

**Valad Asset Management (UK) Limited**  
**Report and Financial Statements**  
**Year ended 30 June 2008**



Company Registration No. 3239548

**Valad Asset Management (UK) Limited**  
**REPORT AND FINANCIAL STATEMENTS**  
For the year ended 30 June 2008

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**Valad Asset Management (UK) Limited**  
**DIRECTORS, OFFICERS AND PROFESSIONAL SERVICE PROVIDERS**  
**For the year ended 30 June 2008**

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**DIRECTORS**

P Oliver  
M Somerville  
J Dyer

**SECRETARY**

Valad Secretarial Services Limited

**REGISTERED OFFICE**

Europa House  
20 Esplanade  
Scarborough  
YO11 2AQ

**AUDITORS**

PricewaterhouseCoopers  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

**SOLICITORS**

Shepherd and Wedderburn  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2ET

**BANKERS**

Bank of Scotland  
155 Bishopsgate  
London  
EC2M 3YB

# Valad Asset Management (UK) Limited

## DIRECTORS' REPORT

For the year ended 30 June 2008

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The directors present their report and the audited financial statements for the year ended 30 June 2008.

### PRINCIPAL ACTIVITY

The principal activity of the company is the provision of asset management services.

### CHANGE OF NAME

On 20 February 2008, the company changed its name to Valad Asset Management (UK) Limited.

### RESULTS AND DIVIDENDS

The company made a profit of £586,354 in the year (2007: £34,050). The directors proposed a dividend of £nil (2007: nil). During the year a dividend of £nil (2007: £1,666,131) was paid. The directors are satisfied with the performance of the company in the year, and expect future performance to be satisfactory. Despite the current economic climate we have prepared the financial statements on a going concern basis. The justification for this is disclosed in the statement of accounting policies under the basis of preparation note.

### DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were:

P Oliver	
M Somerville	
M Shepherd	(Resigned 24 December 2008)
J Dyer	(Appointed 8 November 2007)
M Wilson	(Resigned 15 January 2008)
A Murray	(Resigned 7 February 2008)

No directors held shares in this company during the year.

### 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 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Valad Asset Management (UK) Limited

## DIRECTORS' REPORT

For the year ended 30 June 2008

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### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties mainly relate to the contraction in the commercial property market affecting the valuation of properties within the funds.

### KEY PERFORMANCE INDICATORS

The directors have assessed that the following KPI is the most effective measure of progress towards achieving the company's strategies and as such towards fulfilling the company's objectives.

Key performance indicator	2008	2007
Turnover	£6,912,190	£11,818,458

### Turnover

Turnover includes property management, asset management and accounting fees.

### DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

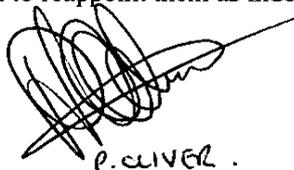
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's 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

Ernst & Young resigned as auditors during the year and PricewaterhouseCoopers LLP were appointed by the directors to fill the casual vacancy arising.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them as independent auditors will be proposed at the annual general meeting.

Director



P. CIVEL .

Date 29 APRIL 2009

BY ORDER OF THE BOARD

# Valad Asset Management (UK) Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALAD ASSET MANAGEMENT (UK) LIMITED

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We have audited the Company's financial statements for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared on the basis of 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 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 judgments 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.

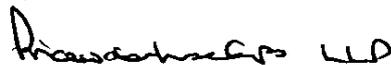
### OPINION

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 affairs of the Company as at 30 June 2008, and of its profit 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.

