

Abbeymeads LLP

Limited Partnership Number: OC313469

Report and Accounts

For the year ended 25 March 2009

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Abbeymeads LLP

Partners' Report

For the year ended 25 March 2009

ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Abbeymeads LLP ("the Partnership") was incorporated on 1 June 2005 as a UK limited liability partnership under the Limited Liability Partnerships Act 2000 and in accordance with a Members Agreement dated 27 May 2005 ("the Partnership Agreement").

The Partnership carries on the business of investing and trading in property. It holds a vacant greenfield site in Swindon, which it plans to redevelop and is in the process of negotiating an outline planning application for a mixed use development in order to maximise the value of the investment.

PARTNERS AND DESIGNATED MEMBERS

The Partners and Designated Members are:

- I. State Street Custodial Services (Ireland) Limited ("SSCSIL"), as Trustee of the RREEF UK Property Ventures Fund No. 2. (the "Fund") and;
- II. Thistle Land (Swindon) Limited

The Partners and Designated Members were appointed on 27 May 2005.

RESULTS AND DISTRIBUTIONS

Profits and losses of the Partnership are allocated to the Partners in the proportion to which a Partners' capital contribution bears to the total capital contributions of both Partners, until a priority return has been reached, and thereafter to each Partner on a 50:50 basis. The priority return equates to the aggregate of that Partner's capital contribution and notional interest on such capital contribution from the date it was paid, calculated at an annual rate of 15% compounded annually on 25 March each year.

The results of the Partnership for the year ended 25 March 2009 are set out on page 6.

There were no distributions and repayments of capital declared during the year (2008: £nil).

MANAGEMENT BOARD

The business of the Partnership is managed by a Management Board, which consists of three members. Two members of the board were appointed by SSCSIL, and one by Thistle Land (Swindon) Limited.

The representatives on the Board for the year were:

SSCSIL

James William Petit
Nigel Alexander Ody Bennett

Thistle Land (Swindon) Limited

Eric Richard Petrie

Each Board Member has one vote and all actions of the Management Board require approval of the majority of Board Members.

SIGNIFICANT EVENTS DURING THE YEAR

The financial markets have seen significant turbulence over the last year resulting in severe liquidity shortages. Lenders have sought to both reduce leverage and to shift to low risk assets. The turmoil in the credit markets has had an immediate effect on the real estate investment market resulting in some transactions failing. This has caused a marked reduction in the volume of transactions over the past few months or so and accordingly there continues to be significant uncertainty as to current real estate pricing and valuations.

The Partnership carries on the business of investing and trading in property. It holds a vacant greenfield site in Swindon, the most recent valuation of which (at 25 March 2009) was £4.2million, which it plans to redevelop and is in the process of negotiating an outline planning application for a mixed use development in order to maximise the value of the investment.

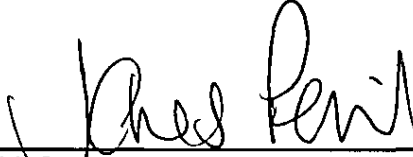
SIGNIFICANT EVENTS AFTER THE YEAR END

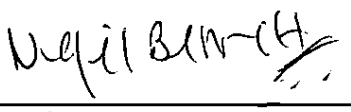
There have been no significant events since the year end.

AUDITOR

In accordance with Section 384 of the Companies Act 1985, KPMG, Chartered Accountants, have expressed their willingness to continue in office.

On behalf of the Partnership


22 October 2009


22 October 2009

Abbeymeads LLP**Statement of Responsibilities of the Partners**

For the year ended 25 March 2009

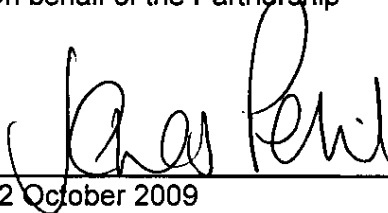
The law relating to limited liability partnerships (LLPs) requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the partnership at the end of the financial year and of the profit or loss and cash flows for that period. In preparing those financial statements the members are required to:

- select suitable accounting policies and then apply them consistently
- make judgments 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Abbeymeads LLP will continue in business

Under the Limited Liability Partnerships Act 2000, the members are also responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the partnership and which enable them to ensure that the financial statements will comply with those regulations. The members have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of Abbeymeads LLP and to prevent and detect fraud and other irregularities.

