

Registered number: 5024429

LA DEFENSE III PLC

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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LA DEFENSE III PLC

COMPANY INFORMATION

DIRECTORS	Wilmington Trust SP Services (London) Limited Mr M McDermott Mr S Masson Mr J-C Schroeder
SECRETARY	Wilmington Trust SP Services (London) Ltd
COMPANY NUMBER	5024429
REGISTERED OFFICE	c/o Wilmington Trust SP Services (London) Limited Fifth Floor 6 Broad Street Place London EC2M 7JH
AUDITORS	KPMG Audit Plc Chartered Accountants 8 Salisbury Square London EC4Y 8BB

LA DEFENSE III PLC

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DIRECTORS' REPORT
For the year ended 31 December 2009

The directors present their report and the financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity, which remained unchanged during the year, is to acquire units in the FCC La Defense III fund and to raise or borrow money and to grant security over its assets for such purpose and to lend money. The FCC La Defense III fund in France acquires receivables derived from real estate property financing together with ancillary rights and other investments.

The company issued €5,700,000 and €635,000,000 of floating rate loan notes on 3 March 2004 and 4 March 2004 respectively.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to €2,584,025 (2008 loss €14,928,080). The loss for the year is stated after taking into account a fair value loss on a derivative financial instrument of €3,711,373 (2008 €14,945,191 loss).

The directors recommend that no dividend should be paid (2008 €nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and up to the date of this report and their interests' were

Wilmington Trust SP Services (London) Limited

Mr M McDermott

Mr S Masson is an alternate director to Mr M McDermott

Mr J-C Schroeder

None of the directors received any remuneration from the company for their services during the period. Under the terms of a corporate services agreement, Wilmington Trust SP Services (London) Limited is contracted to receive fees of €21,150 per annum for the provision of corporate services.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT
For the year ended 31 December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS (CONTINUED)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political contributions or charitable donations during the current year or prior period.

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

The company's policy concerning the 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 note-holders.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on 30th April 2010 and signed on its behalf



Mrs Ruth Samson
On behalf of **Wilmington Trust SP Services (London) Limited**
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LA DEFENSE III PLC

We have audited the financial statements of La Defense III Plc for the year ended 31 December 2009 set out on pages 4 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review

- the directors' statement, set out on page 6, in relation to going concern



Nicholas J Edmonds

(Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

1 Canada Square

London E14 5AG

30 April 2010

LA DEFENSE III PLC

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2009

		2009	2008
	Note	€	€
Interest receivable and similar income	2	22,827,229	37,730,439
Interest payable and similar charges	3	<u>(22,293,427)</u>	<u>(37,304,831)</u>
		533,802	425,608
Finance income	4	(3,711,373)	(14,945,191)
Administrative expenses		<u>(411,219)</u>	<u>(400,092)</u>
OPERATING LOSS	5	<u>(3,588,790)</u>	<u>(14,919,675)</u>
Tax credit/(charge) on ordinary activities	6	1,004,765	(8,405)
LOSS FOR THE FINANCIAL YEAR	12	<u>(2,584,025)</u>	<u>(14,928,080)</u>

All amounts relate to continuing operations

There are no recognised gains or losses other than the result for the year

The notes on pages 6 to 12 form part of these financial statements

LA DEFENSE III PLC

BALANCE SHEET
As at 31 December 2009

	Note	2009		2008	
		€	€	€	€
FIXED ASSETS					
Investments	7		373,251,015		420,225,855
CURRENT ASSETS					
Debtors amounts falling due within one year	8	3,467,454		5,783,613	
Investments	7	46,975,475		6,976,110	
Deferred tax asset	6	1,039,085			
Cash at bank		<u>212,593</u>		<u>168,116</u>	
		51,694,607		12,927,839	
CREDITORS amounts falling due within one year	9	<u>(55,239,370)</u>		<u>(12,800,481)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(3,544,763)</u>		<u>127,358</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			369,706,252		420,353,213
CREDITORS amounts falling due after more than one year	10		(373,256,827)		(421,319,763)
NET ASSETS			<u>(3,550,575)</u>		<u>(966,550)</u>
CAPITAL AND RESERVES					
Called up share capital	11		18,765		18,765
Profit and loss account	12		(3,569,340)		(985,315)
SHAREHOLDERS' FUNDS - All Equity	13		<u>(3,550,575)</u>		<u>(966,550)</u>

The financial statements of La Defense III Plc, registration number 05024429, were approved by the board on 30 April 2010 and signed on its behalf


Mrs Ruth Samson
 On behalf of Wilmington Trust SP Services (London) Limited
 Director

The notes on pages 6 to 12 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies Act 2006 (the Act) and applicable accounting standards. The financial statements have been prepared in Euros, which is the functional currency of the Company. The financial statements have been prepared on a Going Concern basis. A summary of the more important accounting policies is set out below together with an explanation of where changes have been made to previous policies on the adoption of new standards during the year.

