

Company Registration No: 05389804

EAGLE CROYDON CENTRE A LIMITED

(FORMERLY HOUSEPLATE LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the period 11 March 2005 to 31 December 2005



**Group Secretariat
The Royal Bank of Scotland Group plc
3 Princess Way
Redhill
Surrey
RH1 1NP**

CONTENTS	Page
Officers and Professional Advisers	1
Directors' Report	2
Independent Auditors' Report	5
Income Statement	7
Balance Sheet	8
Statement of Changes in Equity	9
Cash Flow Statement	10
Notes to the Accounts	11

EAGLE CROYDON CENTRE A LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**T V Castledine
S B Eighteen
A C Farnell
N S Moy**

SECRETARY:

M Castro

REGISTERED OFFICE:

**135 Bishopsgate
London
EC2M 3UR**

AUDITORS:

**Deloitte & Touche LLP
London**

Registered in England and Wales.

EAGLE CROYDON CENTRE A LIMITED

DIRECTORS' REPORT

The directors present their annual report and the first audited financial statements for the period 11 March 2005 to 31 December 2005.

INCORPORATION DATE

The Company was incorporated on 11 March 2005. On the 14 April 2005, the Company shortened its accounting reference date from 31 March 2006 to 31 December 2005.

CHANGE OF NAME

On 23 March 2005, the Company changed its name from Houseplate Limited to Eagle Croydon Centre A Limited by a special resolution passed by the sole member.

REGISTERED OFFICE

On 31 March 2005, the Company changed its Registered Office from 1 Mitchell Lane, Bristol BS1 6BU to 135 Bishopsgate, London EC2M 3UR.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is the general business of investments.

The retained profit for the year was £34,926 and this was transferred to reserves. The directors did not recommend an interim or final dividend be paid for the year ended 31 December 2005.

The directors do not anticipate any material change in either the type or level of activities of the Company.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year except where noted below are listed on page 1.

From 11 March 2005 to date the following changes have taken place:

	Appointed	Resigned
Directors		
Instant Companies Limited	11 March 2005	23 March 2005
T V Castledine	23 March 2005	
S B Eighteen	23 March 2005	
A C Farnell	23 March 2005	
N S Moy	23 March 2005	
Secretary		
Swift Incorporations Limited	11 March 2005	23 March 2005
M L Thomas	23 March 2005	18 November 2005
A S Graham	18 November 2005	1 September 2006
M Castro	1 September 2006	

DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare accounts for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards. They are responsible for preparing accounts that present fairly the financial position, financial performance, and cash flows of the Company. In preparing those accounts, 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 Annual report and accounts complies with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

USE OF FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Market risk

The Company uses derivative financial instruments to fix its exposure to interest rate movements on borrowings from its parent. The Company uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates.

Liquidity risk

Liquidity management within the Group focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations. It is undertaken within limits and other policy parameters set by Group Asset and Liability Management Committee (GALCO).

DIRECTORS' INDEMNITIES

In terms of Section 309c of the Companies Act 1985 (as amended), Mr A C Farnell has been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

DIRECTORS' INTERESTS

No director had an interest in the shares of the Company.

The following director was beneficially interested in the ordinary shares of The Royal Bank of Scotland Group plc:

	As at 11 March 2005*	As at 31 December 2005
A C Farnell	16,043	16,960

The interests of Mr T V Castledine, Mr S B Eighteen and Mr N S Moy in the share capital of The Royal Bank of Scotland Group plc are disclosed in the financial statements of RBS Specialised Property Investments Limited.

Other than as disclosed, none of the directors in office at 31 December 2005 held any interest in the share or loan capital of the Company or any other group company.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

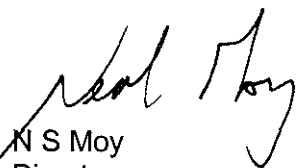
The Company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc ('RBSG'), as outlined below.

