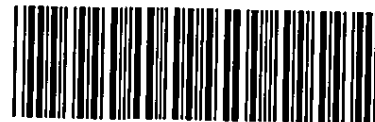


LA DEFENSE III (HOLDINGS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

TUESDAY



AIJ4NY44

A11

18/03/2008

399

COMPANIES HOUSE

LA DEFENSE III (HOLDINGS) LIMITED

COMPANY INFORMATION

DIRECTORS	Wilmington Trust SP Services (London) Limited R G Baker M McDermott S Masson
SECRETARY	Wilmington Trust SP Services (London) Limited
COMPANY NUMBER	4999957
REGISTERED OFFICE	c/o Wilmington Trust SP Services (London) Limited Tower 42 (Level 11) 25 Old Broad Street London EC2N 1HQ
AUDITORS	KPMG Audit Plc Chartered Accountants 8 Salisbury Square London EC4Y 8BB

LA DEFENSE III (HOLDINGS) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent Auditors' report	3
Consolidated Profit and loss account and Consolidated Statement of total recognised gains and losses	4
Consolidated Balance sheet	5
Company Balance sheet	6
Consolidated Cash flow statement	7
Notes forming part of the financial statements	8 - 17

LA DEFENSE III (HOLDINGS) LIMITED

DIRECTORS' REPORT For the year ended 31 December 2006

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

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The group's principal activity, which remained unchanged during the year, is for the purpose of holding an investment in La Defense III Plc. The principal activity of La Defense III Plc, which remained unchanged during the year, is to acquire units in the FCC La Defense III fund and to raise or borrow money and to grant security over its assets for such purpose and to lend money. The FCC La Defense III fund in France acquires receivables derived from real property financing together with ancillary rights and other investments.

La Defense III Plc issued €5,700,000 and €635,000,000 of floating rate loan notes on 3 March 2004 and 4 March 2004 respectively. These proceeds were used to acquire units in the FCC La Defense III fund.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to €18,208,615 (2005: €3,011,948).

The directors do not recommend the payment of a dividend (2005: €nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

Wilmington Trust SP Services (London) Limited

R G Baker (appointed on 3 September 2007)

J P J Fairrie (resigned on 20 July 2007)

M McDermott

S Masson (alternate)

S Masson is an alternate director to M McDermott. R G Baker was appointed a director on 3 September 2007, having previously been an alternate director to J P J Fairrie.

None of the directors received any remuneration from the company for their services during the year. Under the terms of a corporate services agreement, Wilmington Trust SP Services (London) Limited was contracted to receive fees of €21,150 per annum for the provision of corporate services.

LA DEFENSE III (HOLDINGS) LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2006

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 the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 group and of the profit or loss of the group for the year. In preparing these 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to 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 group and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

GROUP'S POLICY FOR PAYMENT OF CREDITORS

The group's policy concerning payment of its trade creditors is to pay in accordance with its contractual and other legal obligations. Due to the nature of the business, the main creditors are the noteholders.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The group made no political contributions or charitable donations during the current year or prior period.

STATEMENTS AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each 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 as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, KPMG Audit Plc, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 10 March 2008 and signed on its behalf



Sunil Masson
Authorised Signatory

On behalf of Wilmington Trust SP Services (London) Limited
Director

LA DEFENSE III (HOLDINGS) LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF LA DEFENSE III (HOLDINGS) LIMITED

We have audited the group and parent financial statements (the "financial statements") of La Defense III Holdings Limited for the year ended 31 December 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 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 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act, and
- the information given in the Director's Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

Date

10 March 2008

8 Salisbury Square

London

EC4Y 8BB

LA DEFENSE III (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31 December 2006

