. The bank continues to provide funding to the Company on the same terms and conditions during the renewal discussions.

The challenging economic environment and continuing liquidity crisis in the UK has had a detrimental impact on commercial property values. The Company has reported an operating loss for the period as a consequence of an impairment in the carrying value of its development properties. As at the balance sheet date, the Company's current liabilities exceeded its total assets by £2,972,512.

The directors have prepared cash flow projections for the Company which reflect the directors' plans for the period ended twelve months from the date of approval of these financial statements. The Company recently submitted a planning application for a grade A office building in Southampton. The application was determined on 18 August 2009 and the local authority's planning committee voted in favour of granting planning consent. This greatly enhances the prospects for the property and therefore the Company.

The status of the Company's bank funding gives rise to a material uncertainty as to the Company's ability to continue as a going concern. Nevertheless after making enquiries and considering the circumstances described above, the directors have a reasonable expectation that the Company will procure adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

(c) Tangible fixed assets

Development properties are those properties in respect of which construction and development have not been completed at the balance sheet date. They are reflected at cost, including an allocation of overheads and interest charges on external borrowings which are related to the properties, where recoverability is reasonably certain. In the opinion of the directors, the residual value of those development properties currently being operated for business purposes is sufficient to eliminate the requirement for depreciation. Provisions are made against the carrying value of development properties when the directors consider book value to exceed recoverable value. The directors consider that these policies are necessary to provide a true and fair view.

Development properties are classified within tangible fixed assets or stocks according to the specific disposal or realisation strategy for each property with all properties held for both development and resale treated as stock.

(d) Capitalised interest

Interest is capitalised from the point of which development expenditure is incurred until the date of practical completion, except where there is a substantial delay between acquisition and commencement of physical construction, where capitalisation will commence at the latter point.

(e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided 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 taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are normally recognised in the financial statements of the surrendering undertakings.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. OTHER OPERATING EXPENSES:

The following is included in other operating expenses:

	15 month period to 31 January 2009
Administrative expenses	£ 51,984

3. EXCEPTIONAL ITEMS:

The charge of £2,764,303 relates to a reduction in the net realisable value of development properties.

4. STAFF COSTS:

The Company had no employees during the period and none of the directors received any remuneration from the Company or from other undertakings in respect of services to it.

5. INVESTMENT INCOME:

The following is included in investment income:

		15 month period to 31 January 2009
Other interest	£	7,452

6. INTEREST PAYABLE AND SIMILAR CHARGES:

The following are included in interest payable and similar charges:

		15 month period to 31 January 2009
On bank overdrafts	£	383,533
Less: added to cost of development properties		(383,533)
	£	-

The cumulative interest capitalised is shown in note 9.

7. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION:

Loss on ordinary activities before taxation is stated after charging:

		15 month period to 31 January 2009
Auditor's remuneration for audit services	£	1,500

8. TAX ON LOSS ON ORDINARY ACTIVITIES:

The tax credit comprises:

	15 month period to 31 January 2009
Current tax	
UK corporation tax	£ -
Total current tax	-
Total tax credit on loss on ordinary activities	£ -

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	15 month period to 31 January 2009
Loss on ordinary activities before tax	£ (2,973,512)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28.62%	(851,067)
Unrelieved tax losses and other deductions arising in the period	851,067
Current tax for year	£ -

The Company suffers its losses in the UK, therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax, currently 28.62%.

No deferred tax provision has been made in the period. In the opinion of the directors there is an unprovided deferred tax asset at 31 January 2009 of £832,583.

9. TANGIBLE FIXED ASSETS:

The following are included in the net book value of tangible fixed assets:

	Development Properties
COST OR VALUATION:	
Additions	£ 6,918,303
At 31 January 2009	£ 6,918,303
DEPRECIATION:	
Impairment losses	£ 2,764,303
At 31 January 2009	£ 2,764,303
NET BOOK VALUE:	
At 31 January 2009	£ 4,154,000

Cumulative interest included in the cost of development properties amounts to £383,533.

10. DEBTORS:

The following amounts are included in the net book value of debtors:

	2009
Other debtors	£ 10,558
VAT receivable	4,102
	£ 14,660

11. CREDITORS: Amounts falling due within one year:

The following amounts are included in creditors falling due within one year:

	2009
Bank overdraft (secured)	£ 7,066,912
Amounts owed to other group undertakings	23,551
Accruals and deferred income	50,709
	£ 7,141,172

The bank overdraft is secured by a bond and floating charge over the assets of the Company. In addition, the property is subject to a fixed charge.

12. CALLED-UP SHARE CAPITAL:

		2009
Authorised:		
1,000 ordinary shares of £1 each	£	1,000
Allotted, called-up and fully paid:		
1,000 ordinary shares of £1 each	£	1,000

During the period the Company allotted 1,000 ordinary shares with a par value of £1 for a cash consideration of £1,000.

13. PROFIT AND LOSS ACCOUNT:

The movement in the period was as follows:

		2009
Balance at 15 November 2007	£	-
Loss for the financial period		(2,973,512)
Balance at 31 January 2009	£	(2,973,512)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT:

		2009
Loss for the financial period	£	(2,973,512)
New share capital subscribed		1,000
Closing shareholders' deficit	£	(2,972,512)

15. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

a) Capital commitments

There were no capital commitments at 31 January 2009.

b) Contingent liabilities

The Company has guaranteed bank borrowings of the Company, its ultimate holding company, Murray International Holdings Limited, and certain fellow subsidiary undertakings by cross guarantees. The total contingency at 31 January 2009 amounts to £432,328,665.

c) VAT

The Company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the Company. The directors are of the opinion that no additional liability is likely to arise.

16. RELATED PARTY TRANSACTIONS:

The Company has taken advantage of the exemption available under FRS 8 not to disclose transactions with fellow group undertakings.

17. ULTIMATE HOLDING COMPANY:

The immediate parent company is The Premier Property Group Limited and the ultimate holding company is Murray International Holdings Limited, both of which are registered in Scotland.

The largest group in which the results of the Company are consolidated is that headed by the ultimate holding company whose principal place of business is at 9 Charlotte Square, Edinburgh, EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address. The smallest group in which the results of the Company are consolidated is that headed by The Premier Property Group Limited whose principal place of business is at 10 Charlotte Square, Edinburgh, EH2 4DR.

18. ULTIMATE CONTROL:

Sir D E Murray, a director of the ultimate holding company (Note 17), and members of his close family control the Company as a result of controlling directly or indirectly 86% of the issued share capital of the ultimate holding company.