These responsibilities are exercised by the Board on behalf of the members.

On behalf of the Partnership



22 October 2009



22 October 2009

Abbeymeads LLP

Independent Auditor's Report to the Partners of Abbeymeads LLP

We have audited the financial statements of Abbeymeads LLP (the "Partnership") for the year ended 25 March 2009 which comprise the income statement the balance sheet, the cash flow statement, the statement of total recognised gains and losses, and notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Partners, as a body, in accordance with Section 235 of the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001. Our audit work has been undertaken so that we might state to the Partners 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 Partnership and the Partners as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Partners and auditor

The Partners' responsibilities for preparing the annual report to the Partners and the financial statements in accordance with UK law and accounting standards are set out in the Statement of Responsibilities of the Partners on page 3. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom 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 as modified by the Limited Liability Partnerships Regulations 2001. We also report to you if, in our opinion, the Partners' Report is not consistent with the financial statements, if Abbeymeads LLP 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 Partners' remuneration and transactions with the Partnership is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises the Partners' Report on pages 1 to 2. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 Partners in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Partnership'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.

Abbeymeads LLP**Independent Auditor's Report to the Partners of Abbeymeads LLP (continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Partnership as at 25 March 2009 and of the loss of the Partnership for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as modified by the Limited Liability Partnerships Regulations 2001.



KPMG

Chartered Accountants

1-2 Harbourmaster Place

International Financial Services Centre

Dublin 1

Ireland

22 October 2009

Abbeymeads LLP
Income Statement
For the year ended 25 March 2009

	Note	2009 £	2008 £
Turnover		-	-
Operating expenses	2	(4,025)	(6,716)
Operating loss		(4,025)	(6,716)
Other expenses	3	(17,741)	(31,539)
Loss on ordinary activities before interest		(21,766)	(38,255)
Interest payable	1(f)	(1)	(133)
Loss for the year available for distribution amongst Partners		(21,767)	(38,388)
Loss realised from previous years		(79,744)	(41,356)
Unallocated loss		(101,511)	(79,744)

The results stated above arise from continuing operations.

The notes on pages 10 to 13 form part of the financial statements.

Abbeymeads LLP**Statement of Total Recognised Gains and Losses**
For the year ended 25 March 2009

	Note	2009 £	2008 £
Loss for the year available for distribution amongst members		(21,767)	(38,388)
Unrealised loss on revaluation for the year	4	(6,595,543)	(1,541,370)
Total recognised losses relating to the year		(6,617,310)	(1,579,758)

The results stated above arise from continuing operations.

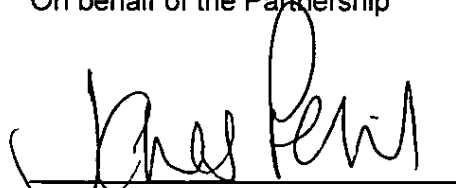
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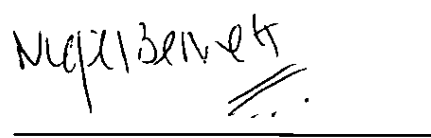
Abbeymeads LLP
Balance Sheet
As at 25 March 2009

