

**CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2)  
LIMITED**

**Registered Number 3671433**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2006**



# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

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## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2006

### Principal activities

The Company acts as the general partner of The Charterhouse Property Industrial Fund. No change in the Company's activities is anticipated.

### Results and dividends

The Company's results for the year under review are as detailed in the income statement shown in these accounts.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2006 (2005 £nil).

### Directors

The Directors who served during the year were as follows:

#### Name

P E Mackey  
A D J Moffat  
T G Thorp  
L A Tsourous

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 1985. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

### Directors' interests

The terms of a number of Employee Benefit Trusts provide that all employees of HSBC Holdings plc and any of its subsidiary undertakings are potential beneficiaries of the Trusts. As potential beneficiaries of the Trusts, each Director of the Company is deemed to have a technical interest in all of the HSBC Holdings plc ordinary shares of US\$0.50 each held by the Trusts. At 31 December 2006 the Trusts held a total of 133,346,569 ordinary shares of US\$0.50 each (1 January 2006: 130,812,676).

None of the Directors at 31 December 2006 had any other interests in the shares of the Company or in the securities of any other company in the group of which it is a member, required to be disclosed under the Companies Act 1985.

### Supplier payment policy

The Company subscribes to the Better Payment Practice Code, the four principles of which are: to agree payment terms at the outset and stick to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier or as required by law; and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code is available from The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

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## REPORT OF THE DIRECTORS (continued)

### Disclosure of information to auditors

Each person 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 auditor is unaware, and the Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 234ZA of the UK Companies Act 1985 and should be interpreted in accordance therewith.

### Statement of directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



P D Miller  
Secretary

25 April 2007

Registered Office  
8 Canada Square  
London  
E14 5HQ

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## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED**

We have audited the financial statements of Charterhouse Property General Partner (No 2) Limited for the year ended 31 December 2006 which comprise the income statement, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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**

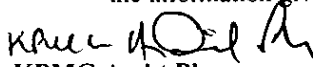
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2006 and of its results 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.

  
**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

25 April 2007  
8 Salisbury Square  
London  
EC4Y 8BB

# **CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED**

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## **INCOME STATEMENT for the year ended 31 December 2006**

During the current financial year and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during those years, the Company made neither a profit nor a loss.

# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

## BALANCE SHEET as at 31 December 2006

	Notes	2006 £	2005 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investment	6	1	1
<b>Current assets</b>			
Trade and other receivables	7	1	1
<b>Total assets</b>		<u>2</u>	<u>2</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	(1)	(1)
<b>Net assets</b>		<u>1</u>	<u>1</u>
<b>Equity</b>			
Issued capital	9	1	1
Retained earnings		-	-
<b>Total equity</b>		<u>1</u>	<u>1</u>

The financial statements on pages 4 to 8 were approved by the Board of Directors on 25 April 2007, and signed on its behalf by

  
P E Mackey  
Director

# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

### 1. Accounting policies

#### (a) *Statement of Compliance*

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations as adopted by the EU ("Adopted IFRSs"). The principal accounting policies of the Company are set out below and have been consistently applied to all the years presented, unless otherwise stated

#### (b) *Basis of preparation*

The financial statements are prepared on a historical cost basis and are presented in Sterling

The preparation of financial statements in conformity with IFRS's requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

The following adopted IFRS was available for early application but has not been applied by the Company in these financial statements

#### *IFRS 7 'Financial instruments Disclosures'*

Effective from 1 January 2007. The application of IFRS 7 in 2006 would not have affected the balance sheet or income statement as the standard is concerned only with disclosure. The Company plans to adopt it in 2007

#### (c) *Income tax*

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

#### (d) *Investments*

Investments are carried at amortised cost which does not differ materially from fair value

#### (e) *Cash Flow Statement and Statement of Changes in Equity*

The Company is not required to prepare a statement of cash flows or a statement of changes in equity for the year ended 31 December 2006 as there was no movement in cash balances or equity during the current or previous years

# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2006

### 2. Directors' remuneration

The Directors' emoluments are borne by an intermediate parent undertaking. It is not practicable to allocate costs to Charterhouse Property General Partner (No 2) Limited for the services performed by the Directors in relation to the Company.

### 3. Auditors' remuneration

The auditors' remuneration for the current financial year was £1,100 (2005: £1,200) and, for the current and previous financial year, has been borne by a group undertaking.

### 4. Employees

The Company had no employees during the current or previous financial year.

### 5. Income tax expense

	2006 £	2005 £
Current tax	-	-

There is no material difference between the current tax charge for the year and the standard rate of corporation tax in the UK of 30% (2005: 30%). There are no factors which are expected to affect future current and total tax charges.

### 6. Investment

	2006 £	2005 £
The Charterhouse Property Industrial Fund	1	1

The Company is the general partner of The Charterhouse Property Industrial Fund and has a holding of £1 in the partnership capital of the Fund.

### 7. Trade and other receivable

	2006 £	2005 £
Amounts due from group undertakings	1	1

### 8. Trade and other payables

	2006 £	2005 £
Amounts due to group undertakings	1	1



# CHARTERHOUSE PROPERTY GENERAL PARTNER (NO 2) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2006

### 9 Share capital

	2006 £	2005 £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up but not paid 1 ordinary share of £1 each	1	1

### 10. Related party transactions

2006

Related Party	Amount of transaction £	Balance at 31 December 2006 £	Details of transactions
Parent	-	1	Provision of services
Subsidiary	-	(1)	Provision of services

2005

Related Party	Amount of transaction £	Balance at 31 December 2005 £	Details of transactions
Parent	-	1	Provision of services
Subsidiary	-	(1)	Provision of services

### 11 Parent undertakings

The Company's immediate parent company is HSBC Property Investments Limited, which is incorporated in England and Wales

The Company's ultimate controlling party as defined under International Accounting Standard 24 'Related Party Disclosures' (IAS 24) is HSBC Holdings plc, which is incorporated in England and Wales

The smallest and largest group in which the financial statements of the Company are consolidated is HSBC Holdings plc. The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, Group Corporate Affairs, 8 Canada Square, London E14 5HQ