Gos House

Company number 2782532

VALUE RETAIL PLC

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

Contents

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

S D Malkin	(Chairman)
R V Gibbs	(Managing Director)
N G Host	
D Bollier	
J N Lambert	(Non-Executive)
J C Maples	(Non-Executive)
J L Ligon	(Non-Executive)
T De Rosa	(Non-Executive)
L Chao	(Non-Executive)
M A Burton	(Non-Executive)

SECRETARY

J H Abrams

AUDITOR

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKERS

National Westminster Bank plc
208 Piccadilly
London
W1A 2DG

SOLICITORS

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

REGISTERED OFFICE

19 Berkeley Street
London
W1J 8ED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company, together with the Group financial statements and independent auditor's report for the year ended 31 December 2010

RESULTS AND DIVIDENDS

The Group profit after tax for the year was £957,799 (2009 - £1,126,983) as set out on page 8 The Directors do not recommend the payment of an ordinary dividend (2009 - £nil) Preference dividends of £160,000 (2009 - £160,000) became payable during the year in accordance with the Articles of Association

PRINCIPAL ACTIVITY

The principal activity of the Group is the identification of sites, and the provision of services, for the development and management of outlet shopping villages

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

During the year, the Group has continued to provide property development and property management services to the operators of nine outlet shopping villages in Europe under management and service agreements The performance of the Group is measured by reference to the revenue and profits generated by those agreements which can vary from one year to the next in relation to the level of services required by each village each year and the performance of each village The Directors consider the Key Performance Indicator of the Group to be profit after tax as stated above

The Company also provides working capital facilities to certain of the owners of the villages where required

In addition, the Group continues to identify potential sites for future outlet shopping villages

RISKS AND UNCERTAINTIES

The Group currently provides services to nine outlet shopping villages and is therefore dependent on the ongoing success of these villages The performance of these villages is monitored closely and frequently by the Directors and additional management services are provided if necessary

The Group uses interest rate swaps to manage interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements

DIRECTORS

The names of the Directors of the Company who served during the year and as at the date of this report were as follows

S D Malkin	(Chairman)
R V Gibbs	(Managing Director)
N G Host	
D Bollier	
J N Lambert	(Non-Executive)
J C Maples	(Non-Executive)
J L Ligon	(Non-Executive)
T De Rosa	(Non-Executive)
L Chao	(Non-Executive)
M A Burton	(Non-Executive)

DIRECTORS' INDEMNITY INSURANCE

The Company has qualifying Directors' third party insurance This was in force during the year and remains in place as at the date of approving the Directors' report

DIRECTORS' REPORT (continued)

CREDITOR PAYMENT POLICY AND PRACTICE

It is the Company's policy that payments are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with

At 31 December 2010, the Company had an average of 65 days (2009 - 38 days) purchases included within trade creditors

CHARITABLE DONATIONS

During the year the Group made charitable donations of £1,900 (2009 - £1,400)

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITORS

A resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the members at the Annual General Meeting in accordance with section 485 of the Companies Act 2006

By Order of the Board

J H Abrams
Secretary

6 June 2011

STATEMENT OF 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 Group and the Company and of the profit or loss of the Group 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 accounting 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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Group and Company and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VALUE RETAIL PLC

We have audited the financial statements of Value Retail PLC for the year ended 31 December 2010 which comprise the Group Profit and Loss Account the Group and Parent Company Balance Sheets the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses the Group and Parent Company Reconciliation of Movements in Shareholders Funds and the related notes 1 to 22 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 Statement of Directors Responsibilities set out on page 5, 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 Practices Board s 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 Group's and the Parent 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 In addition we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the Parent Company s affairs as at 31 December 2010 and of the Group's 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VALUE RETAIL PLC (continued)

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

Ernst & Young LLP.

