Company Registration Number 5578205

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

FOR THE YEAR ENDED 31 MARCH 2007

CONTENTS **PAGE**

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

COMPANY INFORMATION

The board of directors	Wilmington Trust SP Services (London) Limited Mr M H Filer Mr J Traynor
Company secretary	Wilmington Trust SP Services (London) Limited
Registered office	c/o Wilmington Trust SP Services (London) Limited Fifth Floor 6 Broad Street Place London EC2M 7JH
Auditors	Deloitte & Touche LLP London

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2007

The directors have pleasure in presenting their report and the financial statements of the Group which comprise the results of the Company and its subsidiary, Deco 6 – UK Large Loan 2 Plc, for the year ended 31 March 2007 The comparative figures are for the period from incorporation on 29 September 2005 to 31 March 2006

PRINCIPAL ACTIVITIES AND ENHANCED BUSINESS REVIEW

The Company's principal activity is to hold an investment in Deco 6 – UK Large Loan 2 Plc and hold the Post-Enforcement Call Option and other similar options granted in respect of securities granted by other issuers

The Post-Enforcement Call Option will permit the Company to acquire from the noteholders all the notes then outstanding at a price of one penny per note when notice is received from the Issuer Security Trustee

Deco 6 – UK Large Loan 2 Plc is a special purpose company established in order to issue floating rate loan notes due July 2017 ("the Notes") and to acquire the beneficial interest in a mortgage portfolio from Deutsche Bank AG, London Branch, ("the Mortgage Loan") Deco 6 – UK Large Loan 2 Plc was also established in order to open accounts, to create security and receive interest in respect thereof, and to enter into certain related transactions as described in the Offering Circular dated 1 December 2005 On 6 December 2005, the subsidiary issued £555,119,911 floating rate loan notes in accordance with the Offering Circular

The key performance indicator of the business is considered to be the net interest margin During 2007, the Group achieved a net interest margin of 2 62% (2006 4 90%) At the year end, the Group had net assets of £8,368,250 (2006 net deficit of £3,813,871) due to the fair value movement of the derivatives

RESULTS AND DIVIDENDS

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

The profit of the Group after tax amounted to £12,182,121 (period ended 31 March 2006 loss after tax of £3,813,872)

The directors have not recommended a dividend

FUTURE DEVELOPMENTS

The directors will continue to closely monitor the Group's progress There were no significant events affecting the Group after the year end The directors do not expect any significant changes in the operating activities of the Group or Company after the year end

CREDITOR PAYMENT POLICY

The Group's policy concerning payment of its trade creditors is to pay in accordance with its contractual and other legal obligations Due to the nature of the business, the main creditors are the noteholders Principal and interest is repaid quarterly in accordance with the agreements in place The Group does not follow any other code or standard on payment practice

FINANCIAL INSTRUMENTS

The Group's financial instruments, other than derivatives, comprise mortgage loans, cash and cash equivalents, interest-bearing borrowings and various receivables and payables that arise directly from its operations The main purpose of these financial instruments is to acquire a mortgage portfolio from Deutsche Bank AG, London Branch

The Group also enters into derivative transactions (principally three interest rate swaps and three basis swaps) The purpose of such transactions is to manage the interest rate risk arising from the Group's operations and its sources of finance

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments is undertaken

The Board reviews and agrees policies for managing risks arising on the Group's financial instruments and they are summarised below

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk
All of the Group's assets and liabilities are denominated in pound Sterling and therefore there is no foreign currency risk

Interest rate risk
Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times The Group minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar, where this is not possible the Group uses interest rate swaps and basis swaps to mitigate any residual interest rate risk

Credit risk
The principal credit risk to the Group is that the borrowers will not be able to meet their obligations as they fall due The mortgage loans are secured on a number of UK commercial properties which are geographically diverse and include a diverse tenant portfolio

The most significant concentration of credit risk is considered to be the mortgage loans At 31 March 2007, the amount outstanding was £370,040,245 (2006 £370,432,411) The largest exposure to credit risk is considered to be Mapeley totalling £170,907,800 (2006 £170,907,800) The mortgage loan portfolio consists of 3 loans secured over 22 properties

Liquidity risk
A facility provided by Calyon (London Branch) has been established which will be available, subject to certain criteria and circumstances, in the event of the Group being unable, on a temporary basis, to meet its financial commitments

Further discussion of the Group's approach to financial instruments is set out in note 1 (significant accounting policies) and in note 15

THE DIRECTORS AND THEIR INTERESTS
The directors who served the Group during the year, together with their beneficial interests in the shares of the Group, were as follows

Wilmington Trust SP Services (London) Limited
(previously named SPV Management Limited)
Mr M R G Baker – resigned on 28 February 2008
Mr M H Filer
Mr J Traynor – appointed on 28 February 2008

		Ordinary shares of £1
	At 31 March 2007	At 31 March 2006
Wilmington Trust SP Services (London) Limited	**1**	1

Wilmington Trust SP Services (London) Limited holds the entire share capital in the Company under a declaration of trust for charitable purposes No other director had any beneficial interest in the shares of the Company during the period

AUDITORS
A resolution to re-appoint Deloitte & Touche LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) 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 s234ZA of the Companies Act 1985

