

CG SHIELD HOUSE (UK) NO.2 LIMITED
(Formerly Peabody Shield House (UK) No.2 Limited)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

Company Registration No 04131241 (England and Wales)



CG SHIELD HOUSE (UK) NO.2 LIMITED

COMPANY INFORMATION

Directors	P K Fox	(Appointed 10 November 2006)
	J H Paul	(Appointed 10 November 2006)
Secretary	P K Fox	
Company number	04131241	
Registered office	Heathcoat House 20 Savile Row London W1E 3PR	
Auditors	Jones & Partners Fifth Floor Julco House 26-28 Great Portland Street London W1W 8AS	

CG SHIELD HOUSE (UK) NO.2 LIMITED

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CG SHIELD HOUSE (UK) NO.2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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

On 24 November 2006 the Company changed its name from Peabody Shield House (UK) No 2 Limited

This report has been prepared in accordance with the special provisions of S246 of the Companies Act 1985 relating to small companies

Principal activities and results

The principal activity of the company is to act as one of the General Partners to the CG Shield House Limited Partnership. The company's results for the year are set out in the profit and loss account on page 4 and relate to their share of the results of the Limited Partnership. No dividend is recommended (2005 - nil)

Directors

The following directors have held office since 1 January 2006

T E Quinn	(Resigned 10 November 2006)
J W O'Connor	(Resigned 10 November 2006)
P K Fox	(Appointed 10 November 2006)
G J Dienst	(Resigned 10 November 2006)
J H Paul	(Appointed 10 November 2006)

Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary share of £1 each	
	31 December 2006	1 January 2006
P K Fox	-	-
J H Paul	-	-

The Directors have no interests in any other UK group companies

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, 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 which 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

CG SHIELD HOUSE (UK) NO.2 LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2006**

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Jones & Partners be reappointed as auditors of the company will be put to the Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'P K Fox', with a large, sweeping initial 'P' and a stylized 'K' and 'F'.

P K Fox

Director

23 March 2007

CG SHIELD HOUSE (UK) NO.2 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CG SHIELD HOUSE (UK) NO.2 LIMITED

We have audited the financial statements of CG Shield House (UK) No 2 Limited for the year ended 31 December 2006, which comprise the profit and loss account, balance sheet and related notes numbered 1 to 10. These financial statements have been prepared under the accounting policies set out therein and the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 auditors' 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 the directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

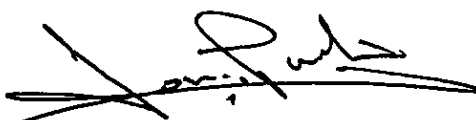
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Jones & Partners

Chartered Accountants and Registered Auditors
Fifth Floor Julco House
26-28 Great Portland Street
London
W1W 8AS



23 March 2007

CG SHIELD HOUSE (UK) NO.2 LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

		Year ended 31 December 2006 £	Year ended 31 December 2005 £
	Notes		
Other operating loss		(5)	(5)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(5)	(5)
Tax on loss on ordinary activities	3	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation	7	(5)	(5)
		<hr/> <hr/>	<hr/> <hr/>

All amounts derive from continuing operations

There are no recognised gains or losses other than the loss disclosed in the profit and loss account for the current or the previous year

CG SHIELD HOUSE (UK) NO.2 LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Investments	4		1		1
Current assets					
Creditors amounts falling due within one year	5	(44)		(39)	
Net current liabilities			(44)		(39)
Total assets less current liabilities			(43)		(38)
Capital and reserves					
Called up share capital	6		1		1
Profit and loss account	7		(44)		(39)
Equity shareholders' deficit			(43)		(38)

These financial statements have been prepared in accordance with the special provisions of S246 of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board of Directors and signed on behalf of the Board


P K Fox
Director

23 March 2007

CG SHIELD HOUSE (UK) NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value

2 Operating loss

	2006 £	2005 £
Operating loss is stated after charging		
Auditors' remuneration	-	-

The audit fee was paid by another group entity in the current and prior year

The company has no employees (2005 - nil) and the Directors received no emoluments in connection with their services to this company in the current or prior year