David Wilkinson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP Statutory Auditor
London

13 June 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2010

	Note	2010	2009
		£	£
Turnover	2	94,365,170	84,450,396
Cost of sales		(89,375,565)	(79,594,300)
Gross profit		4,989,605	4,856,096
Administrative expenses		(290,546)	(437,340)
Operating profit	3	4,699,059	4,418,756
Interest receivable and similar income	5	8,883,663	7,307,788
Interest payable and similar charges	6	(11,264,232)	(9,106,503)
Profit on ordinary activities before taxation		2,318,490	2,620,041
Tax on profit on ordinary activities	7	(1,360,691)	(1,493,058)
Profit for the financial year	16,17	957,799	1,126,983

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2010

	Note	2010	2009
		£	£
Profit for the financial year		957,799	1,126,983
Exchange gain/(loss) on consolidation	16,17	52,617	(710,460)
Total recognised gains relating to the year		1,010,416	416,523

CONSOLIDATED BALANCE SHEET
as at year ended 31 December 2010

	Note	2010		2009	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		358,572		668,803
Current assets					
Stock	11	3,149		4,553	
Debtors	12	175,773,745		167,252,926	
Cash at bank		36,303,729		26,816,651	
		212,080,623		194,074,130	
Creditors· amounts falling due within one year	13	(41,317,563)		(32,035,772)	
Net current assets			170,763,060		162,038,358
Total assets less current liabilities			171,121,632		162,707,161
Creditors amounts falling due after more than one year	14		(152,854,315)		(145,450,260)
Net assets			18,267,317		17,256,901
Capital and reserves					
Called up share capital	15		769,231		769,231
Profit and loss account	16		17,498,086		16,487,670
Total equity shareholders' funds	17		18,267,317		17,256,901

Approved and signed on behalf of the Board of Directors

R V Gibbs
Director
9 June 2011

COMPANY BALANCE SHEET
as at year ended 31 December 2010

	Note	2010		2009	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		-		245,979
Investments	10		7,118		7,118
			7,118		253,097
Current assets					
Debtors	12	160,981,266		151,944,296	
Cash at bank		31,261,327		23,004,632	
		192,242,593		174,948,928	
Creditors: amounts falling due within one year	13	(29,000,567)		(21,055,679)	
Net current assets			163,242,026		153,893,249
Total assets less current liabilities			163,249,144		154,146,346
Creditors. amounts falling due after more than one year	14		(152,854,315)		(145,450,260)
Net assets			10,394,829		8,696,086
Capital and reserves					
Called up share capital	15		769,231		769,231
Profit and loss account	16		9,625,598		7,926,855
Total equity shareholders' funds	17		10,394,829		8,696,086

Approved and signed on behalf of the Board of Directors

R V Gibbs
Director
9 June 2011

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2010

	Note	2010		2009	
		£	£	£	£
Net cash outflow from operating activities	19		(17,045,448)		(2,705,042)
Returns on investments and servicing of finance					
Interest received		3,136,545		2,550,345	
Interest paid		(8,857,980)		(6,955,160)	
Net cash outflow from returns on investments and servicing of finance			(5,721,435)		(4,404,815)
Taxation			(1,991,136)		(1,156,866)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(56,560)		(43,283)	
Net decrease/(increase) in loans to related parties		17,083,666		(9,861,121)	
Net cash inflow/(outflow) from investing activities			17,027,106		(9,904,404)
Net cash outflow before financing	20		(7,730,913)		(18,171,127)
Financing					
New loans received		20,203,498		43,210,603	
Repayment of loans		(2,985,507)		(7,593,573)	
Net cash inflow from financing			17,217,991		35,617,030
Increase in cash in the year			9,487,078		17,445,903
Reconciliation of net cash flow to movement in net debt					
Increase in cash and cash equivalents			9,487,078		17,445,903
Cash inflow from net increase in debt			(17,217,991)		(35,617,030)
Exchange adjustments			3,036,738		5,522,448
Movement in net debt in the year			(4,694,175)		(12,648,679)
Net debt at 1 January	20		(132,849,513)		(120,200,834)
Net debt at 31 December	20		(137,543,688)		(132,849,513)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

1. Accounting policies

a) Basis of preparation

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards in the United Kingdom

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due, for a period of at least 12 months from the date of these financial statements

The Company has loan and trading balances due from related parties and is reliant on the ability of these related parties to service these loans and trading balances The timing of repayments will depend on the operating cash needs or surpluses and the refinancing plans of each of the related parties The Directors have prepared cash flow forecasts, which include assessments of the operating cash flows and the availability of funding of the Company and the related parties These cash flow forecasts show the Company can continue as a going concern and the financial statements have been prepared on this basis

b) Basis of consolidation

The Group financial statements consolidate the financial statements of Value Retail PLC and all its subsidiary undertakings drawn up to 31 December each year No profit and loss account is presented for Value Retail PLC as permitted by section 408 of the Companies Act 2006

c) Revenue recognition

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for the provision of services Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty The following criteria must also be met before revenue is recognised