Signed by order of the directors

Sunil Masson
Authorised Signatory

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
Company Secretary
Date 4 June 2008

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2007

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 (IFRSs) as adopted by the European Union The financial statements are required by law to be properly prepared in accordance with IFRSs 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 IFRSs 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 IFRSs 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 DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

We have audited the group and parent company financial statements (the "financial statements") of DECO 6 – UK Large Loan 2 Holding Limited for the year ended 31 March 2007 which comprise the Group and Company income statements, the Group and Company balance sheets, the Group and Company statements of changes in equity, the Group and Company cash flow statements and the related notes 1 to 18 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 (IFRSs) 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 Directors' Report and considered the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements We consider the implications for our report if we become aware of any apparent misstatements or inconsistencies with the financial statements Our responsibilities do not extend to any further information outside the Directors' 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 group's and 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 group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's and the parent company's affairs as at 31 March 2007 and of the group's profit and the parent company's result 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
London, United Kingdom
4 June 2008

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

Continuing operations	**Notes**	**Year ended 31 March 2007**	Period from 29 September 2005 to 31 March 2006 £
Interest income	**2**	**22,276,114**	10,283,379
Interest expense	**3**	**(21,692,459)**	(9,779,794)
Net interest income		**583,655**	503,585
Fair value gain/(loss) on derivative financial instruments	**16**	**15,760,696**	(5,677,141)
Other operating expenses	**4**	**(538,795)**	(274,832)
Profit/(loss) before tax for the year/period		**15,805,556**	(5,448,388)
Income tax charge/(credit)	**5**	**(3,623,435)**	1,634,516
Profit/(loss) after tax for the year/period attributable to equity holders	**11**	**12,182,121**	(3,813,872)

The notes on pages 14 to 28 form part of these financial statements

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

Continuing operations	**Notes**	**Year ended 31 March 2007** £	Period from 29 September 2005 to 31 March 2006 £
Profit before tax for the year/period		-	-
Income tax expense		-	-
Profit after tax for the year/period attributable to equity holders	11	-	-

The notes on pages 14 to 28 form part of these financial statements

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2007

	Notes	2007 £	2006 £
Non-current assets			
Mortgage loan	8	369,517,357	370,171,099
Current assets			
Deferred tax asset	6	-	1,703,142
Derivative financial instruments	16	10,083,555	-
Mortgage loan	8	522,888	261,312
Trade and other receivables	9	4,005,218	3,602,198
Cash and cash equivalents	10	281,982	187,671,887
		14,893,643	193,238,539
Total assets		384,411,000	563,409,638
Equity			
Share capital	11	1	1
Retained profit/(loss)	11	8,368,249	(3,813,872)
Total equity		8,368,250	(3,813,871)
Non-current liabilities			
Interest-bearing loan notes	12	369,517,357	370,171,099
Non interest-bearing loans	13	12,501	12,501
Total non-current liabilities		369,529,858	370,183,600
Current liabilities			
Interest-bearing loan notes	12	522,888	184,948,812
Accrued interest	12	3,698,025	4,721,146
Trade and other payables	14	303,060	1,624,184
Current tax liability	5	73,043	68,626
Deferred tax liability	6	1,915,876	-
Derivative financial instruments	16	-	5,677,141
Total current liabilities		6,512,892	197,039,909
Total liabilities		376,042,750	567,223,509
Total equity and liabilities		384,411,000	563,409,638

These financial statements on pages 7 to 28 were approved by the directors, authorised for issue on 4 June 2008 and signed on their behalf by

Sunil Masson
Authorised Signatory

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
Director

The notes on pages 14 to 28 form part of these financial statements

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2007

	Notes	2007 £	2006 £
Non-current assets			
Investment in subsidiary	7	12,501	12,501
Current assets			
Cash and cash equivalents	10	1	1
Total assets		12,502	12,502
Equity			
Share capital	11	1	1
Retained profit	11	-	-
Total equity		1	1
Non-current liabilities			
Non interest-bearing loans	13	12,501	12,501
Total non-current liabilities		12,501	12,501
Total liabilities		12,501	12,501
Total equity and liabilities		12,502	12,502

These financial statements on pages 7 to 28 were approved by the directors, authorised for issue on 4 June 2008 and signed on their behalf by

Sunil Masson
Authorised Signatory

For and on behalf of
WILMINGTON TRUST SP SERVICES (LONDON) LIMITED
Director

The notes on pages 14 to 28 form part of these financial statements

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	Year ended 31 March 2007 £	Period from 29 September 2005 to 31 March 2006 £
At start of year 1 April 2006		**(3,813,871)**	-
Profit/(loss) for the year/period	11	**12,182,121**	(3,813,872)
Total recognised income and expense for the year/period		**8,368,250**	(3,813,872)
Issue of share capital	11	-	1
Closing equity at 31 March 2007		**8,368,250**	(3,813,871)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2007

	Note	Year ended 31 March 2007 £	Period from 29 September 2005 to 31 March 2006 £
At start of year 1 April 2006		**1**	-
Profit for the year/period	11	-	-
Issue of share capital	11	-	1
Closing equity at 31 March 2007		**1**	1