	Note	2006 €	2005 €
Interest receivable and similar income	2	37,085,043	35,589,105
Interest payable and similar charges	3	<u>(36,665,080)</u>	<u>(35,252,240)</u>
		419,963	336,865
Other operating income	4	28,763	25,303
Finance income	5	18,163,638	2,970,434
Administrative expenses		<u>(392,975)</u>	<u>(309,389)</u>
OPERATING PROFIT	6	18,219,389	3,023,213
Tax on ordinary activities	7	<u>(10,774)</u>	<u>(11,265)</u>
PROFIT FOR THE FINANCIAL YEAR	14	<u>18,208,615</u>	<u>3,011,948</u>

All amounts relate to continuing operations

The notes on pages 8 to 17 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2006 €	2005 €
Profit for the financial year/period	<u>18,208,615</u>	<u>3,011,948</u>
Total recognised gains and losses relating to the financial year/period	18,208,615	3,011,948
Cumulative fair value loss on first adoption of FRS 26	<u>-</u>	<u>(12,406,149)</u>
Total gains and losses recognised since last annual report	<u>18,208,615</u>	<u>(9,394,201)</u>

LA DEFENSE III (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET As at 31 December 2006

	Note	2006 €	2005 €
FIXED ASSETS			
Investments	8	490,283,242	599,446,831
CURRENT ASSETS			
Debtors amounts falling due within one year	9	5,010,336	5,368,154
Debtors amounts falling due after more than one year	10	8,727,923	-
Investments	8	9,525,000	9,525,000
Cash at bank		<u>144,721</u>	<u>92,356</u>
		23,407,980	14,985,510
CREDITORS amounts falling due within one year	11	<u>(14,556,908)</u>	<u>(14,907,337)</u>
NET CURRENT ASSETS		<u>8,851,072</u>	<u>78,173</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		499,134,314	599,525,004
CREDITORS amounts falling due after more than one year	12	<u>(490,301,845)</u>	<u>(608,901,149)</u>
NET ASSETS/(LIABILITIES)		<u><u>8,832,469</u></u>	<u><u>(9,376,145)</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	1	1
Profit and loss account	14	<u>8,832,468</u>	<u>(9,376,146)</u>
SHAREHOLDERS' FUNDS - ALL EQUITY	15	<u><u>8,832,469</u></u>	<u><u>(9,376,145)</u></u>

The financial statements were approved by the board on 10 March 2008 and signed on its behalf


Sunil Masson
 Authorised Signatory,
 Wilmington Trust SP Services (London) Limited
 Director

The notes on pages 8 to 17 form an integral part of these financial statements

LA DEFENSE III (HOLDINGS) LIMITED

COMPANY BALANCE SHEET As at 31 December 2006

	Note	2006 €	2005 €
FIXED ASSETS			
Investments	8	18,765	18,765
CURRENT ASSETS			
Debtors	9	9,504	13,062
Cash at bank		<u>1</u>	<u>1</u>
		9,505	13,063
CREDITORS: amounts falling due within one year	11	<u>(9,504)</u>	<u>(13,062)</u>
NET CURRENT ASSETS		<u>1</u>	<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		18,766	18,766
CREDITORS amounts falling due after more than one year	12	<u>(18,603)</u>	<u>(18,603)</u>
NET ASSETS		<u>163</u>	<u>163</u>
CAPITAL AND RESERVES			
Called up share capital	13	1	1
Profit and loss account	14	<u>162</u>	<u>162</u>
SHAREHOLDERS' FUNDS - All Equity	15	<u>163</u>	<u>163</u>

The financial statements were approved by the board on 10 March 2008 and signed on its behalf


Sunil Masson
Authorised Signatory
 Wilmington Trust SP Services (London) Limited
 Director

The notes on pages 8 to 17 form an integral part of these financial statements

LA DEFENSE III (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2006

	Note	2006 €	2005 €
Net cash inflow from operating activities	18	52,366	12,630
Capital expenditure and financial investment	19	109,163,589	9,525,000
CASH INFLOW BEFORE FINANCING		109,215,955	9,537,630
Financing	19	(109,163,589)	(9,525,000)
		<hr/>	<hr/>
INCREASE IN CASH IN THE YEAR		<u>52,366</u>	<u>12,630</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT For the year ended 31 December 2006

