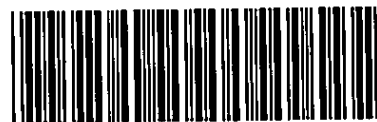


Registered Number: 3772294

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

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**THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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**THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
DIRECTORS AND COMPANY INFORMATION**

DIRECTORS

A Allen (appointed 6 June 2006)
D Fisher (appointed 6 June 2006)
J S Lloyd (resigned 6 June 2006)
D J Walkden (resigned 6 June 2006)
S Anderson

SECRETARY

L J W Black

REGISTERED OFFICE

Trinity Road
HALIFAX
HX1 2RG

AUDITORS

KPMG Audit Plc
1 The Embankment
Neville Street
LEEDS
LS1 4DW

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The principal activity of the company is investment in commercial property

BUSINESS REVIEW

The company has obtained the lease of the The Light Leeds Centre, excluding the hotel, from The Light Leeds Limited and has further sub-leased it to The Light Leeds Investments Limited

RESULTS AND DIVIDEND

The result for the year is shown in the profit and loss account on page 9 The directors do not recommend the payment of a dividend (2005 £nil)

DIRECTORS AND DIRECTORS' INTERESTS

The directors at the date of this report are as listed on page 2

Directors' beneficial interest in the ordinary shares of HBOS plc during the year were as follows -

(References to "HBOS plc shares" are to ordinary shares of 25p each in HBOS plc)

During the year, no director had any beneficial interest in the share capital of the company or of any group undertaking other than in HBOS plc, the ultimate holding company

The beneficial interests of the directors and their immediate families in HBOS plc shares are set out below -

	At 31 December 2005 or date of appointment if later HBOS plc shares	At 31 December 2006 HBOS plc shares
S Anderson	nil	658
D Fisher	58,929	58,443
A Allen	2,192	2,508

Short-term Incentive Plan – HBOS scheme and former Halifax scheme

Certain directors have conditional entitlements to shares arising from the annual incentive plan Where the annual incentive for any year was taken in shares and these shares are retained in trust for three years, the following shares will also be transferred to the directors -

	Grant effective from	Shares at 31 December 2006
D Fisher	March 2004	4,120
	April 2005	5,366
	March 2006	4,960
A Allen	March 2006	1,850

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
DIRECTORS' REPORT (Cont'd)

DIRECTORS AND DIRECTORS' INTERESTS (Cont'd)

Long-Term Incentive Plan – HBOS scheme and former Halifax scheme

Details of the shares which have been conditionally awarded to directors under the plans are set out below. The conditions relating to the long-term incentive plan may be found in the HBOS plc Annual Report & Accounts 2006

	Grant effective from	At 31 December 2005 or date of appointment if later	Granted (G) or lapsed (L) in year	Added as a result of performance	Dividend reinvestment shares	Released in year	At 31 December 2006
D Fisher	January 2003	17,291		16,578	2,683	36,552	-
	January 2004	18,596					18,596
	January 2005	18,253					18,253
	January 2006		16,385(G)				16,385

Shares granted under these plans can crystallise at any level between 0% and 200% of the conditional award noted in the above table, dependant upon performance. The performance period for the January 2003 grant ended on 31 December 2005 and, in the light of the performance outcome, grants were released at 183% of the conditional award. On maturity, dividend reinvestment shares equivalent to approximately 15.5% of the original conditional grant were also released to participants in accordance with the rules of the plan.

Sharesave Plan

Share options granted under these plans are set out below -

	At 31 December 2005	Granted (G), lapsed (L) or exercised (E) in year	At 31 December 2006
S Anderson	2,463	1,821(L) 476(G)	1,118
D Fisher	3,936		3,936

Options under these plans were granted using middle market prices shortly before the dates of the grants, discounted by 20%.

**THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
DIRECTORS' REPORT (Cont'd)**

GOING CONCERN

The Directors are satisfied that The Light Leeds Centre Investments Limited has adequate resources to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the accounts

AUDIT INFORMATION

The Directors who held office at the date of approval of this Director's Report confirm that, so far as they each are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken to establish that the Company's auditors are aware of that relevant audit information

AUDITORS AND ANNUAL GENERAL MEETING

Pursuant to a resolution passed by the members, the company has elected to dispense with the holding of Annual General Meetings, of laying financial statements and reports before the company in General Meeting, and with the obligation to reappoint auditors annually

By Order of The Board



L J W BLACK
SECRETARY

The Mound
EDINBURGH
EH1 1YZ

Date *29 October 2007*

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS'
REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law to present fairly the financial position and performance of the company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Director's Report.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED

We have audited the financial statements of The Leeds Light Centre Investments Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes. 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 auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 6.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 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.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS
OF THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED (Cont'd)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2006 and of the result 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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

1 The Embankment
Neville Street
LEEDS LS1 4DW

Date *29/10/07*

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
Gross rental income	2	2,451	1,740
Recharge of property operating expenses		218	310
Property operating expenses	3	(218)	(310)
Recharge of gross rental income		(2,451)	(1,740)
		<hr/>	<hr/>
PROFIT BEFORE TAX	4,5,6	-	-
Income tax expense	7	-	-
		<hr/>	<hr/>
RESULT FOR THE YEAR	9	-	-
		<hr/>	<hr/>

All of the above result for the year is attributable to equity holders

A statement of the movement on reserves is shown in note 9 to the financial statements on page 15

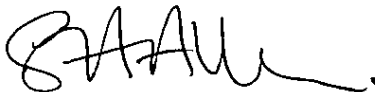
The company had no recognised gains or losses in the current or preceding financial year, other than the income and expenses shown above, accordingly no statement of recognised income and expenses is shown

The notes on pages 12 to 16 form part of these financial statements

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2006

		2006		2005	
	Note	£000	£000	£000	£000
CURRENT ASSETS					
Trade and other receivables	8	<u>7,828</u>	<u>7,828</u>	<u>5,598</u>	<u>5,598</u>
TOTAL ASSETS			<u>7,828</u>		<u>5,598</u>
EQUITY					
Issued capital	9	-	-	-	-
Reserves	9	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY			-		-
LIABILITIES					
Trade and other payables	10	<u>7,828</u>	<u>7,828</u>	<u>5,598</u>	<u>5,598</u>
TOTAL CURRENT LIABILITIES			<u>7,828</u>		<u>5,598</u>
TOTAL EQUITY AND LIABILITIES			<u>7,828</u>		<u>5,598</u>

These financial statements were approved by the Board of Directors on 20 February 2007 and were signed on its behalf by



A ALLEN
DIRECTOR

The notes on pages 12 to 16 form part of these financial statements

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Year Ended 31 December 2006 £000	Year Ended 31 December 2005 £000
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	-	-
Adjustments for		
Increase in trade receivables	(2,230)	(1,414)
Increase in trade payables	2,230	1,414
Cash generated from operations	<u>-</u>	<u>-</u>
NET CASH FROM OPERATING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at 1 January	<u>-</u>	<u>-</u>
Cash and cash equivalents at 31 December	<u>-</u>	<u>-</u>

The notes on pages 12 to 16 form part of these financial statements

**THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE

The 2006 statutory financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS')

The standards adopted by the Group and Company are those endorsed by the European Union and effective at the date the IFRS financial statements are approved by the Board

The accounts also comply with the relevant provisions of Part VII of the Companies Act 1985, as amended by the Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004

1.2 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost basis, except that the following assets and liabilities are stated at their fair values: derivatives, financial instruments held for trading, financial instruments designated at fair value through the income statement, financial instruments classified as available for sale and investment properties

1.3 ADOPTED IFRS NOT YET APPLIED

IFRS 7 'Financial instruments: Disclosure' and the 'Capital disclosure amendment' to IAS 1 'Presentation of financial statements' which are applicable for periods commencing on or after 1 January 2007 have not been applied. The application of these standards in 2006 would not have affected the balance sheets, income statement or cash flow statements as they are only concerned with disclosure.

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

1.4 INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

1.5 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their cost less impairment losses.

1.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.7 TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost.

1.8 IMPAIRMENT

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

2 GROSS RENTAL INCOME

	2006 £000	2005 £000
Gross lease payments	2,451	1,740

Gross rental income represents rentals receivable from The Leeds Light Investments Limited in respect of the Leeds Light centre. This income is recharged to Clerical Medical Insurance Group Limited.