The notes on pages 14 to 28 form part of these financial statements

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	Year ended 31 March 2007	Period from 29 September 2005 to 31 March 2006 £
Cash flows from operating activities			
Profit/(loss) before tax for the year/period		15,805,556	(5,448,388)
Adjustments for			
Fair value movement on derivative financial instrument		(15,760,696)	5,677,141
Bank interest receivable	2	(42,636)	(244,525)
Increase in trade and other receivables	9	(403,020)	(3,602,198)
Increase in trade and other payables	12,14	(2,344,245)	6,345,330
Net cash (used in)/from operating activities		(2,745,041)	2,727,360
Investing activities			
Acquisition of beneficial interest in mortgage portfolio	8	-	(555,119,911)
Repayments during year/period	8	392,166	184,687,500
Bank interest received	2	42,636	244,525
Net cash from/(used in) investing activities		434,802	(370,187,886)
Financing activities			
Proceeds on issue of shares	11	-	1
Non interest-bearing loan received	13	-	12,501
Proceeds on issue of loan notes	12	-	555,119,911
Redemption of loan notes during the year/period	12	(185,079,666)	-
Net cash (used in)/from financing activities		(185,079,666)	555,132,413
Net (decrease)/increase in cash and cash equivalents		(187,389,905)	187,671,887
Cash and cash equivalents at beginning of year/period		187,671,887	-
Cash and cash equivalents at 31 March 2007	10	281,982	187,671,887

(As explained in the accounting policies note on page 15, the cash is not freely available to be used)

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2007

	Notes	Year ended 31 March 2007 £	Period from 29 September 2005 to 31 March 2006 £
Cash flows from operating activities			
Profit before tax for the year/period		-	-
Net cash from operating activities		-	-
Cash flows from investing activities			
Purchase of investment in subsidiary	7	-	(12,501)
Net cash used in investing activities		-	(12,501)
Cash flows from financing activities			
Proceeds on issue of shares	11	-	1
Non interest-bearing loan received	13	-	12,501
Net cash from financing activities		-	12,502
Net increase in cash and cash equivalents		-	1
Cash and cash equivalents at beginning of year/period		1	-
Cash and cash equivalents at 31 March 2007	10	1	1

(As explained in the accounting policies note on page 15, the cash is not freely available to be used)

1. SIGNIFICANT ACCOUNTING POLICIES

Deco 6 – UK Large Loan 2 Holding Limited is a Company incorporated in the UK under the Companies Act 1985 and domiciled in England The address of the registered office is given on page 1

Statement of compliance
The Group's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU as they apply to the financial statements of the Group for the year ended 31 March 2007

The accounting policies set out below have been applied in respect of the financial year ended 31 March 2007

Basis of preparation
The financial statements are presented in Pound Sterling In the prior year the financial statements covered a period of less than a year as this was the first period since incorporation The financial statements have been prepared on the historical cost basis as modified for the revaluation of certain financial instruments and on a going concern basis

Due to the fact that the nature of the business is to provide finance, the directors are of the opinion that it is more appropriate to use interest income and interest expense rather than turnover and cost of sales in preparing the profit and loss account

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (the Subsidiaries) Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities All intra-group transactions, balances, income and expenses are eliminated on consolidation

- Subsidiaries
Subsidiaries are those entities controlled by the Company Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to benefit from its activities

- Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method The cost of the acquisition is measured at the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell

Critical accounting judgements and key sources of estimation uncertainty
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and 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 judgements on carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates used in the financial statements

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the current and future periods

Financial instruments
The Group's financial instruments comprise of a mortgage loan, cash and liquid resources, derivatives, interest-bearing borrowings and various receivables and payables that arise directly from its operations The main purpose of these financial instruments is to acquire a beneficial interest in mortgage loans These financial instruments are classified in accordance with the principles of IAS 39 Financial Instruments Recognition and Measurement as described below

Mortgage loans
The mortgage loans are initially measured at fair value with subsequent measurement being at amortised cost using the effective interest method
Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired The allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition

Deferred consideration
Deferred purchase consideration represents further amounts payable on the acquisition of commercial mortgage loans from Deutsche Bank AG, London Branch Provision is made for the deferred purchase consideration as amounts become payable as a result of the performance of the acquired commercial mortgage loans and is included in the income statement as an expense

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less

The Group has deposits in bank accounts held in the Group's name which meet the definition of cash and cash equivalents but their use is restricted by a detailed priority of payments set out in the securitisation transaction agreements As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash

Derivative financial instruments and hedging activities
The Group uses derivative financial instruments to hedge its exposure to interest rate risk arising from operational, financing and investment activities In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes However, derivatives that do not qualify for hedge accounting are accounted for as held for trading

IAS 39 requires all financial assets and liabilities to be recognised initially at fair value on the balance sheet Subsequent to initial recognition, any changes in fair value of the derivatives held are recognised in the profit or loss However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise

The fair value of interest rate swaps and basis swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties

Interest income receivable or interest expense on the interest rate swap is accounted for on an effective interest rate basis within interest income or interest expense in the income statement

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest-bearing loans
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis

