

Company Registration No. SC287838

**DUNEDIN PROPERTY INDUSTRIAL
FUND LIMITED**

Report and financial statements

Year ended 31 December 2006

WEDNESDAY



S6PD5U98

SCT

31/10/2007

47

COMPANIES HOUSE

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Notes to the financial statements	9

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Barry
S Gibson
A Fullerton

SECRETARY

A Fullerton

REGISTERED OFFICE

39 George Street
Edinburgh
EH2 2HN

BANKERS

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Edinburgh

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

DIRECTORS' REPORT

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

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

PRINCIPAL ACTIVITIES

The company is principally engaged in the business of investing in Jersey property unit trusts

DIRECTORS

The directors who served throughout the year, are as follows

R Barry
S Gibson
A Fullerton
I Solley (resigned 20 July 2007)
A Blain (appointed 17 April 2006, resigned 11 October 2007)

AUDITORS


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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- 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 and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985

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



A Fullerton
Secretary

29 October 2007

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 profit or loss of the company for that period. 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that 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 DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

We have audited the financial statements of Dunedin Property Industrial Fund Limited for the year ended 31 December 2006, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.


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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED (Continued)

Opinion

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 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

Chartered Accountants and Registered Auditors
Edinburgh, United Kingdom

31st October 2007

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2006

		1 January 2006 to 31 December 2006 £	22 July 2005 to 31 December 2005 £
	Note		
Gross profit			
Administrative expenses		(124,792)	(1,529)
OPERATING LOSS: continuing operations	3	(124,792)	(1,529)
Interest receivable and similar income	4	3,396,493	3,008,682
Interest payable and similar charges	5	(3,941,963)	(3,061,915)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(670,262)	(54,762)
Tax on loss on ordinary activities	6		(68,695)
LOSS FOR THE FINANCIAL PERIOD		(670,262)	(123,457)

The statement of movements on reserves is shown in note 12 to the financial statements

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES **Year ended 31 December 2006**

	1 January 2006 to 31 December 2006 £	22 July 2005 to 31 December 2005 £
Loss for the financial period	(670,262)	(123,457)
Revaluation of investments	5,100,727	
Total recognised gains and losses related to the period	4,430,465	(123,457)

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

BALANCE SHEET 31 December 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Investments	7	10,069,763	9
CURRENT ASSETS			
Debtors	8	188,254,258	171,195,430
Cash at bank and in hand		1,583,438	1,546,218
		<u>189,837,696</u>	<u>172,741,648</u>
CREDITORS: amounts falling due within one year	9	<u>(125,663,633)</u>	<u>(54,078,740)</u>
NET CURRENT ASSETS		<u>64,174,063</u>	<u>118,662,908</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>74,243,826</u>	<u>118,662,917</u>
CREDITORS: amounts falling due after more than one year	10	<u>(64,967,790)</u>	<u>(118,786,373)</u>
NET ASSETS/(LIABILITIES)		<u><u>9,276,036</u></u>	<u><u>(123,456)</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	4,969,028	1
Revaluation reserve	12	5,100,727	
Profit and loss account	12	(793,719)	(123,457)
SHAREHOLDERS' FUNDS/(DEFICIT)	13	<u><u>9,276,036</u></u>	<u><u>(123,456)</u></u>

These financial statements were approved by the Board of Directors on 24 October 2007

Signed on behalf of the Board of Directors



A Fullerton
Director

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding period.

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of investments in subsidiaries, and in accordance with applicable United Kingdom accounting standards.

Consolidation

The company's financial statements present information about it as an individual undertaking and not about its group. No consolidated financial statements have been prepared for the company and its subsidiary undertakings under the terms of the Companies Act 1985 section 228 (1) (b) which exempts parent companies whose financial statements are included in the financial statements of a larger group from preparing consolidated financial statements.

Investments in subsidiaries

Investments in subsidiaries are shown using the alternative valuation rules, with regard to the carrying value of the underlying net assets of the individual subsidiaries.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised when fixed assets are revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No director received emoluments from the company during the year or the previous period

The directors receive remuneration from Dunedin Property Asset Management Limited, a related company, for services to Dunedin Property Industrial Fund Limited. It is not considered practical to make any apportionment in respect of services to the company

There were no employees during the year or the previous period

3 OPERATING LOSS

1 January 2006 to 31 December 2006 £	22 July 2005 to 31 December 2005 £
--	--

Operating loss is after charging:

Auditors' remuneration non audit fees	5,000	
Intercompany loan write off	98,383	
Auditors' remuneration audit fees	22,000	1,389
	<u>125,383</u>	<u>1,389</u>

4 INTEREST RECEIVABLE AND SIMILAR INCOME

1 January 2006 to 31 December 2006 £	22 July 2005 to 31 December 2005 £
--	--

Bank interest	181,329	9,730
Intercompany interest	3,215,164	2,998,952
	<u>3,396,493</u>	<u>3,008,682</u>

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1 January 2006 to 31 December 2006 £	22 July 2005 to 31 December 2005 £
Intercompany interest	3,215,164	2,998,952
Bank loans and overdrafts		773
Bank charges	779	571
Amortisation of finance costs	726,020	61,619
	<u>3,941,963</u>	<u>3,061,915</u>

6 TAX ON LOSS ON ORDINARY ACTIVITIES

Tax charge for the year

	1 January 2006 to 31 December 2006 £	22 July 2005 to 31 December 2005 £
<i>Current taxation</i>		
United Kingdom corporation tax		68,695
	<u></u>	<u>68,695</u>

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

6 TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

The standard rate of corporation tax for the year/period, based on the UK standard rate of corporation tax is 30%
The actual tax charge for the current year and the previous period differs from the standard rate for the reasons set out in the following tax reconciliation