In the year ending 31 December 2006, RBSG will adhere to the following payment policy in respect of all suppliers. RBSG is committed to maintaining a sound commercial relationship with its suppliers. Consequently, RBSG's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors. and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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



N S Moy
Director
Date: 29 September 2006

* or date of appointment, if later

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAGLE CROYDON CENTRE A LIMITED

We have audited the financial statements of Eagle Croydon Centre A Limited for the year ended 31 December 2005 which comprise the income statement, the balance sheet, the statement of change in shareholders' equity, the cashflow statement and the related notes 1 to 16. 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 the 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 directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework 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 other information contained in the directors' report and the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 circumstances of the Company, 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 those IFRSs as adopted for use in the European Union, of the state of the Company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, England
Date: 3 October 2006

EAGLE CROYDON CENTRE A LIMITED**INCOME STATEMENT****for the period ended 31 December 2005**

	Notes	11/03/2005 to 31/12/2005 £
Continuing operations		
Property rental income		687,841
Administrative expenses		(6,321)
Unrealised gains on investment properties	2	1,632,694
OPERATING PROFIT		<u>2,314,214</u>
Interest received	4	3,773
Finance costs	5	(2,268,093)
PROFIT BEFORE TAX		<u>49,894</u>
Income tax expense	6	(14,968)
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS:		<u><u>34,926</u></u>

No other gains or losses in the period except those disclosed above.

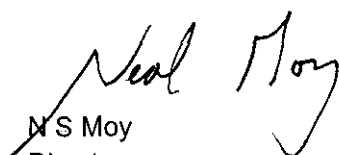
EAGLE CROYDON CENTRE A LIMITED

BALANCE SHEET at 31 December 2005

	Notes	11/03/2005 to 31/12/2005 £
ASSETS		
Non-current assets		
Investment property	7	14,200,000
		<u>14,200,000</u>
Current assets		
Deferred tax asset	8	53,804
Unpaid share capital debtor		1
Cash and cash equivalents		276,638
		<u>330,443</u>
TOTAL ASSETS		<u><u>14,530,443</u></u>
EQUITY AND LIABILITIES		
Non-current liabilities		
Obligations under finance lease	9	8,560,368
		<u>8,560,368</u>
Current liabilities		
Current tax liability		68,772
VAT		41,023
Obligations under finance lease	9	1,580,944
Loans	10	2,063,870
Derivative financial instrument	11	1,812,041
Trade and other payables	12	368,498
		<u>5,935,148</u>
TOTAL LIABILITIES		<u><u>14,495,516</u></u>
Equity		
Share capital	13	1
Retained earnings		34,926
TOTAL EQUITY		<u><u>34,927</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>14,530,444</u></u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors


N S Moy
Director

Date: 29 September 2006

EAGLE CROYDON CENTRE A LIMITED

STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2005

	Share capital £	Retained earnings £	Total £
Balance at the beginning of the period	-	-	-
Ordinary Shares Issued on 1 April 2005	1	-	1
Profit for the year	-	34,926	34,926
Total recognised income and expense for the year	-	34,926	34,926
Balance at 31 December 2005	1	34,926	34,927

EAGLE CROYDON CENTRE A LIMITED**CASH FLOW STATEMENT****for the period ended 31 December 2005**

	2005
	£
Operating activities	
Profit before tax	49,894
Adjustments for:	
Increase in fair value of investment property	(1,632,694)
Investment revenue	(3,773)
Operating cash flows before movement in working capital	(1,586,573)
Increase in payables	12,429,956
Cash generated by operations	10,843,383
Net cash from operating activities	10,843,383
Investing activities	
Interest received	3,773
Acquisition of investments	(12,567,306)
Cash flows from investing activities	(12,563,533)
Financing activities	
Interest on loan from parent entity	(43,954)
Loan drawdowns	2,040,741
Net cash used in financing activities	1,996,787
Net increase in cash and cash equivalents	276,637
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	276,637

NOTES TO THE ACCOUNTS

for the period ended 31 December 2005

1. ACCOUNTING POLICIES

Eagle Croydon Centre A Limited is a company incorporated in the Great Britain under the Companies Act 1985. The address of the registered office is on the page 1. The nature of the company's operations and its principal activities are set out in the Directors' Report.

The Company was incorporated on 11th March 2005. The Company's first set of financial statements covers the period from incorporation to 31 December 2005.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared in accordance with IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS regulation. The date of transition to IFRS for the Group and the date of its opening IFRS balance sheet was 1 January 2004.