Embedded derivatives
Certain derivatives are embedded within other non-derivative host financial instruments to create a hybrid instrument Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument, and where the hybrid instrument is not measured at fair value, the embedded derivative is separated from the host instrument with changes in fair value of the embedded derivative recognised in the income statement Depending on the classification of the host instrument, the host is then measured in accordance with IAS 39

Interest income and expense
Interest income and expense is accounted for on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that asset's or liability's net carrying amount

Value added tax
Value added tax is not recoverable by the Group and is included with its related cost

Income tax expense
Income tax on profit or loss 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

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss, and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled based on tax rates and laws enacted or substantively enacted at the balance sheet date

Under special rules issued by the HMRC for securitisation companies, the company's charge for taxation is based on its taxable profits calculated on a UK GAAP basis but is disclosed in accordance with IAS 12

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not adopted
The directors are considering the following standards which are currently in issue but are not yet effective and have not been adopted in the current period financial statements

IAS 39 Financial Instruments Recognition and Measurement – amendment to financial guarantee contracts and amendment to the fair value option and cash flow hedging

IAS 1 Presentation of Financial Statements – amendment on Capital Management

IFRS 4 Insurance Contracts (Amendment to IAS 39 and IFRS 4 – Financial Guarantee Contracts)

IFRS 7 Financial Instruments Disclosures

The directors do not anticipate the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the period of initial application

Upon the adoption of IFRS 7, the company will have to disclose additional information about its financial instruments, their significance and the nature and extent of the risks that they give to rise More specifically the Company will need to disclose the fair value of its financial instruments and its risks in greater detail There will be no effect on reported income or net assets

Segmental reporting
The principal asset of the Group is the beneficial interest in the mortgage portfolio originated in the United Kingdom which is funded by floating rate notes issued in the United Kingdom The directors do not consider it necessary to provide a further analysis of the results of the Group from those already disclosed in these financial statements

2. INTEREST INCOME

	Year ended 31 March 2007 Group	Period from 29 September 2005 to 31 March 2006 Group
	£	£
Income from mortgage loans	**22,233,478**	10,038,854
Bank interest received	**42,636**	244,525
	22,276,114	10,283,379

3. INTEREST EXPENSE

	Year ended 31 March 2007 Group	Period from 29 September 2005 to 31 March 2006 Group
	£	£
Interest on loan notes	**20,660,280**	8,635,838
Net swap interest payable	**151,249**	808,000
Deferred consideration	**880,930**	335,956
	21,692,459	9,779,794

4. OTHER OPERATING EXPENSES

	Year ended 31 March 2007 Group	Period from 29 September 2005 to 31 March 2006 Group
	£	£
Administration and cash management fees	**498,666**	257,497
Audit fees for the audit of the Group's accounts		
Parent company	**3,500**	3,500
Subsidiaries	**29,459**	8,250
Corporate services fees	**7,170**	5,585
	538,795	274,832

The directors received no emoluments for their services as directors to the Group during the period, except for those disclosed in note 17 The directors had no any material interest in any contract of significance in relation to the business of the Group The Group did not have any employees in the current year or preceding period

5. INCOME TAX EXPENSE

Group	**Year ended 31 March 2007**	Period from 29 September 2005 to 31 March 2006
Current tax:	**£**	£
Corporation tax charge for the year/period at a rate of 19%/30%	**8,523**	68,626
Adjustment to prior year's charge	**(4,106)**	-
Deferred tax:		
Deferred tax charge/(credit) at 19%/30%	**3,619,018**	(1,703,142)
Total income tax charge/(credit) in the income statement	**3,623,435**	(1,634,516)

	Year ended 31 March 2007	Period from 29 September 2005 to 31 March 2006
Reconciliation of total tax charge	**£**	£
The tax assessed for the period is at the standard rate of corporation tax in the UK of 19% (2006, 30%)		
Profit/(loss) before tax	**15,805,556**	(5,448,388)
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 19% (2006, 30%)	**3,003,056**	(1,634,516)
Change in tax rate in computing deferred tax charge	**624,485**	-
Adjustment to prior year's charge	**(4,106)**	-
Total income tax expense/(credit) in income statement	**3,623,435**	(1,634,516)

5. INCOME TAX EXPENSE (CONTINUED)

Company	Year ended 31 March 2007	Period from 29 September 2005 to 31 March 2006
Current tax:	**£**	£
Corporation tax charge for the period at a rate of 19%	-	-
Total income tax expense in income statement	-	-

	Year ended 31 March 2007	Period from 29 September 2005 to 31 March 2006
Reconciliation of total tax charge	**£**	£
The tax assessed for the period is at the small companies' rate of corporation tax in the UK of 19%		
Profit before tax	-	-
Profit before tax multiplied by the small companies rate of corporation tax in the UK of 19%	-	-
Total income tax expense in income statement	-	-

6. DEFERRED TAX

Deferred tax asset / (liability)	
At 1 April 2006	**1,703,142**
Charge to income for the year	**(3,619,018)**
Balance carried forward	**(1,915,876)**

Deferred taxes are provided in full on temporary differences under the liability method using a principal rate of tax of 19% (2006 30%)

The deferred tax liability is attributable to temporary differences arising in respect of the following items

	2007
	£
Fair value movement of derivatives	**(1,915,876)**
Deferred tax liability	**(1,915,876)**