Reconciliation of current tax

	1 January 2006 to 31 December 2006 £	22 July 2005 to 31 December 2005 £
Loss on ordinary activities before taxation	(670,262)	(54,762)
Tax on loss on ordinary activities at standard rate	(201,079)	(16,429)
<i>Factors affecting charge for the year</i>		
Transfer pricing adjustments		85,124
Group relief received for no payment	171,564	
Expenses not taxable	29,515	
Total actual amount of current tax		68,695

No deferred tax has been provided on the gains arising from the revaluation of the investment in subsidiaries as such tax would only become payable if the subsidiaries were sold without rollover relief being obtained. The tax which would be payable in such circumstances is estimated to be £1,518,000

7 INVESTMENTS HELD AS FIXED ASSETS

	Investment in subsidiaries £
Cost or valuation	
At 1 January 2006	9
Additions in year	4,969,027
Revaluation of investments	5,100,727
At 31 December 2006	10,069,763

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

7 INVESTMENTS HELD AS FIXED ASSETS (continued)

The Company owns 100% of the issued share capital of the subsidiary undertakings set out below

Subsidiary undertakings	Country of incorporation	Country of registration	Activity
DPIF (Newton Aycliffe) Limited	Great Britain	England and Wales	Property trading
DPIF (Newton Aycliffe) No 2 Limited	Great Britain	England and Wales	Property trading
DPIF (Cambridge) Limited	Great Britain	England and Wales	Property trading
DPIF (Cambridge) No 2 Limited	Great Britain	England and Wales	Property trading
DPIF (Peterlee) Limited	Great Britain	England and Wales	Property trading
DPIF (Peterlee) No 2 Limited	Great Britain	England and Wales	Property trading
DPIF (Treforest) Limited	Great Britain	England and Wales	Property trading
DPIF (West Molesey) Limited	Great Britain	England and Wales	Property trading
DPIF (Enfield) Limited	Great Britain	England and Wales	Property trading

8 DEBTORS

	2006 £	2005 £
Amounts due from group undertakings	188,247,662	171,191,687
Sundry debtors	6,596	3,743
	<u>188,254,258</u>	<u>171,195,430</u>

Included in debtors is £35,571,644 (2005 £nil) which is due after more than one year

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade creditors	116,858	165
Amounts owed to related undertakings (Note 15)		470,743
Amounts owed to group undertakings	125,090,957	52,662,383
Corporation tax		68,695
Sundry creditors	455,818	876,754
	<u>125,663,633</u>	<u>54,078,740</u>

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £	2005 £
Bank loan		118,786,373
Amounts owed to group undertakings	64,967,790	
	<u>64,967,790</u>	<u>118,786,373</u>

The senior loan was shown net of an unamortised arrangement fee of £nil (2005 £681,627) The bank loan was repaid during the year

Bank loans and overdrafts within Dunedin Property Capital Fund Limited, an intermediate parent company, are secured by a bond and floating charge over all the assets of the company, supported by unlimited intercompany composite guarantees covering the Dunedin Property Capital Fund Limited group companies

11 CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised		
4,970,000 (2005 100) Ordinary shares of £1 00 each	<u>4,970,000</u>	<u>100</u>
Called up, allotted and fully paid		
4,969,028 (2005 1) Ordinary shares of £1 00 each	<u>4,969,028</u>	<u>1</u>
Ordinary shares		
Balance at 1 January 2006	1	1
New issue	<u>4,969,027</u>	
Balance at 31 December 2006	<u>4,969,028</u>	<u>1</u>

On 5 October 2006, 4,969,027 ordinary shares of £1 each were issued for cash at par

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

12 STATEMENT OF MOVEMENTS ON RESERVES

	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2006		(123,457)	(123,457)
Loss for the financial year		(670,262)	(670,262)
Revaluation of investments	5,100,727		5,100,727
At 31 December 2006	5,100,727	(793,719)	4,307,008

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS / (DEFICIT)

	2006 £	2005 £
Loss for the financial period	(670,262)	(123,457)
Net other recognised gains for the period	5,100,727	
Capital subscribed	4,969,027	
Net addition to/(reduction in) shareholders' funds	9,399,492	(123,457)
Opening shareholders' (deficit) / funds	(123,456)	1
Closing shareholders' funds / (deficit)	9,276,036	(123,456)

14 IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking is Dunedin Property Industrial Fund (No 3) Limited. The ultimate parent undertaking is Dunedin Property Group Limited. Dunedin Property Capital Fund Limited is the parent company of the largest group into which the company's results are consolidated. The parent undertaking of the smallest such group is Dunedin Property Industrial Fund (Holdings) Limited. Copies of the consolidated group financial statements are available from Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

15 RELATED PARTY TRANSACTIONS

During the year and the previous period the company engaged in certain transactions with the following companies in which certain directors had an ownership interest

		1 January 2006 to 31 December 2006 £	22 July 2005 to 31 December 2005 £
Related party transactions in which directors have a certain ownership interest	Nature of transaction		
Dunedin Property Asset Management Limited	Increase in loans to related parties	(60,878)	60,878
Dunedin Property Limited	Increase in loans to related parties	(409,865)	409,865
		<u>(470,743)</u>	<u>470,743</u>
		2006 £	2005 £
At 31 December, the following amounts were payable from the following related parties:			
Dunedin Property Asset Management Limited	Increase in loans to related parties		60,878
Dunedin Property Limited	Increase in loans to related parties		409,865
			<u>470,743</u>

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 with regard to the non disclosure of transactions between group companies which are eliminated in the consolidated financial statements of Dunedin Property Capital Fund Limited for the period ended 31 December 2005 and 2006