		2006 €	2005 €
Increase in cash in the year	18	52,366	12,630
Cash increase from investment in units	19	109,163,590	9,525,000
		<hr/>	<hr/>
MOVEMENT IN NET DEBT IN THE YEAR		109,215,956	9,537,630
Net debt at start of year		(608,879,475)	(618,417,105)
		<hr/>	<hr/>
NET DEBT AT 31 DECEMBER	20	<u>(499,663,521)</u>	<u>(608,879,475)</u>

The notes on pages 8 to 17 form an integral part of these financial statements

LA DEFENSE III (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2006**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below together with an explanation of where changes have been made to previous policies on the adoption of new standards during the year.

The group has adapted the presentation of the profit and loss account and has adopted a format which differs from those presented by Schedule 4 of the Companies Act which, in the opinion of the directors, is more representative in order to show a true and fair view of the company's activities.

The financial statements have been prepared on the historical cost convention except for financial instruments at fair value through profit and loss which are measured at fair value.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

1.2 Basis of consolidation

The financial statements consolidate the accounts of La Defense III (Holdings) Limited and all of its subsidiary undertakings ('subsidiaries'). Intra-group transactions are eliminated on consolidation and all figures relate to external transactions only.

1.3 Functional Currency

As the group's functional currency and reporting currency are primarily the Euro, the financial statements have been prepared using the Euro.

1.3 Foreign currencies

Assets and liabilities in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. Generally, transactions in foreign currencies are translated into euros at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

1.4 Investments

Shares in subsidiaries are valued at cost less provision for permanent impairment. Current asset investments are stated at the lower of cost and net realizable value. Fixed asset investments are held at cost less provisions for diminutions in value.

1.5 Income and expense

Interest income and expenses are accounted for in the profit and loss account on the accruals basis.

1.6 Deferred taxation

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transaction or events that result in an obligation to pay more, or a right to pay less tax in the future, have occurred at the balance sheet date.

Deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates and laws enacted or substantively enacted at the balance sheet date.

LA DEFENSE III (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

ACCOUNTING POLICIES (continued)

1.7 Amortisation of issue costs

Issue costs relating to the issue of the loan notes are amortised to the profit and loss account in proportion to the expected closing balances of the loans outstanding at the end of each interest payment date until the expected date of redemption

1.8 Hedging contracts and instruments

The criteria required for an instrument to be classified as a hedge are that the transaction must be reasonably expected to match or eliminate a significant proportion of the risk inherent in the assets or liabilities being hedged and which results from potential movements in interest rates, and adequate evidence of the intention to hedge and linkage with the underlying risk inherent in the assets or liabilities being hedged, must be established at the outset of the transaction

All interest rate instruments which are designated as hedges are accounted for on a consistent basis with the underlying assets, liabilities or positions. The company hedges its interest rate exposures on a portfolio basis using interest rate swaps and an interest rate cap. Amounts accrued on hedging contracts and instruments are included within accruals and deferred income or prepayments and accrued income

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 €	2005 €
Interest receivable on units	18,999,283	15,967,820
Swap interest receivable	12,875,666	10,477,297
Other income	4,472,672	8,392,481
Amortisation of issue costs reimbursed	734,573	746,158
Bank interest receivable	2,849	5,349
	<u>37,085,043</u>	<u>35,589,105</u>

3 INTEREST PAYABLE

	2006 €	2005 €
Interest payable on class A1 loan notes	12,856,630	11,162,580
Interest payable on class B1 loan notes	3,398,085	2,684,875
Interest payable on class C1 loan notes	2,302,060	1,853,158
Swap interest payable	17,373,732	18,805,469
Amortisation of issue costs	734,573	746,158
	<u>36,665,080</u>	<u>35,252,240</u>