### EMPHASIS OF MATTER – GOING CONCERN

In arriving at our audit opinion, which is not qualified, we have considered the adequacy of the disclosures made by the Directors in the basis of preparation note concerning the Company's ability to continue as a going concern. The note discloses uncertainty over the renewal a group bank overdraft facility when it expires in July 2009, which indicates the existence of a material uncertainty which may cast significant doubt over the Company's ability so to continue. The financial statements do not include any adjustments that would result from the bank facility not being renewed.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

Date 29 April 2009



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# Valad Asset Management (UK) Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2008

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	Notes	Year ended 30 June 2008	Year ended 30 June 2007
		£	£
<b>TURNOVER</b>	2	6,912,190	11,818,458
Cost of sales		(2,232,516)	(4,761,610)
		<hr/> 4,679,674	<hr/> 7,056,848
Administrative expenses		(3,888,236)	(7,017,693)
<b>OPERATING PROFIT</b>	3	<hr/> <b>791,438</b>	<hr/> <b>39,155</b>
Bank interest receivable		37,425	15,113
Interest payable	4	(6,194)	(4,200)
		<hr/> 822,669	<hr/> 50,068
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
Taxation	6	(236,315)	(16,018)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	11	<hr/> <b>586,354</b>	<hr/> <b>34,050</b>

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There have been no recognised gains or losses other than the profit for the year of £586,354 (2007: £34,050).  
The results derive from continuing operations.

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

# Valad Asset Management (UK) Limited

## BALANCE SHEET

As at 30 June 2008

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	Notes	30 June 2008	30 June 2007
		£	£
<b>CURRENT ASSETS</b>			
Debtors	8	21,112,811	15,955,998
Cash at bank		243,693	116,919
		<u>21,356,504</u>	<u>16,072,917</u>
<b>CREDITORS – Amounts falling due within one year</b>	9	<u>(20,735,095)</u>	<u>(16,037,862)</u>
<b>NET CURRENT ASSETS</b>		<u>621,409</u>	<u>35,055</u>
<b>NET ASSETS</b>		<u>621,409</u>	<u>35,055</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	620,409	34,055
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	<u>621,409</u>	<u>35,055</u>

Approved by the Board and signed on its behalf by

  
Director P. OLIVER  
27 APRIL 2009

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

# Valad Asset Management (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2008

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### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors were applied consistently throughout the period and with the prior year, and are described below.

The financial statements are prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future. The directors believe that this is appropriate as they have prepared cash flow forecasts which indicate that the Company will be able to continue as a going concern for the foreseeable future. However, the Company is reliant on a group bank overdraft facility held in an intermediate parent Valad (Europe) plc which is due for renewal in July 2009. The bank facility includes cross guarantees, between the Company, its intermediate parent company and certain of its fellow subsidiaries.

The intermediate parent Company is about to commence dialogue with its bankers regarding the renewal of the bank facility and the directors are confident that the facility will be renewed.

In the event that the intermediate parent Company is unable to successfully complete the renewal of its bank facility there could be no certainty over the continuing ability of the Company to meet its debts as they fall due.

The financial statements do not include the adjustments that would be required if the Company was unable to continue as a going concern.

#### 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 substantially enacted by the balance sheet date.

The company has adopted Financial Reporting Standard No. 19 'Deferred taxation' (FRS 19). Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Cash flow statement

As permitted by Financial Reporting Standard Number 1 (Revised 1986), a cash flow statement has not been prepared as the company is a wholly owned subsidiary of Valad Property Group Limited Australia, whose consolidated financial statements include the results of the company and are publicly available.

### 2. TURNOVER

Turnover, which excludes value added tax, represents the invoiced value of asset management services for the year. Recurring quarterly fees are recognised on an accruals basis and variable performance fees are recognised upon completion of the performance period. All turnover arises from one class of business and within the United Kingdom.

### 3. OPERATING PROFIT

30 June 2008	30 June 2007
£	£

Auditors' remuneration for the year ended 30 June 2008 and 30 June 2007 has been absorbed in full by Valad Management Services Limited, a fellow group company.

Year ended	Year ended
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# Valad Asset Management (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2008

<b>4. INTEREST PAYABLE</b>	<b>30 June 2008</b>	<b>30 June 2007</b>
	<b>£</b>	<b>£</b>
Bank interest	313	4,200
Other interest payable	5,881	-
	<u>6,194</u>	<u>4,200</u>

### 5. DIRECTORS AND STAFF

The company had no employees during the year other than the directors, who received no remuneration from the company.

