COMPANY REGISTRATION NUMBER 5831018

MITRE CAPITAL PARTNERS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2007

MITRE CAPITAL PARTNERS LIMITED

FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2007

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MITRE CAPITAL PARTNERS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

FOR THE YEAR ENDED 31 DECEMBER 2007

Company registration number	5831018
The board of directors	S Annison P Cragg R Ellis A Haygarth C Keay J Mitchell C Morley S Murrell D Pearson C Sutton C White
Company secretary	R Hawker
Registered office	Building 3 Floor 2 Carlton Park Narborough Leicester LE19 0AL
Current auditor	Deloitte & Touche LLP Chartered Accountants & Registered Auditors Manchester
Bankers	Alliance & Leicester plc Bridle Road Bootle Merseyside L30 4GB

MITRE CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and audited financial statements for the year ended 31 December 2007

RESULTS AND DIVIDENDS

The Company elected to adopt International Financial Reporting Standards (IFRS) for the reporting of its financial results and position as at 31 December 2007 The Company made the decision to report under IFRS to align the subsidiary's reporting with its ultimate parent company, Alliance & Leicester plc, which publish their Annual Report and Accounts under IFRS and to apply best practice

Prior year balances have been reassessed under IFRS but there has been no material impact to the financial position reported under UK Generally Accepted Accounting Principles (UK GAAP) for the period ended 31 December 2006 and therefore restatement of comparative figures has not been necessary

The trading results for the year, and the Company's financial position at the end of the year are shown in the attached financial statements

The directors have not recommended a dividend (period to 31 December 2006 £nil)

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company is a 100% subsidiary of Lanebridge Securities Limited, which is a majority owned subsidiary of Alliance & Leicester plc

The Company's principal activities are those of financiers of property assets for the commercial property sector Trading commenced on 23 April 2007, when the trade and assets of Ansbacher & Co Limited's property lending division were acquired by the Company

The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year and the business is expected to continue at current levels

The Company was dormant in the prior period and did not trade As noted above, trading commenced on 23 April 2007, and resulted in an operating loss of £2,524,181 for the year ended 31 December 2007, as shown in the company's income statement on page 10

The Company's loss for the year ended 31 December 2007 has led to a net liabilities position at the end of the year, as shown on the balance sheet on page 12 Details of amounts owed to the company's parent undertakings at 31 December 2007 are shown in note 13 to the financial statements

Alliance & Leicester plc manages its operations on a divisional basis For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business The performance of the Commercial Bank division of Alliance & Leicester plc, which includes the Company, is discussed in the Group's Annual Report and Accounts

MITRE CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS

The following persons were directors of the company during the year

S Annison	(Appointed 12 April 2007)
P Cragg	(Appointed 23 April 2007)
Dechert Nominees Limited	(Resigned 12 April 2007)
Dechert Secretaries Limited	(Resigned 12 April 2007)
R Ellis	(Appointed 30 November 2007)
A Haygarth	(Appointed 23 April 2007)
C Keay	(Appointed 23 April 2007)
J Mitchell	(Appointed 3 December 2007)
C Morley	(Appointed 23 April 2007)
S Murrell	(Appointed 23 April 2007)
D Pearson	(Appointed 3 December 2007)
M Schuler	(Appointed 12 April 2007 and resigned 23 April 2007)
C Sutton	(Appointed 23 April 2007)
C White	(Appointed 23 April 2007)

L Daniel was appointed as a director on 23 April 2007 and resigned on 31 July 2008

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest at any time during the period in any contract of significance with the Company (2006 none)

CORPORATE GOVERNANCE

The Company operates under the Group's Corporate Governance Structure the key elements of which are described in the Group's Statement of Corporate Governance along with details of how the Group complies with the principles of the Combined Code in the Group's Annual Report and Accounts

SOCIAL RESPONSIBILITIES

The Company operates in accordance with Group policies which are described in the Corporate Responsibility Report in the Group's Annual Report and Accounts

EMPLOYEES

Mitre Capital Partners Limited values its employees and we recognise our responsibilities to provide a positive working environment

Details on the number of employees and related costs can be found in note 6 to the financial statements

ENVIRONMENT

The Alliance & Leicester plc Group recognises that it has a responsibility to act in a way that respects the environment The Company operates in accordance with Group policies which are described in the Corporate and Social Responsibility Report in the Group's Annual Report and Accounts