The deferred tax charge in the income statement comprises of the following temporary differences

	2007
	£
Fair value movement of derivatives	**(3,619,018)**
Net deferred tax charge	**(3,619,018)**

Finance Act 2007 changed the corporation tax rates from 19% to 20% and from 30% to 28% with effect from 1 April 2008 The legislation was substantially enacted in June 2007 The deferred tax liability that would be recognised if calculated using a rate of 20% would be £2,016,712

7. INVESTMENT IN SUBSIDIARY

	2007 Company £
At 1 April 2006 and 31 March 2007	12,501

The investment represents the acquisition of 99 98% of the issued ordinary share capital of Deco 6 – UK Large Loan 2 Plc, a special purpose entity registered in England and Wales Deco 6 – UK Large Loan 2 Plc is a special purpose company established in order to issue floating rate loan notes due July 2017 ("the Notes"), to acquire the beneficial interest in a mortgage portfolio from Deutsche Bank AG, London Branch, ("the Mortgage Loan"), to open accounts, to create security and receive interest in respect thereof, and to enter into certain related transactions as described in the Offering Circular dated 1 December 2005
This transaction has been accounted for by the purchase method of accounting

8. MORTGAGE LOAN

Group	2007 £	2006 £
At 1 April 2006	370,432,411	-
Originations	-	555,119,911
Redemptions in year	(392,166)	(184,687,500)
At 31 March 2006	370,040,245	370,432,411
The balance can be analysed as follows		
Current assets	522,888	261,312
Non-current assets	369,517,357	370,171,911
	370,040,245	370,432,411

The mortgage loans are due for repayment by July 2015 At 31 March 2007, £370,040,245 (2006 £370,432,411) was outstanding At 31 March 2007, interest on £95,000,000 (2006 £95,000,000) of the outstanding principal was at a fixed rate of 5 53%, interest on £104,132,445 (2006 £104,524,611) was at a fixed rate of 6 24% and interest on the remaining £170,907,800 (2006 £170,907,800) was at a fixed rate of 5 70% The loans are secured over commercial properties held by Deutsche Bank AG, London Branch in its capacity of Borrower Security Trustee on behalf of the Group

9. TRADE AND OTHER RECEIVABLES

	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Other debtors	36,297	-	-	-
Prepayments and accrued income	3,968,921	-	3,602,198	-
	4,005,218	-	3,602,198	-

The directors consider that the carrying value of trade and other receivables approximate their fair value

10. CASH AND CASH EQUIVALENTS

	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Cash and cash equivalents	281,982	1	187,671,887	1

The directors consider that the carrying value of cash and cash equivalents approximate their fair value

The Company has deposits in bank accounts held in the Company's name which meet the definition of cash and cash equivalents but their use is restricted by a detailed priority of payments set out in the securitisation transaction agreements As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash

11. TOTAL EQUITY

Group	Issued capital £	Retained profit £	Total £
At 1 April 2006	1	(3,813,872)	(3,813,871)
Profit for the year	-	12,182,121	12,182,121
Balance at 31 March 2007	1	8,368,249	8,368,250

Company	Issued capital £	Retained profit £	Total £
At 1 April 2006	1	-	1
Profit for the year	-	-	-
Balance at 31 March 2007	1	-	1

There are 100 authorised ordinary shares of £1 each The issued share capital comprises one £1 share called up and fully paid Wilmington Trust SP Services (London) Limited holds the entire share capital in the Company under a declaration of trust for charitable purposes

12 INTEREST-BEARING LOANS

This note provides information about the contractual terms of the Group's interest-bearing loans For more information about the Group's exposure to interest rate risk, see note 15

Group	2007 £	2006 £
At 1 April 2006	559,119,911	555,119,911
Redemptions in year	(185,079,666)	-
At 31 March 2007	374,040,245	555,119,911
Non-current liabilities		
Loan notes	369,517,357	370,171,099
	369,517,357	370,171,099
Current liabilities		
Loan notes	522,888	184,948,812
Interest payable on loan notes	3,698,025	4,721,146
	4,220,913	189,669,958

Current liabilities due within one year are paid when cash is available after other commitments have been fulfilled in order of priority in accordance with the Offering Circular

12. INTEREST-BEARING LOANS (Continued)

On 6 December 2005 an agreement was entered into with Calyon (London Branch) for the provision of a liquidity facility for the Group The facility is in place to allow the Group to meet its obligations should there be a shortfall in the revenue or principal received from the mortgage loan At the balance sheet date, the limit on this facility was £39,000,000 A fee is charged on the undrawn balance, currently set out at 0 15% per annum This fee would increase on any drawn balance No amounts have been drawn under the facility since inception The liquidity facility is secured by way of fixed and floating charges over the Group's assets including the mortgage loan

Interest-bearing loans and borrowings are repayable as follows

Group	**2007 Total**	**2007 Less than 1 year**	**2007 1-2 years**	**2007 2-5 years**	**2007 More than 5 years**
	£	**£**	**£**	**£**	**£**
Liabilities					
Floating rate notes due 2017	**370,040,245**	**522,888**	**522,888**	**1,568,665**	**367,425,804**
Interest payable	**3,698,025**	**3,698,025**	**-**	**-**	**-**
	373,738,270	**4,220,913**	**522,888**	**1,568,665**	**367,425,804**