### 6. TAXATION

	<b>Year Ended 30 June 2008</b>	<b>Year Ended 30 June 2007</b>
<b>(a) Tax on profit on ordinary activities</b>	<b>£</b>	<b>£</b>
The tax charge is made up as follows:		
Current tax - UK corporation tax	241,610	15,444
Prior period adjustment	(6,372)	(886)
Total current tax	<u>235,238</u>	<u>14,558</u>
Deferred tax:		
Charge on accelerated capital allowances	1,077	1,460
Tax on profit on ordinary activities	<u>236,315</u>	<u>16,018</u>

#### (b) Factors affecting current tax charge

The tax assessment on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 29.5% (2007: 30%). The differences are reconciled below:

	<b>Year Ended 30 June 2008</b>	<b>Year Ended 30 June 2007</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>822,669</u>	<u>50,068</u>
UK corporation taxation – current year @ 29.5% (2007: 30%)	242,687	15,020
Prior period adjustment	(6,372)	(886)
Expenses not allowable for tax purposes	-	1,884
Accelerated capital allowances	(1,077)	(1,460)
	<u>235,238</u>	<u>14,558</u>

#### (c) Deferred Tax

The deferred tax included in the balance sheet is as follows:

	<b>Year Ended 30 June 2008</b>	<b>Year Ended 30 June 2007</b>
	<b>£</b>	<b>£</b>
Decelerated capital allowances	<u>3,303</u>	<u>4,380</u>
Total deferred tax asset	<u>3,303</u>	<u>4,380</u>
At 1 July 2007 / 2006	4,380	5,840
Charge to profit and loss account	(1,077)	(1,460)
At 30 June 2008 / 2007	<u>3,303</u>	<u>4,380</u>

### 7. DIVIDENDS

During the year the company proposed a dividend of £nil (2007: nil). During the year the company paid a dividend of £nil (2007: £1,666,131).

# Valad Asset Management (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2008

<b>8. DEBTORS</b>	<b>30 June 2008</b>	<b>30 June 2007</b>
	£	£
Trade debtors	614,308	360,002
Other debtors	107,138	50,669
Accrued income	680,697	989,472
Amounts due from group undertakings	19,079,644	14,551,475
Amounts due to foreign group undertakings	627,721	-
Deferred tax	3,303	4,380
	<u>21,112,811</u>	<u>15,955,998</u>

All amounts due from group undertakings are interest free, carry no security and are repayable on demand.

<b>9. CREDITORS – Amounts falling due within one year:</b>	<b>30 June 2008</b>	<b>30 June 2007</b>
	£	£
Trade creditors	76,564	8,322
Amounts owed to group undertakings	19,939,442	15,221,061
Corporation taxation	262,021	(162,244)
Other taxation and social security	74,692	141,016
Amounts due to foreign group undertakings	200,573	271,636
Other creditors	25,939	29,535
Accruals	155,864	528,536
	<u>20,735,095</u>	<u>16,037,862</u>

All amounts owed to group undertakings are interest free, carry no security and are repayable on demand.

### 10. SHARE CAPITAL

	<b>30 June 2008</b>	<b>30 June 2007</b>
	£	£
Authorised 2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid: 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

### 11. RECONCILIATION OF MOVEMENT IN RESERVES, AND EQUITY SHAREHOLDERS' FUNDS

	Share Capital	Profit & Loss Account	Equity Shareholders' Funds
	£	£	£
As at 1 July 2007	1,000	34,055	35,055
Profit for the year	-	586,354	586,354
As at 30 June 2008	<u>1,000</u>	<u>620,409</u>	<u>621,409</u>

# Valad Asset Management (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2008

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### **12. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption within Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with entities that are part of the group qualifying as related parties. Consolidated financial statements in which the company is included are publicly available, as disclosed in note 13.

### **13. ULTIMATE AND PARENT UNDERTAKING**

The company's immediate parent is Valad Fund Management Holdings (UK) Limited and its ultimate parent undertaking is Valad Property Group Limited, a company listed on the Australian Stock Exchange. Copies of the accounts are available from [www.valad.com.au](http://www.valad.com.au).