4 OTHER OPERATING INCOME

	2006 €	2005 €
Issue costs reimbursed	<u>28,763</u>	<u>25,303</u>

The costs incurred by the group are reimbursed by the FCC La Defense III fund

5 FINANCE INCOME

	2006 €	2005 €
Movement on interest rate swap	18,232,291	3,123,728
Movement on interest rate cap	<u>(68,653)</u>	<u>(153,294)</u>
	<u>18,163,638</u>	<u>2,970,434</u>

The above represents the fair value movement on the derivative financial instruments

LA DEFENSE III (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

6 OPERATING PROFIT

The Operating profit is stated after charging

	2006	2005
	€	€
Auditors' remuneration	32,554	29,072
Auditors' remuneration - non-audit	21,774	10,763
Amortisation of issue costs reimbursed	(734,573)	(746,158)
Amortisation of issue costs	734,573	746,158

During the year no director received any emoluments (2005 €nil) Under the terms of a corporate services agreement dated 4 March 2004, Wilmington Trust SP Services (London) Limited is contracted to receive fees of €21,150 per annum for the provision of corporate services to the group

There were no employees during the year (2005 nil)

Operating profit represents interest receivable on units of loans made to French property companies less interest payable on floating rate notes

7 TAXATION

	2006	2005
Analysis of tax charge in year		
UK corporation tax charge on profits for the period	<u>10,774</u>	<u>11,265</u>
Tax on profit on ordinary activities	<u><u>10,774</u></u>	<u><u>11,265</u></u>

Factors affecting tax charge for year

	2006	2005
Profit on ordinary activities before tax	<u>18,219,389</u>	<u>3,023,213</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2005 30%)	3,461,684	906,964
Less disallowed expenses	<u>(3,450,910)</u>	<u>(895,699)</u>
Current tax charge for period (see note above)	<u><u>10,774</u></u>	<u><u>11,265</u></u>

There were no factors that may affect future tax charges

LA DEFENSE III (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

8 FIXED ASSET INVESTMENTS

Group	2006 €	2005 €
At 1 January	608,971,831	618,496,831
Acquisitions	-	-
Redemptions in year	<u>(109,163,589)</u>	<u>(9,525,000)</u>
At 31 December	<u>499,808,242</u>	<u>608,971,831</u>
Due within one year	9,525,000	9,525,000
Due after more than one year	<u>490,283,242</u>	<u>599,446,831</u>
At 31 December	<u>499,808,242</u>	<u>608,971,831</u>

Investments represent units required in the FCC La Defense III fund which acquires receivables derived from real property financing together with ancillary rights and other investments

The investments are repayable in instalments and are expected to be repaid by April 2009

Company	Share in group under-takings €	Total €
Cost or valuation		
At 31 December 2006 and 31 December 2005	<u>18,765</u>	<u>18,765</u>

Principal subsidiaries

Company name	Country of incorporation	Percentage Shareholding	Shares
La Defense III Plc	England and Wales	100	Ordinary £1 (25 pence paid)
La Defense III Plc	England and Wales	100	Ordinary £1 subscriber

La Defense III Plc is an investment company whose principal activity is to acquire units in the FCC La Defense III fund and to raise or borrow money and to grant security over its assets for such purpose and to lend money. The FCC La Defense III fund in France acquires receivables derived from real property financing together with ancillary rights and other investments

LA DEFENSE III (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

9 DEBTORS: Amounts falling due within one year

	Group 2006 €	Group 2005 €	Company 2006 €	Company 2005 €
Other debtors	14,663	14,663	-	-
Amounts owed to connected companies	-	-	-	-
Prepayments and accrued income	<u>4,995,672</u>	<u>5,353,491</u>	<u>9,504</u>	<u>13,062</u>
	<u>5,010,335</u>	<u>5,368,154</u>	<u>9,504</u>	<u>13,062</u>