CREDITOR PAYMENT POLICY

The Company operates in accordance with the Group's Creditor Payment Policy, details of which are disclosed in the Group s Annual Report and Accounts

PRINCIPAL RISKS AND UNCERTAINTIES

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are operational risk, credit risk and liquidity risk The Company manages its risk in line with the Group's Risk Management Policy and Control Framework and the Statement of Corporate Governance as described in the Group s Annual Report and Accounts

Information specific to this Company in relation to risk is disclosed in note 5 of these accounts

The financial risks of the Company are managed by the Group Treasury function of the ultimate parent Company, Alliance & Leicester plc

The Company is mainly financed by loans from its immediate parent undertaking and the level of the third party debt is not considered to be material

DISCLOSURE OF INDEMNITIES

The directors confirm that under Section 309A of the Companies Act -

a) at the time this Directors' Report is signed a qualifying third party indemnity provision (provided by the ultimate parent companies Alliance & Leicester plc) is in force for the benefit of all the directors of the Company,

b) for the financial year ended 31 December 2007 a qualifying third party indemnity provision (provided by the ultimate parent companies Alliance & Leicester plc) was in force for the benefit of all the directors of the Company and,

c) that there is no qualifying third party indemnity provision provided by the Company either on the date the Directors' Report is signed or in the last financial year

MITRE CAPITAL PARTNERS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2007

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are a director at the approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given in accordance with the provisions of Section 234ZA of the Companies Act 1985

AUDITORS

On 26 July 2007, Deloitte & Touche LLP (the "Auditors") were appointed by the Board to act as the first auditors to the Company, such appointment being subject to Members' approval thereafter Having consented to act as Auditors to the Company for a further year, a resolution for the Members to appoint the Auditors will be put to Annual General Meeting at which these accounts are approved In accordance with section 487(2) of the Companies Act 2006, if such resolution is passed, the Auditors will hold office until further notice and be deemed to be re-appointed for each succeeding year

Approved by the board on 20 August 2008
and signed on its behalf by

C Morley
Director

MITRE CAPITAL PARTNERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union The financial statements are required by law to be properly prepared in accordance with IFRS as adopted by the European Union and the Companies Act 1985

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

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 the financial statements comply with 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITRE CAPITAL PARTNERS LIMITED

We have audited the financial statements of Mitre Capital Partners Limited for the year ended 31 December 2007 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 20 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 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 (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any further information outside the Annual Report

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 MITRE CAPITAL PARTNERS LIMITED (continued)

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of its loss 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

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
Manchester

21 AUGUST 2008

MITRE CAPITAL PARTNERS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	**Year from 1 January to 31 December 2007 £**	Period from 30 May to 31 December 2006 £
Revenue		**10,772,228**	-
Cost of sales finance costs		**(7,985,157)**	-
GROSS PROFIT		**2,787,071**	-
Administrative expenses		**(2,078,623)**	-
Impairment losses on loans and advances		**(3,232,629)**	-
LOSS FROM OPERATIONS	6	**(2,524,181)**	-
Finance income	8	**46,548**	-
LOSS BEFORE TAX		**(2,477,633)**	-
Corporation tax income	9	**642,652**	-
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF MITRE CAPITAL PARTNERS LIMITED		**(1,834,981)**	-

There are no other recognised gains or losses in the current financial period other than the loss for the financial period

All of the activities of the Company are classed as continuing

The notes on pages 14 to 33 form part of these financial statements

MITRE CAPITAL PARTNERS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 January 2007	1	-	1
Loss for the year	-	(1,834 981)	(1,834,981)
Balance at 31 December 2007	1	(1,834,981)	(1,834,980)

	Issued capital £	Retained earnings £	Total equity £
Balance at 30 May 2006	-	-	-
Result for the period	-	-	-
Issue of share capital	1	-	1
Balance at 31 December 2006	1	-	1

The notes on pages 14 to 33 form part of these financial statements

MITRE CAPITAL PARTNERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	2006 £
ASSETS			
NON CURRENT ASSETS			
Intangible assets	10	**2,550,504**	-
Property, plant and equipment	11	**318,423**	-
		2,868,927	-
CURRENT ASSETS			
Trade and other receivables	12	**188,060,259**	1
Cash and cash equivalents	14	-	-
		188,060,259	1
TOTAL ASSETS		**190,929,186**	1
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	15	**1**	1
Retained loss		**(1,834,981)**	-
(DEFICIT)/EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF MITRE CAPITAL PARTNERS LIMITED		**(1,834,980)**	1
NON CURRENT LIABILITIES			
Trade and other payables	17	**164,198,772**	-
CURRENT LIABILITIES			
Trade and other payables	17	**28,565,394**	-
TOTAL EQUITY AND LIABILITIES		**190,929,186**	1