Rendering of services

Revenue from the provision of services for the development of outlet shopping villages is recognised by reference to the stage of work completed Revenue from the provision of services for the management of outlet shopping villages is recognised as and when the services have been provided

Interest income

Revenue is recognised as interest accrues

d) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation Such cost includes costs directly attributable to making the asset capable of operating as intended Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows

Motor vehicles	over 4 years
Fixtures, fittings & equipment	over 3 years

A full year's depreciation is charged in the year of acquisition The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Accounting policies (continued)

e) Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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 receive more tax, with the following conditions

- provision is made for any deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- 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 difference can be deducted

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

f) Stock

Stock consists of finished goods and is stated at the lower of cost and net realisable value

g) Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate All differences are taken to the profit and loss account

Group

The assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date The profit and loss items of overseas subsidiary undertakings are translated at the average rate of exchange for the year The exchange differences arising on the retranslation of opening net assets and profits and losses are taken directly to reserves All other translation differences are taken to the profit and loss account

h) Derivative instruments

Derivative instruments

The Group uses interest rate swaps to minimise interest rate exposures

Interest rate swaps

The Group's criteria for interest rate swaps are

- the instrument must be related to an asset or a liability, and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa

Interest differentials are recognised by accruing with net interest payable Interest rate swaps are not revalued to fair value or shown on the Group balance sheet at the year end If they are terminated early, the gain/loss is spread over the remaining maturity of the original instrument

Accounting policies (continued)

i) Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

j) Pension costs

Contributions to the defined contribution scheme are recognised in the profit and loss account in the period in which they become payable Pension contributions are made to an individual's personal pension arrangements under the Value Retail Grouped Personal Pension Scheme The assets of the scheme are held separately from the Company in an independently administered fund, and costs are accounted for as incurred

k) Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are recognised at gross proceeds Costs associated with obtaining loans and borrowings are recharged to the entities to whom the funds are lent Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount

l) Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities Accordingly, a financial instrument is treated as equity if

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable, and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Group's own equity instruments

When shares are issued, any component that creates a financial liability of the Company or Group is presented as a liability in the balance sheet, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption The corresponding dividends relating to the liability component are charged as interest expense in the income statement The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature

The remainder, if any, of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs The carrying amount of the equity component is not re-measured in subsequent years

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised

The Company's 8% preference shares have been accounted for as a financial liability in their entirety

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

2. Turnover and segmental analysis

Turnover represents the amounts derived from the provision of property development and property management services stated net of discounts, rebates and value added tax

Turnover relates to operations, all of which are continuing

The Group operates within the United Kingdom, Ireland and a number of different markets within Continental Europe

Turnover, profit on ordinary activities before taxation, and net assets are analysed as follows

a) Turnover

By area of activity	2010	2009
	£	£
Property development services	39,588,197	36,730,483
Property management services	54,776,973	47,719,913
	94,365,170	84,450,396

By origin	2010	2009
	£	£
United Kingdom and Ireland	25,672,799	25,206,126
Continental Europe	68,692,371	59,244,270
	94,365,170	84,450,396

By destination	2010	2009
	£	£
United Kingdom and Ireland	21,885,921	17,944,584
Continental Europe	72,479,249	66,505,812
	94,365,170	84,450,396

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

b) Profit on ordinary activities before taxation

By area of activity	2010	2009
	£	£
Property development services	482,860	1,114,953
Property management services	1,835,630	1,505,088
	2,318,490	2,620,041

By origin	2010	2009
	£	£
United Kingdom and Ireland	861,086	1,917,785
Continental Europe	1,457,404	702,256
	2,318,490	2,620,041

c) Net assets

By area of activity	2010	2009
	£	£
Property development services	13,503,891	13,100,997
Property management services	4,763,426	4,155,904
	18,267,317	17,256,901

By geographical area	2010	2009
	£	£
United Kingdom and Ireland	12,929,160	10,796,698
Continental Europe	5,338,157	6,460,203
	18,267,317	17,256,901

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

3. Operating profit

This is stated after charging		2010	2009
		£	£
Depreciation of fixed assets (see note 9)		352,029	545,800
Auditors' remuneration	- audit of the financial statements	64,600	62,000
	- local statutory audits for subsidiaries	204,947	207,097
	- taxation services	86,991	142,758
	- other services	26,048	39,142
Operating lease rentals - other		1,438,685	1,465,373