10 DEBTORS: Amounts falling due after more than one year

	Group 2006 €	Group 2005 €	Company 2006 €	Company 2005 €
Derivatives at fair value	<u>8,727,923</u>	-	-	-

11 CREDITORS Amounts falling due within one year

	Group 2006 €	Group 2005 €	Company 2006 €	Company 2005 €
Floating rate notes	9,525,000	9,525,000	-	-
Interest payable	4,454,548	3,554,634	-	-
Corporation tax	10,713	13,773	-	-
Accruals and deferred income	<u>566,647</u>	<u>1,813,930</u>	<u>9,504</u>	<u>13,062</u>
	<u>14,556,908</u>	<u>14,907,337</u>	<u>9,504</u>	<u>13,062</u>

12 CREDITORS: Amounts falling due after more than one year

	Group 2006 €	Group 2005 €	Company 2006 €	Company 2005 €
Other creditors	18,603	18,603	18,603	18,603
Floating rate notes	486,938,451	595,367,467	-	-
Derivatives at fair value	-	9,435,715	-	-
Reimbursed issue costs	4,904,698	4,904,698	-	-
Amortisation of reimbursed issue costs	<u>(1,559,907)</u>	<u>(825,334)</u>	-	-
	<u>490,301,845</u>	<u>608,901,149</u>	<u>18,603</u>	<u>18,603</u>

LA DEFENSE III (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

12 CREDITORS: Amounts falling due after more than one year (continued)

The floating rate notes' outstanding principal balance declines over time as the proceeds from redemptions on loans made by the FCC fund are used to repay note-holders, along with accrued interest, on each quarterly interest payment date. Costs relating to the issue of the floating rate notes are deducted from the principal balance on the notes. These costs are charged to the profit and loss account in line with the expected redemptions of the underlying floating rate notes. Costs are fully amortised by the earliest date at which the option to redeem the floating rate notes may be exercised.

The notes were issued in March 2004 to fund investment in a French fund which acquired receivables derived from real property financing together with ancillary rights and other investments. Interest on the notes is at a floating rate of three month EURIBOR plus a margin of 0.27%, 0.60% and 0.85% per annum for A1, B1 and C1 loan notes respectively. The notes are secured by fixed and floating charges on the assets of the company. The floating rate notes fall due for repayment in full in April 2014.

	Group 2006	Group 2005	Company 2006	Company 2005
	€	€	€	€
Floating rate notes				
Class A1 notes due 2014	345,643,092	452,571,831	-	-
Class B1 notes due 2014	94,426,154	95,795,000	-	-
Class C1 notes due 2014	59,738,996	60,605,000	-	-
	499,808,242	608,971,831	-	-
Issue costs	(4,904,698)	(4,904,698)	-	-
Amortisation of issue costs	1,559,907	825,334	-	-
	<u>496,463,451</u>	<u>604,892,467</u>	<u>-</u>	<u>-</u>

Included within the above are amounts repayable by instalments, falling due as follows

	Group 2006	Group 2005	Company 2006	Company 2005
	€	€	€	€
Between one and two years				
Floating rate notes	<u>9,525,000</u>	<u>9,525,000</u>	-	-
Between two and five years				
Floating rate notes	<u>28,575,000</u>	<u>28,575,000</u>	-	-
Over five years				
Floating rate notes	<u>448,838,451</u>	<u>557,267,467</u>	-	-

Creditors include amounts not wholly repayable within 5 years as follows

Other creditors	18,603	18,603	18,603	18,603
Floating rate notes (repayable in instalments)	<u>448,838,451</u>	<u>557,267,467</u>	-	-
	<u>448,857,054</u>	<u>557,286,070</u>	<u>18,603</u>	<u>18,603</u>

13 SHARE CAPITAL

	2006	2005
Authorised		
100 Ordinary shares of £1 each	<u>€142</u>	<u>€142</u>
Allotted, called up and fully paid		
1 Ordinary share of £1 each	<u>€1</u>	<u>€1</u>