The notes on pages 14 to 33 form part of these financial statements

Approved by the Board on 20 August 2008 and signed on its behalf by

C Morley
Director

MITRE CAPITAL PARTNERS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Total loss for the year		**(1,834,981)**	-
NON-CASH ADJUSTMENTS			
Increase in trade and other receivables		**(187,308,954)**	(1)
Increase in trade and other payables		**1,736,685**	-
		(185,572,269)	(1)
CASH FLOWS FROM OPERATING ACTIVITIES		**(187,407,250)**	(1)
Group relief paid		**(7,491)**	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(187,414,741)**	(1)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions		**(2,550,504)**	
Payments to acquire property, plant and equipment		**(318,423)**	-
		(2,868,927)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Gross proceeds from issue of equity share capital		-	1
Receipt of cash advances from related parties		**191,027,482**	
Repayment of cash advances to related parties		**(743,814)**	-
		190,283,668	1
NET INCREASE IN CASH AND CASH EQUIVALENTS		-	-
Cash and cash equivalents as at 1 January		-	-
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	14	-	-

The notes on pages 14 to 33 form part of these financial statements

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The Company's financial statements for the year were authorised for issue on 20 August 2008 and the balance sheet signed on the board's behalf by C Morley Mitre Capital Partners Limited is a limited company incorporated and domiciled in England & Wales The Company's registered office is shown on page 2

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) The financial statements have also been prepared in accordance with IFRS adopted for use by the European Union (EU), and therefore the financial statements comply with Article 4 of the EU IAS regulation The principal accounting policies adopted by the company are set out in note 2

These are the Company's first financial statements to which IFRS 1 – 'First time adoption of International reporting standards' has been applied

Results and disclosures for the comparative period are on the same basis as the 2007 results

2. ACCOUNTING POLICIES

Accounting convention

The Company prepares its accounts under the historical cost convention The principal policies adopted are set out below

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured All such revenue is reported net of discounts and value added and other sales taxes

Upfront arrangement fees on financing agreements with customers are spread on an effective interest rate basis over the expected life of that agreement

Profit shares that may arise on the Company's transactions are recognised either on full repayment of the financing agreement, or when virtually certain to be received in the future with reference to the stage of completion of the underlying development

Interest expense recognition

Interest expense on financial assets and liabilities held at amortised cost is measured using the effective interest rate method, which allocates the interest income or interest expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument

2. ACCOUNTING POLICIES (continued)

Taxation

The tax credit represents the sum of the tax currently receivable and deferred income tax

The tax currently receivable is based on taxable profit for the year Taxable profit differs from Profit before tax' as reported in the income statement because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible Taxable profit also includes items that are taxable or deductible that are not included in 'Profit before tax' The Company's asset for current tax and deferred tax is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date

Deferred tax assets are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits Short term deposits are defined as deposits with an initial maturity of three months or less

Financial assets

The company classifies all its financial assets as determined at initial recognition as loans and receivables Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market

Loans and receivables are carried at amortised cost using the effective interest rate method Interest calculated using the effective interest rate method is recognised in the income statement

Trade and other receivables are recognised by the Company and carried at original invoice amount less an allowance for any uncollectible or impaired amounts

Financial liabilities

Non-trading financial liabilities are held at amortised cost Finance costs are charged to the income statement using the effective interest rate method

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

2. ACCOUNTING POLICIES (continued)

Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events

a) significant financial difficulty of the issuer or obligor,
b) a breach of contract, such as a default or delinquency in interest or principal payments,
c) the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Company would not otherwise consider,
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation,
e) the disappearance of an active market for that financial asset because of financial difficulties, or
f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including
   i) adverse changes in the payment status of borrowers in the group, or
   ii) national or local economic conditions that correlate with defaults on the assets in the group

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant If there is no objective evidence of impairment for an individually assessed financial asset it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment

Commercial lending is reviewed for impairment on a case by case basis for individually significant loans Loans that are not individually significant are assessed for impairment on a portfolio basis

Impairment is calculated based on the probability of default, exposure at default and the loss given default, using recent data An adjustment is made for the effect of discounting cash flows

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's effective interest rate

Financial assets are written off when it is reasonably certain that receivables are irrecoverable

2. ACCOUNTING POLICIES (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously

Foreign currencies

Foreign currency monetary transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions, and are re-translated at year end exchange rates Foreign exchange gains and losses are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges

Intangible fixed assets

Intangible fixed assets are included at cost and are subject to annual impairment tests

Goodwill	Indefinite life

Property, plant and equipment and depreciation

The cost of additions and improvements to office premises, fixtures and fittings, and equipment is capitalised The cost of fixed assets less estimated residual value is written off on a straight line basis over the estimated useful lives as follows

Fixtures and fittings	5 years
IT equipment	4 years

2. ACCOUNTING POLICIES (continued)

Changes to IFRS not adopted in the 2007 accounts

The International Accounting Standards Board has published the following IAS, IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

Standard/Interpretation	Issued	Effective for periods commencing on or after
Amendments to IAS 1 Presentation of financial statements - A revised presentation[1]	Sep 2007	1 Jan 2009
Amendment to IAS 23 Borrowing costs[1]	Mar 2007	1 Jan 2009
IFRIC 11 IFRS 2 group and treasury share transactions	Nov 2006	1 Mar 2007
IFRIC 12 Service concession arrangements[2]	Nov 2006	1 Jan 2008
IFRIC 13 Customer Loyalty Programmes[3]	Oct 2007	1 Jul 2008
IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	July 2007	1 Jan 2008
Amendment to IFRS 2 Share based payments – Vesting conditions and cancellations	Jan 2008	1 Jan 2009
IFRS 3 (revised) Business combinations[4]	Jan 2008	1 Jul 2009
Amendments to IAS 27 Consolidated and separate financial statements[4]	Jan 2008	1 Jul 2009

Notes
1 May be adopted prior to endorsement as long as there is no conflict with the current standard
2 May not be adopted in the EU prior to endorsement for arrangements currently accounted for under IFRIC 4
3 May not be adopted prior to endorsement as interpretive only
4 May not be adopted prior to endorsement These two standards are expected to apply prospectively so there will be no retrospective adjustment to balances currently being reported when presented as comparatives

The Company has not elected to adopt these standards and interpretations early in these financial statements The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF SIGNIFICANT MANAGEMENT JUDGEMENT

Some asset and liability amounts reported in the accounts are based on management judgement, estimates and assumptions There is a risk of significant changes to the carrying amounts for these assets and liabilities within the next financial year

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF SIGNIFICANT MANAGEMENT JUDGEMENT (continued)

Provisions for bad and doubtful debts

Individual provisions are made in respect of finance agreements where recovery is considered doubtful, a collective provision is made for losses which, although not specifically identified, are known to be inherent in any portfolio of lending The provisions are deducted from the net investment in finance agreements The charge in the income statement comprises write offs, recoveries and the net movement in provisions in the year

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of these assets The value in use calculation requires the Company to estimate future cash flows expected to arise and a suitable discount rate in order to calculate present value

Effective interest rate calculations

IAS 39 requires certain financial assets and liabilities to be held at amortised cost, with income recognised using the EIR methodology In order to calculate EIR, the contracted repayment profile is used If customers repay earlier than anticipated, this will generally lead to an increase in the balance sheet carrying value and a gain in the income statement

4. RISK MANAGEMENT POLICY AND CONTROL FRAMEWORK

As a result of its normal business activities, the Company is exposed to a variety of risks, the most significant of which are operational risk, credit risk and liquidity risk The Company manages its risk with due consideration of the policies of its ultimate parent undertaking, Alliance & Leicester plc, details of which can be found in the notes and the Statement of Corporate Governance as described in the Group's Annual Report

5. RISK MANAGEMENT DISCLOSURES

Operational risk

Operational risk is defined as 'the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events' Operational risk is monitored by the directors with due consideration for the policies of the ultimate parent undertaking, Alliance & Leicester plc, as described in the Risk Management Policy and Control Framework in the Annual Report