4. Staff costs and Directors' emoluments

(a) Staff costs	2010	2009
	£	£
Salaries	21,653,906	20,503,183
Social security costs	4,895,842	4,010,523
Pension contributions	821,165	459,711
	27,370,913	24,973,417

	2010	2009
	£	£
The average number of employees, including directors, employed during the year was made up as follows		
Administration and finance	167	132
Remerchandising and marketing	111	73
Development	9	23
Retail operations	79	82
	366	310

(b) Directors' emoluments	2010	2009
	£	£
Aggregate emoluments in respect of qualifying services	1,482,554	1,595,914
Highest paid director (including all benefits)	619,547	882,615
Fees payable to non executive directors	96,000	96,000

5. Interest receivable and similar income

	2010	2009
	£	£
Bank interest	85,960	61,025
Interest receivable on loans to shareholders and related parties	8,397,182	7,017,636
Other income including foreign exchange gains	400,521	229,127
	8,883,663	7,307,788

6. Interest payable and other similar charges

	2010	2009
	£	£
Bank interest	4,359,872	3,921,622
Dividends on preference shares at 8 00p (2009 - 8 00p) per share	160,000	160,000
Interest payable on loans from shareholders and related parties	4,133,520	2,368,961
Other charges including foreign exchange losses	2,610,840	2,655,920
	11,264,232	9,106,503

7. Tax on profit on ordinary activities

a) Analysis of tax charge in the year

	2010	2009
	£	£
UK corporation tax on profits of the year		
- Company	769,463	908,046
- Group	180,526	183,737
Adjustments in respect of prior years		
- Company	49,123	-
- Group	(917)	(4,207)
Foreign tax		
- Corporation tax on profits of the year	582,899	501,224
- Adjustments in respect of prior years	(202,499)	19,532
Total current tax charge	1,378,595	1,608,332
Deferred tax		
Origination and reversal of timing differences	(17,904)	(115,274)
Tax charge on profit on ordinary activities for the year	1,360,691	1,493,058

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

b) Factors affectıng the tax charge for the year

The tax charge arısıng on the profit on ordınary actıvıtıes for the year ıs hıgher than the standard rate of corporatıon tax ın the UK of 28% (2009 - 28%) The dıfferences are reconcıled below

	2010	2009
	£	£
Profit on ordınary actıvıtıes before tax	2,318,490	2,620,041
Profit on ordınary actıvıtıes multıplıed by the rate of corporatıon tax ın the UK of 28% (2009 - 28%)	649,177	733,611
Effects of		
Non-taxable ıncome and dısallowed expense	222,069	351,601
Capıtal allowances ın excess of deprecıatıon	(46,790)	(61,443)
Net non-taxable, unrealısed foreıgn exchange losses	640,452	522,200
Dıfferences ın overseas tax rates	67,983	47,039
Adjustments ın respect of prıor years	(154,296)	15,324
Current tax charge for the year	1,378,595	1,608,332

No deferred tax ıs recognısed on the unremıtted earnıngs of overseas subsıdıarıes as the Group has no lıabılıty to addıtıonal taxatıon should such amounts be remıtted due to the avaılabılıty of double taxatıon relıef

c) Factors that may affect future tax charges

Deferred tax assets and lıabılıtıes are measured at the tax rates that are expected to apply ın the perıod when the asset ıs realısed or the lıabılıty settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date As at the balance sheet date, the Fınance (No 2) Act 2010 was substantıvely enacted Thıs ıncluded legıslatıon reducıng the maın rate of corporatıon tax from 28% to 27% from 1 Aprıl 2011 As a result, UK deferred tax assets and lıabılıtıes have been calculated at thıs rate

Although not substantıvely enacted, the UK government has announced ıts ıntentıon to further reduce the UK corporate ıncome tax rate by enactment ın successıve Fınance Bılls to 26% from 1 Aprıl 2011 and then by a further 1% per annum, down to 23%, by 2014 The Company wıll only recognıse the ımpact of these rate changes ın ıts fınancıal statements once they are substantıvely enacted The overall ımpact ıs not expected to be materıal to these fınancıal statements

8. Profit attrıbutable to members of the Company

The profit ıncluded wıthın the fınancıal statements of the Company ıs £1,698,743 (2009 - £2,060,888)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