LA DEFENSE III (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

14 PROFIT AND LOSS ACCOUNT

	Group 2006	Group 2005	Company 2006	Company 2005
	€	€	€	€
At the start of the year/period	(9,376,146)	18,055	162	162
Adoption of FRS 26 on 1 January 2005	-	(12,406,149)	-	-
Retained profit for the financial year	<u>18,208,615</u>	<u>3,011,948</u>	<u>-</u>	<u>-</u>
At end of year	<u>8,832,469</u>	<u>(9,376,146)</u>	<u>162</u>	<u>162</u>

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group 2006	Group 2005	Company 2006	Company 2005
	€	€	€	€
Profit for the year	18,208,615	3,011,948	-	-
Adoption of FRS 26 on 1 January 2005	-	(12,406,149)	-	-
	<u>18,208,615</u>	<u>(9,394,201)</u>	<u>-</u>	<u>-</u>
Opening shareholders' funds	<u>(9,376,145)</u>	<u>18,056</u>	<u>163</u>	<u>163</u>
Closing shareholders' funds	<u>8,832,470</u>	<u>(9,376,145)</u>	<u>163</u>	<u>163</u>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account

16 FINANCIAL INSTRUMENTS

The group's financial instruments, other than derivatives, comprise borrowings, cash balances and debtors and creditors that arise directly from its operations. The numerical disclosures below exclude short term debtors and creditors. The group has entered into transactions which consist principally of loan notes. The risks arising from the group's activities are credit risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks which are noted below.

Credit risk

The group's major asset is an investment in the FCC La Defense III fund which invests in real property. The investments are subject to regular reviews for possible credit problems to ensure credit risks are identified on a timely basis and losses are minimised.

Liquidity risk

It is the group's policy to fully match its funding requirements. The group's policy is to match the value of the notes issued with floating rate units invested in. At the year end the entire portfolio of floating rate notes was covered by assets whose maturity did not exceed that of the notes.

Interest rate risk profile of financial liabilities

The interest margins on the floating rate notes issued by the group are disclosed within note 11. The underlying 3 month Euribor rate at 31 December 2006 was 3.725% (2005 2.487%).

Interest rate risk

The group has an exposure to interest rate risk as the loan notes from which the group's activities are funded are floating rate whereas the FCC fund units are a part floating, part fixed rate. The interest rate risk is managed by the group entering into interest rate swap and interest rate cap agreements in order to ensure the group can meet its obligations under the floating rate notes.

Foreign currency risk

All of the group's assets and liabilities are denominated in Euros and therefore there is no foreign currency risk. Consequently no currency risk profile disclosure has been presented.

Financial instruments held for trading purposes

The group does not trade in financial instruments.

LA DEFENSE III (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

16 FINANCIAL INSTRUMENTS (continued)

Fair value of assets and liabilities

The table on the following page shows the estimated fair value and carrying value for each major category of assets and liabilities in the balance sheet at the balance sheet date. The fair value of a financial instrument is the amount at which it could be exchanged in an arm's length transaction between informed and willing parties other than in a forced or liquidation sale. Where external or quoted market prices were not available the fair values were estimated using discounted cash flow techniques based on interest rates prevailing at the balance sheet date. Financial instruments with short term maturities or near term re-pricing terms are assumed to have fair values equal to their carrying amounts.

At 31 December 2006

	Carrying value	Fair value
<i>Fair value of financial assets and liabilities</i>	€	€
<i>On balance sheet</i>		
Investments due within one year and other short term debtors	14,535,336	14,535,336
Investments due after more than one year	490,283,242	524,304,382
Cash and other short term deposits	144,721	144,721
Interest rate swap	8,703,155	8,703,155
Interest rate cap	24,768	24,768
Loans and obligations due within one year	(14,556,908)	(14,556,908)
Loans due after more than one year	<u>(490,301,845)</u>	<u>(490,301,845)</u>
	<u>8,832,469</u>	<u>42,853,609</u>