Responsibility for ensuring effective operation of the framework within which operational risk is managed and its consistent application rests with the ultimate parent undertaking, Alliance & Leicester plc Day to day management of operational risk rests with line managers It is managed through a combination of internal controls, processes and procedures and various risk mitigation techniques, including insurance and business continuity planning Oversight of regulatory risk is the responsibility of the Group Risk and Compliance functions of the ultimate parent undertaking, Alliance & Leicester plc

5. RISK MANAGEMENT DISCLOSURES (continued)

Credit risk

Credit risk is the risk of loss arising from a customer or counterparty failing to meet their financial obligations to the Company as and when they fall due The Company manages its credit risk with due consideration of the policies of its ultimate parent undertaking, Alliance & Leicester plc

Lending decisions are based on independent credit risk analysis supplemented by the use of internal ratings tools which assess the obligor's likelihood of default The output of the ratings tools is a borrower grade which maps to a long-run average one year probability of default Borrower grades are reviewed at least annually, allowing identification of adverse individual and sector trends The grade is integrated into an overall Credit & Risk evaluation, including wider factors such as transaction and borrower structure (ranking and structural subordination), debt serviceability and security (initial and residual value considerations) Consideration is also given to risk mitigation measures to protect the Company, such as third-party guarantees, supporting collateral and security, robust legal documentation, financial covenants and hedging Transactions are further assessed using an internal pricing model which measures both the return on equity and the risk adjusted return on capital against a series of benchmarks to ensure risks are appropriately priced

Portfolio asset quality monitoring is based on a number of measures, including expected loss, financial covenant monitoring, security revaluations, pricing movements and external input from rating agencies and other organisations Should particular exposures begin to show adverse features such as payment arrears, covenant breaches or business trading performance that is materially worse than expected at the point of lending, a full risk reappraisal is undertaken Where appropriate, case management is transferred to a specialist recovery team that works with the customer in an attempt to resolve the situation If this does not prove possible, cases are classified as being unsatisfactory and are subject to intensive monitoring and management procedures designed to maximise debt recovery

At 31 December 2007, the lending book exposures wholly related to the property industry 100% of these balances were secured The main types of security are charges over property assets being financed

There were no lending balances as at 31 December 2006

Arrears and impairment

8 4% of the Company s lending balances were over 30 days in arrears or individually impaired at 31 December 2007 There were no lending balances at 31 December 2006, therefore comparative information has not been provided

5. RISK MANAGEMENT DISCLOSURES (continued)

Arrears and impairment (continued)

Payment due status

	2007 Total loans and advances to customers £	%
Not impaired		
Neither past due nor impaired	175,536,454	91 6
Past due up to 3 months but not impaired	-	-
Impaired		
Past due 3 to 5 months	-	-
Past due over 5 months	-	-
Individually assessed impairments	16 106,179	8 4
	191,642,633	**100**
IAS adjustment	(99,415)	-
Provisions	(5,471,629)	-
Total	**186,071,589**	

The carrying value of repossessed assets was £Nil (2006 £Nil)

The fair value of collateral on impaired assets at 31 December 2007 was £11,787,693 (2006 £Nil)

Interest accrued on impaired assets at 31 December 2007 was £36,642 (2006 £Nil)

The portfolio is subject to regular monitoring for potential impairment This monitoring includes review of each counterparty's repayment record and examination of new financial and business sector information relevant to each counterparty In the event of deterioration in a counterparty's creditworthiness being identified through this monitoring a thorough analysis is undertaken to establish the full circumstances surrounding the cause and severity of that deterioration Where this indicates a reasonable expectation that future anticipated cashflows may not be received, the asset originating these doubtful cashflows is deemed to be impaired Typical reasons for an impairment charge being made include counterparty insolvency, failure to make agreed repayments or a breach of a covenant included within facility documentation

£Nil (2006 £Nil) of loans that would have been past due or impaired, have had their terms renegotiated In the normal course of business some loans to customers have had their maturity dates extended

5. RISK MANAGEMENT DISCLOSURES (continued)

Arrears and impairment (continued)

Loans up to 3 months past due have a collective provision set aside to cover losses on loans which are not yet identifiable

£10,586,465 of loans are bank guaranteed in accordance with a sub-participation agreement with the non-related bank