9. Tangible assets

GROUP	Motor Vehicles	Fixtures, Fittings & Equipment	Total
	£	£	£
COST			
At 1 January 2010	14,200	2,425,404	2,439,604
Exchange adjustments	-	(38,091)	(38,091)
Additions	-	56,560	56,560
At 31 December 2010	14,200	2,443,873	2,458,073
DEPRECIATION			
At 1 January 2010	14,200	1,756,601	1,770,801
Exchange adjustments	-	(23,329)	(23,329)
Provided during the year	-	352,029	352,029
At 31 December 2010	14,200	2,085,301	2,099,501
NET BOOK VALUE			
At 31 December 2010	-	358,572	358,572
At 31 December 2009	-	668,803	668,803

COMPANY	Motor Vehicles	Fixtures, Fittings & Equipment	Total
	£	£	£
COST			
At 1 January 2010	11,700	1,311,755	1,323,455
Additions	-	-	-
At 31 December 2010	11,700	1,311,755	1,323,455
DEPRECIATION			
At 1 January 2010	11,700	1,065,776	1,077,476
Provided during the year	-	245,979	245,979
At 31 December 2010	11,700	1,311,755	1,323,455
NET BOOK VALUE			
At 31 December 2010	-	-	-
At 31 December 2009	-	245,979	245,979

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

10. Investments

Company	2010	2009
	£	£
Shares in subsidiary undertakings as at 1 January and 31 December	7,118	7,118

Details of the investments in which the Company holds ordinary shares are as follows

Name of subsidiary undertaking	Country of incorporation	Proportion of voting rights and shares held	Nature of business
Value Retail Management Limited	UK	100%	Property Services
Value Retail Management (Bicester Village) Limited	UK	100%	Property Services
Value Retail Europe Limited	UK	100%	Dormant
Value Retail Development Limited	UK	100%	Property Services
Watchplan Limited	UK	100%	Insurance Services
Value Retail Management Germany GmbH	Germany	100%	Property Services
Value Retail Management (Wertheim Village) GmbH	Germany	100%	Property Services
Value Retail Management (Ingolstadt Village) GmbH	Germany	100%	Property Services
Value Retail Management Spain, S L	Spain	100%	Property Services
Value Retail Management (La Roca), S L	Spain	100%	Property Services
Value Retail Management (Las Rozas), S L	Spain	100%	Property Services
Value Retail Management France SARL	France	100%	Property Services
Value Retail Development France SARL	France	100%	Property Services
Value Retail Tourism & Promotion SARL	France	100%	Property Services
Value Retail Commercialisation France SARL	France	100%	Property Services
Value Retail Management Belgium N V	Belgium	100%	Property Services
Value Retail Management (Kildare Village) Limited	Ireland	100%	Property Services
Value Retail Management Italy S r l	Italy	100%	Property Services
Value Retail Management (Fidenza Village) S r l	Italy	100%	Property Services

Value Retail Management Limited, Value Retail Europe Limited and Watchplan Limited are directly owned by Value Retail PLC The remaining companies are indirectly held by various subsidiaries within the Group

11. Stock

	GROUP		COMPANY	
	2010	2009	2010	2009
	£	£	£	£
Consumables	3,149	4,553	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

12. Debtors

	GROUP		COMPANY	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	279,178	135,125	-	-
Loans due from related parties	76,575,592	92,009,181	76,575,592	92,009,181
Loans due from shareholders	2,079,632	1,520,042	2,079,632	1,520,042
Amounts due from Group companies	-	-	62,296,627	43,663,833
Amounts due from related parties	93,129,121	70,136,564	17,044,528	12,412,897
VAT and other taxes	485,846	546,774	485,583	113,809
Prepayments and accrued income	1,662,793	1,544,074	1,130,693	940,954
Deferred tax	134,955	115,274	133,178	115,274
Other debtors	1,426,628	1,245,892	1,235,433	1,168,306
	175,773,745	167,252,926	160,981,266	151,944,296

The deferred tax asset relates to decelerated capital allowances

Loans due from related parties are repayable on demand The timing of repayment will depend on the operating cash needs or surpluses and the refinancing plans of each of the borrowers Accordingly some portion of the loans may be repaid in more than one year Approximately 34 2% of the 2009 balance was repaid during 2010 (see Note 22d) and the Directors anticipate that at least 21.5% of the 2010 balance will be repaid during 2011

Amounts falling due after more than one year, included above in Other debtors, amount to £1,232,359 (2009 - £1,158,350) and comprise loans made to employees of the Group