The loan notes are denominated in the following currencies

Group	**2007**
	£
Sterling	**370,040,245**

Interest-bearing loans and borrowings are repayable as follows

Group	2006 Total	2006 Less than 1 year	2006 1-2 years	2006 2-5 years	2006 More than 5 years
Liabilities	£	£	£	£	£
Floating rate notes due 2017	555,119,911	184,948,812	522,623	1,698,525	367,949,951
Interest payable	4,721,146	4,721,146	-	-	-
	559,841,057	189,669,958	522,623	1,698,525	367,949,951

The loan notes are denominated in the following currencies

Group	2006
	£
Sterling	555,119,911

On 6 December 2005, the Group issued £173,000,000 Class A1 notes due July 2017, £259,900,000 Class A2 notes due July 2017, £43,000,000 Class B notes due July 2017, £49,100,000 Class C notes due July 2017 and £30,119,911 Class D notes due July 2019 Interest on the Class A1 notes is payable at a rate of 3 month LIBOR plus 0 20% Interest on the Class A2 notes is payable at a rate of 3 month LIBOR plus 0 25% Interest on the Class B notes is payable at a rate of 3 month LIBOR plus 0 44% Interest on the Class C notes is payable at a rate of 3 month LIBOR plus 0 70% Interest on the Class D notes is payable at a rate of 3 month LIBOR plus 1 05%

At the balance sheet date £64,169,693 (2006 £173,000,000) in respect of the Class A1 notes was outstanding, £208,038,771 (2006 £259,900,000) in respect of Class A2 notes, £34,419,650 (2006 £43,000,000) in respect of Class B notes, £39,302,438 (2006 £49,100,000) in respect of Class C notes, and £24,109,693 (2006 £30,119,911) in respect of the Class D notes The notes are secured by way of a fixed and floating charge over the assets of the Company The proceeds of the notes were used by the Company to acquire the mortgage loan from Deutsche Bank AG in accordance with the terms of the securitisation documents

13. NON INTEREST-BEARING LOANS

	2007 Group	2007 Company	2006 Group	2006 Company
Non-current liabilities	£	£	£	£
Other loans	12,501	12,501	12,501	12,501

Other loans relate to an amount received from Wilmington Trust SP Services (London) Limited, a related company

Non interest-bearing loans and borrowings are repayable as follows

	2007 Group	2007 Company	2006 Group	2006 Company
In more than five years	£	£	£	£
Other loans	12,501	12,501	12,501	12,501

Non interest-bearing loans are denominated in Sterling

14. TRADE AND OTHER PAYABLES

	2007 Group	2006 Group
Current liabilities	£	£
Other creditors	6,082	86,008
Accruals and deferred income	296,978	1,538,176
	303,060	1,624,184

Current liabilities due within one year are paid when cash is available after other commitments have been fulfilled, in order of priority in accordance with the Offering Circular

The directors consider that the carrying amount of trade and other payables approximates to their fair value

15. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise a loan to Deutsche Bank AG, cash and liquid resources, derivatives, interest-bearing borrowings and various receivables and payables that arise directly from its operations

Currency risk

All of the Group's assets and liabilities are denominated in pounds sterling therefore there is no foreign currency risk

Credit risk

Credit risk on the mortgage loans arises where the mortgage loans are secured on underlying commercial properties The maximum exposure to credit risk is considered to be Mapeley totalling £170,907,800 (2006 £170,907,800) At 31 March 2007, the total amount outstanding on all mortgage loans was £370,040,245 (2006 £555,119,911) The directors consider that the Group's beneficial interest in the commercial properties granted as security will be sufficient to recover the full amount of these loans

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates under a different basis or which reset at a different time The Group minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of assets and liabilities are similar Interest rate swaps and basis swaps have been entered into with Deutsche Bank AG to manage the Group's exposure to interest rate risk associated with the loan originator This is to reduce interest rate risk as a result of the possible variance between the fixed rate of interest receivable on the mortgage loan and the variable rate of interest payable on the floating rate loan notes

15. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk
A facility provided by Calyon (London Branch) has been established which will be available, subject to certain criteria and circumstances, in the event of the Group being unable, on a temporary basis, to meet its financial commitments

At 31 March 2007 this facility was not required, and has not been used during the year

Effective interest rates and repricing analysis
In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at 31 March 2007 and the periods in which they reprice

As at 31 March 2007

Group	Effective interest rate (%)	Total £	6 months or less £	6-12 months £	More than 5 years £	Non interest - bearing £
Assets						
Derivative financial instruments	-	10,083,555	-	-	-	10,083,555
Mortgage loans	6.53	370,040,245	-	-	370,040,245	-
Trade and other receivables	-	4,005,218	-	-	-	4,005,218
Cash and cash equivalents	4.91	281,982	281,982	-	-	-
		384,411,000	281,982	-	370,040,245	14,088,773