All customer exposures are to corporates and principals involved in developments

Impairment on loans and advances

	2007 £000	2006 £000
Acquisition of portfolio on 23 April 2007		
Individual	**1,739**	-
Collective	**500**	-
Total impairments	**2,239**	-
Charge for the year	**3,233**	
Recoveries of amounts previously written off	-	-
Provision utilised in the year	-	
Total amounts charged in year	**3,233**	-
At 31 December		
Individual	**4,731**	-
Collective	**741**	-
Total impairments	**5,472**	-

Market risk

Market risk is the potential adverse change in Company income or the value of Company net worth arising from movements in market rates, including interest rates, exchange rates, inflation rates and equity prices The Company manages market risk with due consideration of the policies of its ultimate parent undertaking, Alliance & Leicester plc which recognise that the effective management of market risk is essential to the maintenance of stable earnings and the preservation of shareholder value

Interest rate risk

Interest rate risk is the most significant market risk to which the Company is exposed This risk mainly arises from mismatches between the re-pricing dates of the interest bearing assets and liabilities on the Company's balance sheet, and from the investment of the Company's reserves Interest rate risk primarily arises in the Company's leasing trade The exposure in this area is hedged with Group Treasury using interest rate swaps and other appropriate instruments

5. **RISK MANAGEMENT DISCLOSURES (continued)**

Interest rate risk (continued)

Value at Risk (VaR) is a measurement of the maximum amount likely to be lost from existing risk positions as a result of movement in market rates and prices This is calculated over a particular period and at a particular confidence level

Group Treasury uses a variance-covariance VaR model, based on historical volatility and correlation data, to a 95% confidence level over a 1 month holding period time horizon

Although it is a useful tool in measuring Risk, VaR does contain some limitations

- It does not accurately measure extreme events
- The use of a 95% confidence level does not by definition include losses beyond this level of confidence
- It relies on the historical volatility and correlation data being similar to the volatility and correlation positions going forward

The interest rate value at risk exposure for the Company at 31 December 2007 was immaterial

Foreign exchange risk

The Company clears its positions with Alliance & Leicester plc treasury function in accordance with the policy of transferring market risk positions to Alliance & Leicester Group Treasury wherever possible As part of its normal operations Alliance & Leicester Group Treasury borrows and invests funds in currencies other than Sterling The foreign exchange risks of these activities are hedged within Alliance & Leicester Group Treasury's limits

Equity risk

The Company has no material exposure to equity markets

Liquidity risk

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can only secure them at excessive cost

The Company is mainly financed by loans from its immediate parent undertakings and the level of the third party debt is not considered to be material

The directors consider that there are no material differences between the carrying value and fair value of the financial assets and liabilities disclosed in the financial statements

5. RISK MANAGEMENT DISCLOSURES (continued)

Liquidity risk (continued)

The following table analyses the Company's non-derivative liabilities into relevant maturity groupings based on the remaining period at the balance sheet date (to contractual maturity) These have been drawn on the undiscounted contractual maturities of financial liabilities including interest that will accrue to those liabilities except where the Company is entitled and intends to repay the liability before its maturity

2007	Repayable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	£	£	£	£	£	£
Due to suppliers	196.058	-	-	-	-	196,058
Due to related parties	28,369,336	-	-	164,198,772	-	192,568,108
Total liabilities	28.565,394	-	-	164,198,772	-	192,764,166

There were no liabilities in the period ended 31 December 2006

6. LOSS FROM OPERATIONS

Auditors' remuneration

Auditors' remuneration of £4,210 was borne by the Company in the current year (period to 31 December 2006 £nil)

Particulars of employees

The average number of staff employed by the Company during the current financial year and preceding financial period amounted to

	Year from 1 January to 31 December 2007	Period from 30 May to 31 December 2006
	No	No
Sales	**4**	-
Office, sales support and administration	**6**	-
Total	**10**	-

6. LOSS FROM OPERATIONS (continued)

Particulars of employees (continued)

The aggregate payroll costs of the above were

	Year from 1 January to 31 December 2007 £000	Period from 30 May to 31 December 2006 £000
Wages and salaries	700	-
Social security costs	90	-
Other pension costs	84	-
Total	874	-

7. DIRECTORS' EMOLUMENTS

Mr Morley, Mr Haygarth, and Mr Ellis are employees of Alliance and Leicester plc, and their remuneration is borne by that company, with the majority of their services carried out in relation to that company

The directors listed above deem it appropriate not to directly allocate any of the above directors' costs to the income statement of Mitre Capital Partners Limited