3 Taxation

On the basis of these financial statements no provision has been made for corporation tax

4 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
At 1 January 2006 & at 31 December 2006	1
Net book value	
At 31 December 2006	1
At 31 December 2005	1

The company has a 0.001% share in the CG Shield House Limited Partnership (see note 10)

CG SHIELD HOUSE (UK) NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

5	Creditors amounts falling due within one year	2006	2005
		£	£

Amounts owed to group undertakings and undertakings in which the company has a participating interest

44	39
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6	Called up share capital	2006	2005
		£	£

Authorised

1,000 Ordinary shares of £1 each

1,000	1,000
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Allotted, called up and fully paid

1 Ordinary share of £1 each

1	1
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7 Statement of movements on profit and loss account and statement of movements in shareholders' deficit

	Share capital	Profit and loss account	Total
	£	£	£
Balance at 1 January 2006	1	(39)	(38)
Retained loss for the period	-	(5)	(5)
Balance at 31 December 2006	1	(44)	(43)

8 Ultimate parent company

The immediate parent is Cutlers Gardens LP and ultimate parent and controlling party is Rockpoint Group LLC, an entity registered in the USA, in whose accounts the results of the company are included. This is the smallest and largest entity within which the results of the company are included.

Rockpoint Group LLC prepare group financial statements and copies can be obtained from 13155 Noel Road, Suite 700, Dallas TX75240, USA

9 Related party transactions

CG Shield House (UK) No 2 Limited and CG Shield House (UK) No 1 Limited, both general partners in CG Shield House Limited Partnership, have provided the partnership's lenders with a fixed and floating charge on all its assets by way of a debenture.

CG SHIELD HOUSE (UK) NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

10 CG Shield House Limited Partnership ("the Limited Partnership")

This note discloses the results and financial position of the CG Shield House Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

CG Shield House (UK) No 2 Limited holds 0.001% of CG Shield House Limited Partnership. It also has 50% control of this partnership, with the other 50% of control held by CG Shield House (UK) No 1 Limited. Therefore the Limited Partnership, which is a UK Qualifying Partnership, is a joint venture, whose business is that of property investment.

Set out below are the profit and loss account and balance sheet for the Limited Partnership for the year ended 31 December 2006.

a) Profit and loss account for the year ended 31 December 2006

	2006 £	2005 £
Turnover		
Rental income	-	-
Administrative expenses	(42,773)	(52,121)
Operating loss	<u>(42,773)</u>	<u>(52,121)</u>
Interest payable	(472,312)	(472,312)
Retained loss for the period	<u><u>(515,085)</u></u>	<u><u>(524,433)</u></u>

CG SHIELD HOUSE (UK) NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

10 CG Shield House Limited Partnership ("the Limited Partnership") continued

b) Balance sheet as at 31 December 2006

	2006	2005
	£	As restated £
Fixed assets		
Investment properties	10,000,000	7,000,000
Investment	10	10
	<u>10,000,010</u>	<u>7,000,010</u>
Current assets		
Debtors	48,321	20,527
Cash at bank	25,057	342
	<u>73,378</u>	<u>20,869</u>
Creditors (amounts falling due within one year)	<u>(12,553,280)</u>	<u>(4,621,209)</u>
Net current liabilities	<u>(12,479,902)</u>	<u>(4,600,340)</u>
Total assets less current liabilities	<u>(2,479,892)</u>	<u>2,399,670</u>
Creditors (amounts falling due after one year)	-	(6,806,666)
Net liabilities	<u>(2,479,892)</u>	<u>(4,406,996)</u>
Represented by		
Limited partners' capital contribution	1,003	1,003
Limited partners' equity loans	1,545,978	1,545,978
	<u>1,546,981</u>	<u>1,546,981</u>
Partners' capital accounts	(4,302,403)	(3,787,318)
Partners' current accounts	275,530	(2,166,659)
Revaluation reserve		
Partners' deficit	<u>(2,479,892)</u>	<u>(4,406,996)</u>