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, in compliance with the Companies Act 1985.

Property rental Income

Rental income is credited to the profit and loss account as it accrues unless there is significant doubt that it can be collected.

Investment properties

Investment Property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

NOTES TO THE ACCOUNTS

for the period ended 31 December 2005

1. ACCOUNTING POLICIES (continued)

Finance lease

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as assets at their fair value at the inception of the lease or, if lower, at the present value of minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate. Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes, except in relation to overseas earnings where remittance is controlled by the Group, and goodwill.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

Financial Instruments

The Company's activities expose it primarily to the financial risks of changes in interest rates and the retail price index (RPI).

The Company uses derivative financial instruments to hedge its exposure to interest rate movements on borrowings from its parent and also to hedge the annual RPI-related increases on its rental income.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The derivative financial instruments do not qualify for hedge accounting and changes in fair value are recognised in profit or loss as they arise.

NOTES TO THE ACCOUNTS

for the period ended 31 December 2005

1. ACCOUNTING POLICIES (continued)

Accounting developments

International Financial Reporting Standards

As at the date of authorisation of these financial statements, the following Standards which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 7 Financial Instruments: Disclosures; and
- the related amendment to IAS 1 on capital disclosures.

The directors anticipate that the adoption of these Standards in future periods will have no material impact on the financial statements except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007.

2. UNREALISED GAINS ON INVESTMENT PROPERTIES	2005
	£

Increase in fair value of investment properties during the year	1,632,694
	<u>1,632,694</u>

3. OPERATING PROFIT

The auditors' remuneration is borne by an intermediate company, The Royal Bank of Scotland plc.

The directors received no emoluments from the Company during the current and prior year.

The Company has no employees.

4. INTEREST RECEIVED	2005
	£

Interest received relates to bank deposits with the parent entity.	3,773
	<u>3,773</u>

NOTES TO THE ACCOUNTS

for the period ended 31 December 2005

5. FINANCE COSTS	2005 £
Interest payable on interest rate derivatives	2,187
Finance lease charge	386,781
Interest payable on loan from parent entity	67,084
Change in fair value of derivative financial instruments	1,812,041
	<u>2,268,093</u>

6. INCOME TAX EXPENSE	2005 £
Current tax	68,772
Deferred tax (see note 8)	(53,804)
Income tax expense for the year	<u>14,968</u>

Current tax is calculated by applying the standard UK corporation tax rate of 30% to profit before tax.

7. INVESTMENT PROPERTY	2005 £
Long Leasehold properties	
Acquisition on 4th April 2005	12,567,306
Gain on revaluation to fair value	1,632,694
At 31 December	<u>14,200,000</u>

The fair value of the Company's investment property at acquisition on 4 April 2005 was arrived at on the basis of a valuation carried out at that date by Gerald Eve on 31 March 2005, independent valuers not connected with the Company. The valuations were prepared in accordance with the requirements of the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS). This valuation was subsequently revised at 31 December 2005 by the Directors to reflect changes in cost assumptions.

The property rental income earned by the Company from its investment property, all of which is leased out under operating leases, amounted to £687,841. There were no direct operating expenses arising on the investment property during the period.

EAGLE CROYDON CENTRE A LIMITED

NOTES TO THE ACCOUNTS

for the period ended 31 December 2005

8. DEFERRED TAX

Provision for deferred taxation has been made as follows;

	Deferred gains £
At 1 January 2005	-
Credit to income statement	53,804
At 31 December 2005	<u>53,804</u>
The above is analysed as follows:	
- Deferred tax asset	543,612
- Deferred tax liability	(489,808)
	<u>53,804</u>

The above deferred tax balance represents the full potential timing difference in respect potential gains on a fixed asset.