At 31 December 2005

<i>On balance sheet</i>		
Investments due within one year and other short term debtors	14,893,154	14,893,154
Investments due after more than one year	599,446,831	611,609,212
Cash and other short term deposits	92,356	92,356
Interest rate swap	(9,529,137)	(9,529,137)
Interest rate cap	93,422	93,422
Loans and obligations due within one year	(14,907,337)	(14,907,337)
Loans due after more than one year	<u>(599,465,434)</u>	<u>(599,465,434)</u>
	<u>(9,376,145)</u>	<u>2,786,236</u>

Maturity of financial liabilities excluding unamortized costs

	2006	2005
Amounts falling due	€	€
In one year or less or on demand	9,525,000	9,525,000
In more than one year but not more than two years	9,525,000	9,525,000
In more than two years but not more than five years	28,575,000	28,575,000
After more than five years	<u>452,183,242</u>	<u>561,346,831</u>
	<u>499,808,242</u>	<u>608,971,831</u>

LA DEFENSE III (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

16 FINANCIAL INSTRUMENTS (continued)

The maturity profile is determined by reference to the earliest date on which payment can be required or on which the liability falls due
The fair values of the financial assets and liabilities have been determined by reference to market rates or other appropriate techniques as determined by the group

17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors consider La Defense III (Holdings) Limited as the ultimate parent and controlling party. The sole share of the company is held by Wilmington Trust SP Services (London) Limited under a Declaration of Trust for La Defense III Plc.

The smallest and largest group into which the company is consolidated is La Defense III (Holdings) Limited.

18 NET CASH FLOW FROM OPERATING ACTIVITIES

	2006 €	2005 €
Profit on operating activities	18,208,615	3,011,948
Amortisation of intangible fixed assets	734,573	746,158
Amortisation of issue costs reimbursed	(734,573)	(746,158)
Fair value movement in derivative financial instrument	(18,163,638)	(2,970,434)
Decrease in debtors	357,818	62,059
Decrease in creditors	(350,429)	(90,943)
NET CASH INFLOW FROM OPERATIONS	<u>52,366</u>	<u>12,630</u>

19 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2006 €	2005 €
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Redemptions in year	<u>109,163,590</u>	<u>9,525,000</u>
NET CASH INFLOW	<u>109,163,590</u>	<u>9,525,000</u>
	2006 €	2005 €
FINANCING		
Repayment of floating rate notes	<u>(109,163,590)</u>	<u>(9,525,000)</u>
NET CASH (OUTFLOW) FROM FINANCING	<u>(109,163,590)</u>	<u>(9,525,000)</u>

LA DEFENSE III (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

20 ANALYSIS OF CHANGES IN NET DEBT

	31 December 2004 €	Cash flow €	31 December 2005 €	Cash flow €	31 December 2006 €
Cash at bank and in hand	79,726	12,630	92,356	52,366	144,721
	<u>79,726</u>	<u>12,630</u>	<u>92,356</u>	<u>52,366</u>	<u>144,721</u>
DEBT :					
Debt due within one year	(9,525,000)	-	(9,525,000)	-	(9,525,000)
Debt falling due after more than one year	<u>(608,971,831)</u>	<u>9,525,000</u>	<u>(599,446,831)</u>	<u>109,163,589</u>	<u>(490,283,242)</u>
NET DEBT	<u>(618,417,105)</u>	<u>9,537,630</u>	<u>(608,879,475)</u>	<u>109,215,955</u>	<u>(499,663,521)</u>

21 RELATED PARTY TRANSACTIONS

During the year Wilmington Trust SP Services (London) Limited received €21,390 (2005 €25,693) for the provision of corporate services to the group under the terms of the corporate services agreement. The amount attributable to the company cannot be separately identified. During the current year and prior period no director received any remuneration for their services to the group (company £nil).

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the La Defense III (Holdings) Limited group.