	Note	2009 £	2008 £
Fixed assets			
Properties at market value	1(c), 4	4,200,000	10,700,000
Current assets			
Debtors	5	764	18,321
Cash		5,525	35,026
		6,289	53,347
Creditors: amounts falling due within one year			
Creditors and accrued expenses	6	(309,924)	(239,672)
Net current liabilities		(303,635)	(186,325)
Total assets less current liabilities		3,896,365	10,513,675
Net assets		3,896,365	10,513,675
Partners' interests			
Partners capital	7, 8	9,507,770	9,507,770
Revaluation reserve	8	(5,509,894)	1,085,649
Other reserves	8	(101,511)	(79,744)
Partners' interests		3,896,365	10,513,675
Total Partners' and other interests			
Partners capital	7, 8	9,507,770	9,507,770
Revaluation reserve	8	(5,509,894)	1,085,649
Other reserves	8	(101,511)	(79,744)
Total Partners' and other interests		3,896,365	10,513,675

The notes on pages 10 to 13 form part of the financial statements.

On behalf of the Partnership


22 October 2009


22 October 2009

Abbeymeads LLP
Cash Flow Statement
For the year ended 25 March 2009

	2009	2008
	£	£
Net cash inflow from operating activities	66,043	169,788
Return on investment and servicing of finance		
Interest paid	(1)	(133)
Net cash outflow from return on investment and servicing of finance	(1)	(133)
Capital expenditure		
Development expenditure	(95,543)	(241,370)
Net cash outflow from expenditure	(95,543)	(241,370)
Financing		
Net decrease in cash	(29,501)	(71,715)
Cash at the beginning of the year	35,026	106,741
Cash at the end of the year	5,525	35,026
Reconciliation of operating profit to net cash inflow from operating activities		
Net loss before interest	(21,766)	(38,255)
Decrease/(increase) in operating debtors	17,557	(8,844)
Increase in operating creditors	70,252	216,887
Net cash inflow from operating activities	66,043	169,788
Analysis of changes in net debt		
Cash at the beginning of the year	35,026	106,741
Movement in cash and bank balances during the year	(29,501)	(71,715)
Net cash at the end of the year	5,525	35,026

The notes on pages 10 to 13 form part of the financial statements.

Abbeymeads LLP

Notes to the financial statements

For the year ended 25 March 2009

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. The particular accounting policies are described below.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of properties and in compliance with the Statement of Recommended Practice for Limited Liability Partnerships issued by the Consultative Committee of Accounting Bodies in May 2002.

(b) Use of estimates and judgments

The preparation of the financial statements requires the Partners to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The key estimates and assumptions relate to the valuation of properties in the Balance Sheet, where an external valuation is obtained on a six monthly basis.

There continues to be significant turmoil in the capital, credit and real estate markets. These disruptions have led to, among other things, a significant decline in the volume of transaction activity, the decrease in fair value of many property and property related investments, and a significant contraction in debt and equity funding sources. The decline in liquidity and the prices of property and property related investments, as well as the availability of observable transaction data and inputs may require a greater degree of judgement to be exercised when determining the fair value of such investments. As a result, amounts ultimately realised by the Partnership from investments sold may differ from the current fair values, and the differences could be material.

(c) Investment property

The valuation of property has been prepared on an open market value basis as per Statement of Standard Accounting Practice 19. Open market value is defined in Financial Reporting Standard 15 as having the same meaning as that in the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Open market value is defined as an opinion of the best price at which the sale of an interest in property would have completed unconditionally, for cash consideration, on the date of valuation, assuming:

- i) a willing seller;
- ii) that, prior to the date of valuation, there had been a reasonable year (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms, and for the completion of the sale;
- iii) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- iv) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

Abbeymeads LLP

Notes to the financial statements

For the year ended 25 March 2009 (continued)

1. Accounting policies (continued)

- v) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

(d) Rental income

Rental income is accounted for on an accruals basis.

(e) Interest receivable

Interest receivable is accounted for on an effective interest rate basis.

(f) Interest payable

Interest payable is accounted for on an effective interest rate basis.

(g) Taxation

The Partnership is not subject to income taxes as all income and expenses flow through to each Partner individually.