13. Creditors – amounts falling due within one year

	GROUP		COMPANY	
	2010	2009	2010	2009
	£	£	£	£
Bank loans	20,993,102	-	20,993,102	-
Trade creditors	10,157,051	7,437,432	3,807,082	1,651,059
Amounts due to shareholders	317,362	14,761,897	317,362	14,761,897
Amounts due to Group companies	-	-	172,908	102,486
Amounts due to related parties	191,653	18,821	191,653	18,821
Corporation tax	402,352	1,256,597	282,214	701,593
Other taxes and social security	4,225,972	3,733,218	918,393	945,095
Other creditors	1,040,325	854,742	63,400	33,924
Accruals and deferred income	2,865,746	3,009,067	1,130,453	1,876,805
Preference dividends payable	1,124,000	963,998	1,124,000	963,999
	41,317,563	32,035,772	29,000,567	21,055,679

The Company has an €80,000,000 working capital facility with The Royal Bank of Scotland plc, of which €24,500,000 is subject to a paydown on 30 June 2011 The €24,500,000 (equivalent to £20,993,102) has therefore been included in amounts falling due within one year For further details on this facility, see Note 14

Outstanding amounts in respect of the defined contribution scheme payable at the balance sheet date were £66,277 (2009 - £45,874)

14. Creditors – amounts falling due after more than one year

	GROUP		COMPANY	
	2010	2009	2010	2009
	£	£	£	£
Bank loans	47,555,803	71,079,520	47,555,803	71,079,520
8% Preference Shares	2,000,000	2,000,000	2,000,000	2,000,000
Amounts due to related parties	28,805,837	22,816,848	28,805,837	22,816,848
Amounts due to shareholders	74,492,675	49,553,892	74,492,675	49,553,892
	152,854,315	145,450,260	152,854,315	145,450,260

Included in bank loans is €55,500,000 (£47,555,803) relating to an €80,000,000 working capital facility with The Royal Bank of Scotland plc The remaining €24,500,000 has been included in amounts due within one year (see Note 13) The full €80,000,000, equivalent to £68,548,905, was drawn at the year end (2009 - €80,000,000, equivalent to £71,079,520) The facility is secured by fixed and floating charges over the assets of the Company, Value Retail Management Limited, Bicester Investors Limited Partnership ('BILP') and Bicester Investors II Limited Partnership ('BILP II') and by a pledge from VR European Holdings B V over its receivables from Value Retail Barcelona, S L and Value Retail Madrid, S L The facility bears interest at Euribor plus a margin, which fluctuates depending on the LTV ratio, and is repayable on 30 June 2013, except for the paydown of €24,500,000 on 30 June 2011, as disclosed in Note 13

At 31 December 2010 and 2009, there were 2,000,000 redeemable Preference Shares in issue Each share has a nominal value of £1 and is redeemable at the option of the Company after 31 December 2005 The Preference Shares carry a dividend of 8% per annum, accruing from 30 December 2003 but payable yearly commencing on 31 December 2005 There are no voting rights attached to the Preference Shares They hold priority over the other classes of shares in the event of a return of capital on liquidation

Amounts due to related parties consist of a loan of £28,805,837 (2009 - £22,816,848) from BILP II

Included in amounts due to shareholders is a loan of £60,389,842 (2009 - £49,180,689) from BILP Also included in amounts due to shareholders is a €16,000,000 revolving and credit guarantee facility provided by Hammerson plc In 2009, this facility was included in amounts due within one year, due to the fact that it was due to mature on 22 August 2010 The full €16,000,000, equivalent to £13,709,781, was drawn at the year end (2009 - €16,000,000, equivalent to £14,215,904) The facility is secured by a pledge of receivables from VR European Holdings B V in respect of its shareholding in VR La Vallée B V (a related party as described in Note 22) The facility bears interest at Euribor plus 2% and is repayable on 23 August 2012

The BILP and BILP II loans were obtained at a rate equivalent to that payable on The Royal Bank of Scotland plc working capital facility above and are repayable on 30 June 2013

The Company has hedging instruments which hedge the underlying interest rate before margin in respect of the above borrowings

- an amortising swap on €60,000,000 at 2 835% to 22 April 2013, which has a negative fair market value of €1,437,092 (equivalent to £1,231,388) at 31 December 2010

	GROUP		COMPANY	
Borrowings, excluding the preference shares, are repayable as follows	2010 £	2009 £	2010 £	2009 £
In more than one year but not more than two years	-	21,768,103	-	21,768,103
In more than two years but not more than five years	150,854,315	121,682,157	150,854,315	121,682,157
	150,854,315	143,450,260	150,854,315	143,450,260