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

3. PROPERTY OPERATING EXPENSES

Property operating expenses represent costs recharged by The Leeds Light Investments Limited for the operation of the Leeds Light Centre. These costs are recharged to Clerical Medical Insurance Group Limited.

4 PERSONNEL EXPENSES

During the year the company employed no staff.

5. AUDITORS REMUNERATION

In 2006 the auditor's remuneration was borne by Halifax plc.

6 DIRECTORS' EMOLUMENTS

No directors or key management personnel received emoluments in the year, or previous year, for qualifying services to the company.

7. INCOME TAX EXPENSE

Recognised in the income statement	2006 £	2005 £
<u>Current tax expense</u>		
- Current year	-	-
	<hr/>	<hr/>
Total income tax expense in income statement	-	-
	<hr/>	<hr/>
Reconciliation of effective tax rate	2006 £	2005 £
Profit / (Loss) on ordinary activities before taxation	-	-
	<hr/>	<hr/>
Income tax using the corporation tax rate @ 30% (2005 30%)	-	-
Non-deductible expenses	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

8. TRADE AND OTHER RECEIVABLES

	2006 £000	2005 £000
Amounts owed by group undertakings	7,828	5,598
	<hr/>	<hr/>
	7,828	5,598
	<hr/>	<hr/>

THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)

9. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves	Share Capital £	Retained earnings £	Total equity £
Balance at 1 January 2005	1	-	1
Total recognised income and expense	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2005	1	-	1
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2006	1	-	1
Total recognised income and expense	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2006	1	-	1
	<hr/>	<hr/>	<hr/>

Share capital

The share capital issued as at 31 December 2005 and 31 December 2006 relates to 1 ordinary share with a par value of £1

At 31 December 2006, the authorised share capital comprised 1,000 ordinary shares (2005 1,000) each with a par value of £1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

10. TRADE AND OTHER PAYABLES

	2006 £000	2005 £000
Amounts due to group undertakings	7,828	5,598
	<hr/>	<hr/>
	7,828	5,598
	<hr/>	<hr/>

**THE LIGHT LEEDS CENTRE INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Cont'd)**

11. LEASING COMMITMENTS

The Light Leeds group of companies and the third party joint venture partner CMIG have entered into a variety of lease agreements (ranging from 999 years to 999 years and 21 days) sub-leasing aspects of the 'The Light Leeds' culminating in The Light Leeds Investments Limited then letting the property to external tenants. At the beginning of the agreement Halifax plc transferred the freehold interest in 'The Light Leeds' to The Light Leeds Limited who then sub-leased the freehold interest to the Light Leeds Hotel Investments Limited (LLHIL) and the Light Leeds Centre Investments Limited (LLCIL) for a nominal rent. A series of head lease agreements then determines rent payable between the parties involved.

CMIG paid a premium to Halifax plc for a 999 year and 14 days interest in 50% of 'The Light Leeds'. This buys them 50% of the risks and rewards in 'The Light Leeds', which is paid to CMIG via LLCIL and LLHIL.

Due to the length of the leases and the variable nature of the lease payments the Directors do not feel it is appropriate to estimate the total amounts payable under the lease. Any commitments under the leases however are fully matched by income generated by the 'Light Leeds'.

12 RELATED PARTIES

The gross rentals receivable of £2,451,000 (2005 £1,740,000) are in respect of leases granted to The Leeds Light Investments Limited. The property operating expenses of £218,000 (2005 £310,000) relate to operating costs incurred by The Leeds Light Investments Limited. The gross rentals received and property operating expenses incurred are recharged to Clerical Medical Insurance Group as they are in respect of leases granted by Clerical Medical Insurance Group Limited.

The amounts due from Group undertakings of £7,828,000 (2005 £5,598,000) as detailed in note 8 are due from The Leeds Light Investments Limited. The balances payable to Group undertakings of £7,828,000 (2005 £5,598,000) as detailed in note 10 are amounts due to Clerical Medical Insurance Group Limited.

13. ULTIMATE PARENT UNDERTAKING

HBOS plc is the ultimate parent undertaking of The Light Leeds Centre Investments Limited and heads the largest group into which the accounts of the Company are consolidated. Halifax plc heads the smallest group into which the accounts of the Company are consolidated. The accounts of Halifax plc may be obtained from its Head Office at Trinity Road, Halifax HX1 2RG.