2. Operating expenses

	2009	2008
	£	£
Valuer's fees	2,556	6,716
Insurance	1,469	-
	<u>4,025</u>	<u>6,716</u>

3. Other expenses

	2009	2008
	£	£
Bank charges	36	145
Audit fees	6,000	6,000
Tax consultancy fees	6,250	5,000
Advertising and marketing	-	514
Other office costs	5,455	19,880
	<u>17,741</u>	<u>31,539</u>

4. Properties at market value

	2009	2008
	£	£
Market value at the beginning of the year	10,700,000	12,000,000
Additions	95,543	241,370
Unrealised (loss)/gain on revaluation	(6,595,543)	(1,541,370)
Market value at the end of the year	<u>4,200,000</u>	<u>10,700,000</u>

All the properties were valued as at 25 March 2009 (as defined in Note 1(c)) by DTZ Debenham Tie Leung Limited, Chartered Surveyors.

Abbeymeads LLP

Notes to the financial statements

For the year ended 25 March 2009 (continued)

5. Debtors

	2009	2008
	£	£
VAT	764	18,321

6. Creditors and accrued expenses: amounts due within one year

	2009	2008
	£	£
Balance with RREEF UK Property Ventures Fund No. 2	283,448	197,528
Accruals	26,476	42,144
	<u>309,924</u>	<u>239,672</u>

7. Capital contributions and distributions

The Partners contributed capital as follows:

	2009	2008
	£	£
SSCSIL	-	-
Thistle Land (Swindon) Limited	-	-
	<u>-</u>	<u>-</u>

There were no distributions or repayments of capital declared or paid during the year ended 25 March 2009, nor the year ended 25 March 2008.

8. Partners' interests

	Partners' Capital	Revaluation Reserve	Other Reserves	Total
	£	£	£	£
Opening Partners' interests	9,507,770	1,085,649	(79,744)	10,513,675
Loss for the year			(21,767)	(21,767)
Partners' interests after loss for the year	9,507,770	1,085,649	(101,511)	10,491,908
Loss on revaluation	-	(6,595,543)	-	(6,595,543)
	<u>9,507,770</u>	<u>(5,509,894)</u>	<u>(101,511)</u>	<u>3,896,365</u>

Abbeymeads LLP**Notes to the financial statements****For the year ended 25 March 2009 (continued)**

9. Related party transactions

SSCSIL is a Partner of the Partnership in its capacity as Trustee of the Fund. SSCSIL, has delegated to its associate, State Street Fund Administration Services (Ireland) Limited ("SSFASIL"), its administration functions in respect of the Fund. The members' agreement allows SSFASIL to charge the Partnership an administration fee of €12,000 per annum, and charges totalling £9,355 were raised during the year (2008: £10,563).

The Manager of the Fund, Deutsche International Corporate Services (Ireland) Limited, has delegated to its associate, RREEF Limited ("RREEF"), its asset management functions in respect of the Fund. The members' agreement allows RREEF to charge the Partnership an administration fee of £3,000 per annum, but no charge was raised during the year (2008: £nil).

The members' agreement allows Thistle Land (Swindon) Limited to charge the Partnership property management fees on the completion of specific development objectives, but during the year no fees were raised (2008: £nil).

Related party transactions between the Partners and the Partnership are disclosed in Notes 3 and 6.

10. Ultimate parent and controlling undertaking

The ultimate parent and controlling undertaking is the RREEF UK Property Ventures Fund No.2 ("the Fund"), a unit trust constituted pursuant to the Irish Unit Trusts Act 1990. The smallest and largest group for which group accounts are prepared of which the Partnership is a member, is the Fund.

11. Significant events after the year end

There have been no other significant events since the year end other than those already disclosed in the financial statements.

12. Approval of the financial statements

The financial statements were approved by the Management Board of the Partnership on 22 October 2009.