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

15. Authorised and issued share capital

	2010	2009
	£	£
Authorised		
2,750,000 'A' Ordinary Shares of £1 each	2,750,000	2,750,000
750,000 'B' Ordinary Shares of £1 each	750,000	750,000
1,425,000 'C' Ordinary Shares of £1 each	1,425,000	1,425,000
75,000 'D' Ordinary Shares of £1 each	75,000	75,000
Total Ordinary Shares	5,000,000	5,000,000
2,000,000 8% Preference Shares of £1 each (classified as a liability under FRS 25)	2,000,000	2,000,000
	7,000,000	7,000,000
Allotted, called up and fully paid		
402,947 'A' Ordinary Shares of £1 each	402,947	402,947
54,028 'B' Ordinary Shares of £1 each	54,028	54,028
256,487 'C' Ordinary Shares of £1 each	256,487	256,487
55,769 'D' Ordinary Shares of £1 each	55,769	55,769
Total ordinary shares	769,231	769,231
2,000,000 8% Preference Shares of £1 each (classified as a liability under FRS 25)	2,000,000	2,000,000
	2,769,231	2,769,231

The 8% Preference Shares have an annual dividend which became payable on 31 December 2005 There are no voting rights attached to the Preference Shares, however they hold priority over other classes of shares in the event of a return of capital on liquidation The Preference Shares are redeemable at the option of the Company after 31 December 2005 In accordance with FRS 25, these shares are shown as a long term financial liability (see Note 14)

The dividends payable on the preference shares of £160,000 (2009 - £160,000) are included within interest payable and similar charges

16. Profit and loss account

	GROUP		COMPANY	
	2010	2009	2010	2009
	£	£	£	£
At 1 January	16,487,670	16,071,147	7,926,855	5,865,967
Profit for the financial year	957,799	1,126,983	1,698,743	2,060,888
Exchange gain/(loss) on consolidation	52,617	(710,460)	-	-
At 31 December	17,498,086	16,487,670	9,625,598	7,926,855

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

17. Reconciliation of movements in shareholders' funds

	GROUP		COMPANY	
	2010	2009	2010	2009
	£	£	£	£
Shareholders' funds at 1 January	17,256,901	16,840,378	8,696,086	6,635,198
Profit for the financial year	957,799	1,126,983	1,698,743	2,060,888
Exchange gain/(loss) on consolidation	52,617	(710,460)	-	-
Shareholders' funds at 31 December	18,267,317	17,256,901	10,394,829	8,696,086

18. Commitments under operating leases

GROUP

Operating leases which expire:	2010 Land and buildings	2010 Other	2009 Land and buildings	2009 Other
	£	£	£	£
Within one year	-	153,699	-	319,090
In two to five years	-	867,518	-	918,008
After five years	332,032	85,437	347,155	-
	332,032	1,106,654	347,155	1,237,098

COMPANY

Operating leases which expire	2010 Land and buildings	2010 Other	2009 Land and buildings	2009 Other
	£	£	£	£
Within one year	-	73,491	-	8,320
In two to five years	-	238,513	-	631,636
After five years	92,787	-	88,598	-
	92,787	312,004	88,598	639,956

19. Reconciliation of operating profit to net cash outflow from operating activities

	2010	2009
	£	£
Operating profit	4,699,059	4,418,756
Depreciation	352,029	545,800
Effect of foreign exchange differences	(5,027,101)	(8,120,348)
Decrease in stock	1,404	4,087
(Increase)/decrease in debtors	(20,205,877)	440,225
Increase in creditors	3,135,038	6,438
Net cash outflow from operating activities	(17,045,448)	(2,705,042)

20. Analysis of changes in net debt

	At 1 Jan 2010	Cash flows	Exchange movements	Other non cash movements	At 31 Dec 2010
	£	£	£	£	£
Cash at bank	26,816,651	9,487,078	-	-	36,303,729
Debt due within one year	(14,215,904)	-	-	(6,777,198)	(20,993,102)
Debt due after one year	(145,450,260)	(17,217,991)	3,036,738	6,777,198	(152,854,315)
	(132,849,513)	(7,730,913)	3,036,738	-	(137,543,688)

21. Guarantees and financial commitments

The Company is registered for VAT purposes as a part of a group of undertakings which share a common registration number As a result, it has jointly guaranteed the VAT liability of this group and failure by other members of this group could give rise to additional liabilities for the Company However, the Directors are of the opinion that no liability is likely to arise from the unlikely event of failure by other members of this group