NOTES TO THE ACCOUNTS

for the period ended 31 December 2005

9. OBLIGATIONS UNDER FINANCE LEASE

	Minimum lease payment	Present value of minimum lease
	£	£
Amounts payable under finance lease:		
Within 1 year	1,671,249	1,580,944
In the second to fifth year inclusive	7,056,381	5,896,201
After five years	3,335,902	2,664,167
	<u>12,063,532</u>	<u>10,141,312</u>
Less: future finance charges	<u>(1,922,220)</u>	<u>N/A</u>
Present value of lease obligations	10,141,312	10,141,312
Less: Amount due for settlement within 12 months (shown under current liabilities)		<u>(1,580,944)</u>
Amount due for settlements after 12 month		<u><u>8,560,368</u></u>

The lease term is 8 years.

For the year ended 31 December 2005, the effective borrowing rate was 5%. Interest rate is fixed at the contract date, and thus exposed to fair value interest rate risk.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments

The fair value of the lease obligation approximates their carrying amount.

The obligation under finance leases is secured by the lessors' title to the long leasehold property in note 7.

NOTES TO THE ACCOUNTS

for the period ended 31 December 2005

10. LOANS

2005

Loans from the parent entity	<u>2,063,870</u>
------------------------------	------------------

The Company's rental payments are funded by a floating rate loan which is included as a liability and amounted to £2,063,870 on 31 December 2005. This is a three month rolling loan. The effective interest rate on the floating rate loan is 4.719%. The floating rate fluctuates with 3 month LIBOR. The fair value of the loan from the parent entity approximates to its carrying amount in the balance sheet. The fair value of the loan from the parent entity approximates to its carrying amount in the balance sheet.

11. DERIVATIVE FINANCIAL INSTRUMENTS

2005

£

Fair value of interest rate swaps	665,851
Fair value of LPI swaps	<u>1,146,190</u>
	<u>1,812,041</u>

The Company uses interest rate swap agreements with a parent entity to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with a nominal value of £8197,727 and £2,342,208 have fixed interest payments of 5.04% and 5.03% respectively up until 1 April 2027. The floating rates are hedged quarterly. In the current year the consecutive quarterly floating rates were 4.96199%, 4.70688% and 4.60063%.

The Company uses a LPI swap to hedge increases in RPI (Retail Price Index). Changes in rental payments received are based on RPI . The nominal value of the LPI swap is 937,674. The floating rates are based on RPI and are floored and capped at 2.5% and 5% respectively. The fixed interest rate received on the hedge in the current year was 2.75%. The swap has a termination date of 1 January 2035.

The total fair value of swaps entered into at 31 December 2005 is £1,812,041. These amounts are based on market values of equivalent instruments at the balance sheet date.

12. TRADE AND OTHER PAYABLES

2005

£

Accruals	<u>368,498</u>
	<u>368,498</u>

NOTES TO THE ACCOUNTS

for the period ended 31 December 2005

13. SHARE CAPITAL

2005
£**Authorised:**

1000 Ordinary Shares of £1 each

1,000

1,000**Issued and paid:**

Issued on 11 March 2005 - 1 ordinary shares of £1 issued at par

1

At the end of the year

1

One ordinary share was issued on 11 March 2005 with a nominal value of £1 for consideration of £1.

14. RELATED PARTY TRANSACTIONS

Related parties comprise group companies, companies with common directorships and directors and directors of the company. Details of transactions with related parties during the year are as follows:

2005

Opening Balance £'000	Receipts/ (payments) £'000	Income/ (expenses) £'000	Closing Balance £'000
-----------------------------	----------------------------------	--------------------------------	-----------------------------

Accounts with

Banking members of the group:

- - - 276,638

Loan from the parent company

- - (2,063,870)

Income statement and cash flow
transactions during the year:

Interest payable on loan

- - (67,084) -

Interest receivable on bank
deposits

- 3,773 3,773 -

Interest payable on interest rate
derivatives

- - (2,187) -

Management fees

- - (6,321) -

Total- 3,773 (71,819) (1,787,232)

NOTES TO THE ACCOUNTS

for the period ended 31 December 2005

15. ULTIMATE PARENT COMPANY

The Company's immediate parent company is Primemodern Limited.

The Company's ultimate holding company, ultimate controlling party and the parent of the largest and smallest group into which the Company is consolidated is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Financial Statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The smallest subgroup into which the Company is consolidated has as its parent company The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

16. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events between the year end and the date of approval of the accounts which would require a change or additional disclosure in the accounts.