Group	Effective interest rate (%)	Total £	6 months or less £	6-12 months £	More than 5 years £	Non interest - bearing £
Liabilities						
Loan notes – Class A1	LIBOR + 0 20	64,169,693	64,169,693	-	-	-
Loan notes – Class A2	LIBOR + 0 25	208,038,771	208,038,771	-	-	-
Loan notes – Class B	LIBOR + 0 44	34,419,650	34,419,650	-	-	-
Loan notes – Class C	LIBOR + 0 70	39,302,438	39,302,438	-	-	-
Loan notes – Class D	LIBOR + 1 05	24,109,693	24,109,693	-	-	-
Interest payable	-	3,698,025	-	-	-	3,698,025
Non interest-bearing loans	-	12,501	-	-	-	12,501
Trade and other payables	-	303,060	-	-	-	303,060
Current tax liability	-	73,043	-	73,043	-	-
Deferred tax liability	-	1,915,876	-	-	-	1,915,876
		376,042,750	370,040,245	73,043	-	5,929,462

Company	Effective interest rate (%)	Total £	6 months or less £	6-12 months £	More than 5 years £	Non interest - bearing £
Assets						
Investment		12,501	-	-	12,501	-
Cash and cash equivalents	-	1	-	-	-	-
		12,502	-	-	12,501	-

Company	Effective interest rate (%)	Total £	6 months or less £	6-12 months £	More than 5 years £	Non interest - bearing £
Liabilities						
Non interest-bearing loans	-	12,501	-	-	-	12,501

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

15. FINANCIAL INSTRUMENTS (CONTINUED)

At 31 March 2006

Group	Effective interest rate (%)	Total £	6 months or less £	6-12 months £	More than 5 years £	Non interest - bearing £
Assets						
Mortgage loan	5.81	370,432,411	-	-	370,432,411	-
Trade and other receivables	-	3,602,198	-	-	-	3,602,198
Deferred tax asset	-	1,703,142	-	-	-	1,703,142
Cash and cash equivalents	1.81	187,671,887	187,671,887	-	-	-
		563,409,638	187,671,887	-	370,432,411	5,305,340

Group						
Liabilities						
Loan notes – Class A1	LIBOR + 0 20	173,000,000	173,000,000	-	-	-
Loan notes – Class A2	LIBOR + 0 25	259,900,000	259,900,000	-	-	-
Loan notes – Class B	LIBOR + 0 44	43,000,000	43,000,000	-	-	-
Loan notes – Class C	LIBOR + 0 70	49,100,000	49,100,000	-	-	-
Loan notes – Class D	LIBOR + 1 05	30,119,911	30,119,911	-	-	-
Interest payable	-	4,721,146	-	-	-	4,721,146
Non interest-bearing loans	-	12,501	-	-	-	12,501
Trade and other payables	-	1,624,184	-	-	-	1,624,184
Current tax liability	-	68,626	-	68,626	-	-
Derivative financial instruments	-	5,677,141	-	-	-	5,677,141
		567,223,509	555,119,911	68,626	-	12,034,972

Company	Effective interest rate (%)	Total £	6 months or less £	6-12 months £	More than 5 years £	Non interest -bearing £
Assets						
Investment		12,501	-	-	12,501	-
Cash and cash equivalents	-	1	-	-	-	-
		12,502	-	-	12,501	-

Company						
Liabilities						
Non interest-bearing loans	-	12,501	-	-	-	12,501
		12,501	-	-	-	12,501

DECO 6 – UK LARGE LOAN 2 HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2007

15. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows

	Note	Carrying amount 2007	Fair value 2007
Group		£	£
Derivative financial instruments	14	10,083,555	10,083,555
Mortgage loan	8	370,040,245	367,496,819
Trade and other receivables	9	4,005,218	4,005,218
Cash and cash equivalents	10	281,982	281,982
Interest-bearing loans and borrowings	12	(370,040,245)	(370,146,217)
Non interest-bearing loans	13	(12,501)	(12,501)
Interest payable	12	(3,698,025)	(3,698,025)
Trade and other payables	14	(303,060)	(303,060)
Current tax liability	5	(73,043)	(73,043)
Deferred tax liability	6	(1,915,876)	(1,915,876)
		8,368,250	5,718,852

The interest rate swaps have a principal notional value of £370,040,444 as at 31 March 2007

	Note	Carrying amount 2007	Fair value 2007
Company		£	£
Investment	7	12,501	12,501
Cash and cash equivalents	10	1	1
Non interest-bearing loans	13	(12,501)	(12,501)
		1	1

	Note	Carrying amount 2006	Fair value 2006
Group		£	£
Deferred tax asset	6	1,703,142	1,703,142
Mortgage loan	8	370,432,411	376,109,552
Trade and other receivables	9	3,602,198	3,602,198
Cash and cash equivalents	10	187,671,887	187,671,887
Interest-bearing loans and borrowings	12	(555,119,911)	(555,119,911)
Non interest-bearing loans	13	(12,501)	(12,501)
Interest payable	12	(4,721,146)	(4,721,146)
Trade and other payables	14	(1,624,184)	(1,624,184)
Current tax liability	5	(68,626)	(68,626)
Derivative financial instruments	16	(5,677,141)	(5,677,141)
		(3,813,871)	1,863,270

The interest rate swaps have a principal notional value of £370,301,755 as at 31 March 2006