Mr Cragg, Mr Mitchell, Mr Murrell, Mr Pearson, Mr Sutton and Mr Daniel were directors of Mitre Capital Partners Limited during the year, and their remuneration was borne by the company, and disclosed below

No other directors received any emoluments in respect of qualifying services to the Company during the year (2006 nil)

7. DIRECTORS' EMOLUMENTS (continued)

The directors' aggregate emoluments in respect of qualifying services were

	Year from 1 January to 31 December 2007 £000	Period from 30 May to 31 December 2006 £000
Emoluments receivable	546	-
Value of company pension contributions to money purchase schemes	68	-
Total	614	-

Emoluments of highest paid director:

	Year from 1 January to 31 December 2007 £000	Period from 30 May to 31 December 2006 £000
Emoluments receivable	160	-
Value of company pension contributions to money purchase schemes	22	-
Total	182	-

The number of directors who accrued benefits under company pension schemes was as follows

	Year from 1 January to 31 December 2007 No	Period from 30 May to 31 December 2006 No
Money purchase schemes	6	-

8. FINANCE INCOME

	Year from 1 January to 31 December 2007 £	Period from 30 May to 31 December 2006 £
Interest receivable from related parties	46,548	-
	46,548	-

9. CORPORATION TAX INCOME

Components of Corporation tax income

	Year from 1 January to 31 December 2007 £	Period from 30 May to 31 December 2006 £
Current tax income		
Current tax credit	**(7,491)**	-
Adjustments to current tax of prior period	**-**	-
Current tax income	**(7,491)**	-
Deferred tax income		
Relating to origination and reversal of temporary differences	**(635,161)**	-
Adjustments to deferred tax of prior period	**-**	-
Deferred tax income	**(635,161)**	-
Corporation tax income reported in income statement	**(642,652)**	-

Reconciliation of corporation tax income to accounting profit

	Year from 1 January to 31 December 2007 £	Period from 30 May to 31 December 2006 £
Loss on ordinary activities before taxation	**(2,477,633)**	-
Tax calculated at a tax rate of 30% (2006 30%)	**(743,290)**	-
Non-taxable income and disallowable expenses	**67,144**	
Impact on deferred tax of change in rate of corporation tax	**33,494**	-
Corporation tax income	**(642,652)**	-

10. INTANGIBLE ASSETS

	2007	2006
	£	£
Cost and net book value		
At 1 January	-	-
Additions in the year	**2,550,504**	-
At 31 December	**2,550,504**	-

On 23 April 2007 the Company acquired the trade and assets of Ansbacher & Co Limited's property lending division The fair value of the total consideration was £125,174,918 The fair value of the net assets acquired (after the adjustments detailed in the table below) was £122,624,416 This resulted in goodwill of £2,550,504

Ansbacher & Co Limited's property lending division	**Book Value**	**Fair Value adjustments**	**Fair Value**
	£	£	£
Loans and advances to customers	124,634,479	(2,239,000)	122,395,479
Other debtors	228,937	-	228,937
Net assets acquired	124,863,416	(2,239,000)	122,624,416
Cash paid for acquisition			124,863,414
Directly attributable costs of acquisition			311,504
Fair value of consideration			125,174,918
Goodwill			2,550,504

On acquisition impairments of £2,239,000 were recognised on the lending portfolio, and therefore cash paid exceeded the book value of the portfolio acquired, creating goodwill to the value of the impairments The additional goodwill relates to professional fees paid on acquisition

MITRE CAPITAL PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

11. PROPERTY, PLANT AND EQUIPMENT

2007	Fixtures & Fittings £	Total £
Cost		
At 1 January 2007	-	-
Additions	334,468	334,468
Disposals	-	-
At 31 December 2007	334,468	334,468
Depreciation		
At 1 January 2007	-	-
Disposals	-	-
Charge for year	16,045	16,045
At 31 December 2007	16,045	16,045
Net book value		
At 1 January 2007	-	-
At 31 December 2007	318,423	318,423

Property, plant and equipment at 30 May 2006 and 31 December 2006 were £nil, with no additions or disposals in the period

12. TRADE AND OTHER RECEIVABLES

	2007 £	2006 £
Current		
Loans and advances to customers	186,071,589	-
Other receivables	391,239	1
Corporation tax payments on account	79,315	-
Deferred tax (note 16)	635,161	-
Prepayments	131,650	-
Amounts owed by related parties (noted 13)	751,305	
	188,060,259	1