22. Ultimate controlling party and related party transactions

S D Malkin, a Director of the Company, owns and controls S D Malkin Properties, Inc and SDMP Services, Inc , which is the controlling member of VR Holdings, L L C , which is the majority shareholder in the Company S D Malkin is the ultimate controlling party of the Company

VR Holdings, L L C controls the General Partners of Value Retail Investors Limited Partnership ('VRILP'), Value Retail Investors II Limited Partnership ('VRILP II'), Bicester Investors Limited Partnership ('BILP') and Bicester Investors II Limited Partnership ('BILP II')

SDMP Services, Inc is the ultimate majority beneficial owner of VR European Holdings BV ('VREH') and, together with VREH, controls Maasmechelen Services BVBA, the director of VR Maasmechelen Tourist Outlets Comm VA

During the year, VREH was the majority owner of, and controlled, Value Retail Madrid, S L , Value Retail Barcelona, S L , Value Retail Mallorca, S L , VR La Vallée B V (the sole shareholder of VR France SAS, in turn the majority shareholder of VR Paris SCI, VR Services SNC and VR Val d'Europe SCI), VR Bavaria GmbH, VR Franconia GmbH, VR Calluna GmbH, VR Ireland B V (the sole shareholder of Kildare Retail Services Ltd and Value Retail Dublin Ltd) and Master Holding B V (the sole shareholder of VR Milan S r l)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

Dunng the year, the followmg related party transactions took place at arm's length and on a commercial basis

a) BILP and BILP II made loans of £15,558,584 (2009 - £26,827,664) to companies within the Group The outstanding balance due from the Group at 31 December 2010 was £88,775,482 (2009 - £71,997,537) after repayments of £2,914,168 (2009 - £3,268,315) during the year Included in the loans made during the year is an amount of £4,133,529 (2009 - £2,349,267) being the interest charged during the year

b) S D Malkin Properties, Inc incurred reimbursable costs on behalf of the Group amounting to £2,612,163 (2009 - £2,311,215) The outstanding balance due from the Group at 31 December 2009 was £317,362 (2009 - £545,993)

c) VRILP, VRILP II, VR Paris SCI, VR Services SNC, Value Retail Dublin Ltd, Kildare Retail Services Ltd, VR Bavaria GmbH, VR Franconia GmbH, VR Calluna GmbH, VR Maasmechelen Tourist Outlets Comm VA, Value Retail Barcelona, S L , Value Retail Madrid, S L , Value Retail Mallorca, S L and VR Milan S r l were charged £93,771,176 (2009 - £83,448,455) by companies within the Group for costs incurred on their behalf The net outstanding balance due to the Group at 31 December 2010 was £92,937,468 (2009 - £69,664,518), as disclosed in debtors and creditors, after payments during the year of £70,498,226 (2009 - £77,226,698)

d) The Group made loans of £14,924,834 (2009 - 17,287,704) to Value Retail Madrid, S L , VR Bavaria GmbH, Value Retail Dublin Ltd, Kildare Retail Services Ltd, VR Franconia GmbH, VR Milan S r l , VR European Holdings B V , VR Maasmechelen BVBA, S D Malkin Properties Inc, VR Paris SCI, VR Services SNC, VR La Vallée B V , VR Val d'Europe SCI, VR Calluna GmbH, Master Holding B V and Value Retail Mallorca, S L The outstanding balance due to the Group at 31 December 2010 was £78,655,224 (2009 - £93,529,223), after repayments of £32,012,825 (2009 - £7,426,583) The loans are denominated in Euros and have been revalued at the year end exchange rate

e) The Company recognised costs of £254,673 (2009 - £903,370) in respect of consultancy services and expenses provided by Janie L Ligon, a Director of the Company These services were provided over a period of 12 months (2009 - 36 months) The outstanding balance due from the Company at 31 December 2010 was £674,000 (2009 - £676,176)

f) The Group has been charged £332,032 (2009 - £332,362) by and has annual commitments of £332,032 (2009 - £332,362) under non-cancellable leases with VRILP, VRILP II, Value Retail Dublin Ltd, Value Retail Madrid, S L and Value Retail Barcelona, S L in respect of rent for office space

The Group has taken advantage of provisions in FRS8 which exempt subsidiary undertakings from disclosing transactions with other entities within the Group