	Note	Carrying amount 2006	Fair value 2006
Company		£	£
Investment	7	12,501	12,501
Cash and cash equivalents	10	1	1
Non interest-bearing loans	13	(12,501)	(12,501)
		1	1

15. FINANCIAL INSTRUMENTS (CONTINUED)

Estimation of fair values
The Group has an interest rate swap with a notional principal value of £370,040,444 hedging the income stream from the mortgage loan with the payment on the floating rate loan notes This interest rate swap is accounted for as held for trading

The following comments summarise the main methods and assumptions used in estimating the fair value of financial instruments that are reflected in the table above

The fair value of the mortgage loan has been approximated by using the combined fair values of the derivatives and the floating rate notes Cash and cash equivalents and interest-bearing loans and borrowings have been calculated using a discounted cash flow analysis For other receivables and other payables, no calculation of fair value is prepared as their carrying amount is viewed as a reasonable approximation of fair value

The fair value of the interest rate swaps and basis swaps between the Group and Deutsche Bank AG, London Branch are reflected as a derivative liability in the balance sheet of the Group as at 31 March 2006 The fair value of the interest rate swaps are determined by using a discounted cash flow analysis model that is consistent with commonly used market techniques The fair value calculated using this technique is regularly compared with prices of similar instruments obtained in actual market transactions to ensure reliability All inputs into valuation models adopted by the entity, including the sterling zero coupon yield curve used as the discount rate on the swap, are obtained from observable market data The change in fair value that has been estimated using this valuation technique and has been recognised in the Income Statement for the year ended 31 March 2007 amounts to £15,760,696 The underlying cash flows are the relevant interest payments up to the maturity of the floating rate notes in 2017

16. DERIVATIVE FINANCIAL INSTRUMENTS

The net fair values of derivative financial instruments at the balance sheet date were

	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Interest rate swaps	10,083,555	-	(5,677,141)	-

The notional principal amount of the outstanding interest rate swap contracts at 31 March 2007 was £370,040,444 On £95,000,000 of the notional principal, the fixed rate payable by the Group is 4 9315% and the floating rate receivable is 3 month LIBOR On £104,132,445 of the notional principal, the fixed rate payable by the Group is 5 1400% and the floating rate receivable is 3 month LIBOR

Embedded derivatives
In accordance with IAS 39 'Financial instruments Recognition and measurement', the Group has reviewed all mortgage loan contracts and floating rate notes terms for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard In relation to the floating rate notes the Group has the ability to redeem the floating rate notes in full or part at their then principal amount outstanding, together with interest accrued to the date of redemption, on any interest payment date The Group effectively has a call option on the floating rate notes exercisable on certain dates The option constitutes an embedded derivative, however, as this is closely related to the underlying host contract (the floating rate notes) as set out in IAS 39, the option does not require separation

A similar hybrid instrument arises on the mortgage loan whereby the Group has effectively sold a put option on the mortgage loan exercisable on certain dates As this option is considered to be closely related to the underlying host contract, it does not require separation

16 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

In relation to the repayment of the floating rate notes, the Company has identified a hybrid instrument consisting of a debt contract and a credit derivative embedded in the debt contract This arises because repayment of the floating rate notes is dependant on repayment of the mortgage loans, which in turn depends upon the lease payments and property sale proceeds arising from the property portfolio held by the chargors However, the credit derivatives are regarded as closely related to the host contract and therefore do not require separation A similar hybrid instrument consisting of a debt contract and a credit derivative embedded in the debt contract arises on the repayment of the Loan and, again, does not require separation

17 RELATED PARTY TRANSACTIONS

The Group is a special-purpose group controlled by its Board of directors, which comprises three directors, Wilmington Trust SP Services (London) Limited, Mr M H Filer and Mr J Traynor Mr M H Filer and Mr J Traynor are employees of Wilmington Trust SP Services (London) Limited, and Mr M H Filer is also a director of Wilmington Trust SP Services (London) Limited The Group pays a corporate service fee to Wilmington Trust SP Services (London) Limited in connection with corporate services received The fees payable to these directors for their services for the year ended 31 March 2007 amounted to £7,170 (period to 31 March 2006 £5,585) At the end of the year, an amount of £1,645 (period ended 31 March 2006 £1,710) was outstanding and included within current liabilities trade and other payables

During the year, accounting services amounting to £6,463 (period ended 31 March 2006 £4,113) were charged by Wilmington Trust SP Services (London) Limited At 31 March 2007, an amount of £4,113 (period ended 31 March 2006 £4,113) was outstanding and disclosed within current liabilities trade and other payables

During the period ended 31 March 2006, Wilmington Trust SP Services (London) Limited granted an interest-free loan to the Company for £12,501 At 31 March 2007 £12,501 (2006 £12,501) was still outstanding and disclosed within 'Non interest-bearing loans Other loans'

18. ULTIMATE PARENT UNDERTAKING

Deco 6 – UK Large Loan 2 Holding Limited is a company registered in England and Wales

Wilmington Trust SP Services (London) Limited holds the entire share capital in the Company under a declaration of trust for charitable purposes The registered office of Wilmington Trust SP Services is given on page 1

The Group is the smallest and largest group into which the Company is consolidated