13. RELATED PARTY TRANSACTIONS

Ultimate controlling parties

The company is a 100% subsidiary of Lanebridge Securities Limited, which is a subsidiary of Alliance & Leicester plc

The immediate parent company is a subsidiary of Alliance & Leicester plc which is the controlling party and ultimate parent undertaking incorporated in England and Wales

The largest and smallest Group in which the results of the Company are consolidated is that headed by Alliance & Leicester plc The consolidated accounts of this Group are available to the public and may be obtained from Carlton Park, Narborough, Leicester, LE19 OAL

Trading activities

Payable to related parties

	2007	2006
	£	£
Amounts owed to related parties	192,568,108	-

Included in the amounts owed to other related parties is £26,828,710 (2006 £nil) owed to the Company's immediate parent undertaking, and £164,198,772 (2006 £nil) owed to the Company's ultimate parent undertaking

The company entered into transactions with related parties as shown below

	2007	2006
	£	£
Amount owed to related parties		
As at 1 January	-	-
Net movements	192,568,108	-
As at 31 December (note 17)	192,568,108	-
Interest paid to related parties	7,985,157	-

Key management compensation

Key management compensation paid by this Company is shown within the director's emoluments disclosure in note 7

Administration expenses

During the current year the Company paid administrative cost recharges to other Group undertakings of £363,904 (2006 £nil)

13. RELATED PARTY TRANSACTIONS (continued)

Receivable from related parties

	2007	2006
	£	£
Current tax Group relief	7,491	-
Amounts owed by related parties	743,814	
	751,305	-

The company entered into transactions with related parties as shown below

	2007	2006
	£	£
Amount owed from related parties		
As at 1 January	-	-
Net movements	751,305	-
As at 31 December (note 12)	751,305	-
Interest received from related parties	46,548	-

Directors' interests

During the year the Company entered into a loan agreement with Gateway Development (Cambs) Limited, of which a close family member of Mr Sutton is a director The directors consider this loan agreement to be at arm's length and on a normal commercial basis

14. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following

	2007	2006
	£	£
Cash on hand	-	-

15. SHARE CAPITAL

Authorised share capital

	2007		2006	
	£1 Number of Ordinary Shares	£	£1 Number of Ordinary Shares	£
Ordinary share capital	1,000	1,000	1,000	1,000
Total	1,000	1,000	1,000	1,000

15. SHARE CAPITAL (continued)

Issued share capital

	2007		2006	
	£1 Number of Ordinary Shares	**£**	£1 Number of Ordinary Shares	£
Issued and fully paid				
Ordinary share capital	**1**	**1**	1	1
Total	**1**	**1**	1	1

All issued share capital is classified as equity

16. DEFERRED TAX ASSET

	Balance Sheet		Income Statement	
	2007	2006	**2007**	2006
	£	£	**£**	£
Deferred tax asset				
Relating to tax losses	**635,161**	-	**(635,161)**	-

The Company has recognised a deferred tax asset arising from unused tax losses as it is probable that future taxable profits will be available against which these can be offset

The movement in the deferred tax account is as follows

	2007	2006
	£	£
At 1 January 2007	-	-
Deferred tax transferred out	-	-
Income statement credit (note 9)	**(635,161)**	-
At 31 December 2007 (note 12)	**(635,161)**	-

17. TRADE AND OTHER PAYABLES

	2007	2006
	£	£
Non current		
Payable to related parties (note 13)	**164,198,772**	-
	164,198,772	-
Current		
Payable to related parties (note 13)	**28,369,336**	-
Payable to trade supplier	**196,058**	-
	28,565,394	-

18. PENSIONS

The Company contributions payable during the year to defined contribution schemes were £84,210 (2006 £nil) There were no unpaid contributions at 31 December 2007

19. RECONCILIATION OF 31 DECEMBER 2006 UKGAAP SHAREHOLDERS' EQUITY TO 31 DECEMBER 2006 IFRS SHAREHOLDERS EQUITY

Prior year balances have been reassessed under IFRS but there has been no material impact to the financial performance or position reported under UK Generally Accepted Accounting Principles (UK GAAP) for the period ended 31 December 2006 and therefore restatement of comparative figures has not been necessary

20. CAPITAL

Capital is managed on a Group basis The objectives, policies and processes for managing capital are disclosed in the Group's Annual Report