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operation for at least the next 12 months. The company has retained a loss for the year and has negative net assets of €3,550,575 as at 31 December, 2009. The loss has arisen due to the movement in the fair value of the Company's derivative financial instruments - interest rate swaps which are fair valued through the profit and loss account whilst all other financial instruments are accounted for at amortised cost. The interest rate swaps are used to manage the company's interest rate risk as it receives the majority of its income on a fixed rate basis and pays floating rate interest on the notes issued, accordingly the Company has fixed the interest payments on the notes using interest rate swaps. The interest rate swaps economically hedge the cash flows on the assets to those on the liabilities. The mark to market value of the swap will reverse by maturity which will return the company to a net asset position. The transactions are structured in such a way that the net cash position of the Company will remain positive i.e. interest receipts exceeds interest payments after incorporating the cash payments or receipts to be made under the swap. For this reason the directors remain satisfied that it is appropriate for the financial statements to be prepared on a going concern basis.

The company has adopted a format of the profit and loss account which differs from those presented by Schedule 4 of the Companies Act which, in the opinion of the directors, is more representative in order to show a true and fair view of the company's activities.

The financial statements have been prepared on the historical cost convention except for financial instruments at fair value through profit and loss which are measured at fair value.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Functional currency

As the company's functional currency and reporting currency are the Euro, the financial statements have been prepared using the Euro.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. Generally, transactions in foreign currencies are translated into euros at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Income and expense

Interest income and expense are accounted for in the profit and loss account on the Effective Interest Rates method.

Cash flow statement

The company has taken advantage of the exemption in FRS 1 from producing a cash flow statement on the grounds that it is a wholly owned subsidiary company of an EC parent company which produces its own cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transaction or events that result in an obligation to pay more, or a right to pay less tax in the future, have occurred at the balance sheet date

Deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates and laws enacted or substantively enacted at the balance sheet date

Amortisation of issue costs

Issue costs relating to the issue of the loan notes are amortised to the profit and loss account in proportion to the expected closing balances of loans outstanding at the end of each interest payment date until the expected date of redemption. The loan notes are stated at amortised cost and amortisation of the issue cost is the part of the calculation which is performed on EIR basis

Financial instruments

All the financial assets are classified as 'loans and receivables' except for the derivatives which are classified as 'held for trading'. These assets are included in the balance sheet as fixed asset investments where the maturity exceeds one year, otherwise they are included in current assets. Derivatives with a negative value are classified as held for trading financial liabilities. All other financial liabilities are classified as 'financial liabilities at amortised cost'

Loans and receivables are initially recognised at contractual amounts and subsequently measured at amortised cost. Financial assets and liabilities classified as held for trading are initially and subsequently measured at fair value. Financial liabilities at amortised cost are initially recognised at contractual amounts and subsequently measured at amortised cost

The company has taken advantage of the exemption from producing disclosures required by FRS 29 'Financial Instrument Disclosures' as it is a wholly owned subsidiary company of a parent company whose results are included in publicly available and include disclosures that comply with the FRS29

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009	2008
	€	€
Interest receivable on units	14,689,111	15,534,388
Swap interest receivable	6,942,092	21,074,257
Other income	493,140	402,806
Amortisation of issue costs reimbursed	702,765	713,361
Bank interest receivable	121	5,627
	<u>22,827,229</u>	<u>37,730,439</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	€	€
Interest payable on class A1 loan notes	5,220,490	14,679,224
Interest payable on class B1 loan notes	2,051,012	5,186,809
Interest payable on class C1 loan notes	1,444,347	3,430,353
Swap interest payable	12,874,813	13,295,084
Amortisation of issue costs	702,765	713,361
	<u>22,293,427</u>	<u>37,304,831</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

4. FINANCE INCOME

	2009	2008
	€	€
Movement on interest rate swaps	<u>(3,711,373)</u>	<u>(14,945,191)</u>

The above represents the fair value movement on the derivative financial instruments. These derivative financial instruments are used to manage the Company's exposure to interest rate risk, as it receives a fixed rate of interest on its investment and pays a floating rate of interest on the notes issued (based on the 3 month EURIBOR rate plus a margin). The notional amount of the swaps at year ended 31 December 2009 is €422,125,000 and these mature in April 2010. Interest receipts/payments occur on a quarterly basis.

5. OPERATING PROFIT

The operating loss is stated after charging

	2009	2008
	€	€
Auditors' remuneration relating to audit of the financial statements	15,898	25,690
Auditors' remuneration for other services	<u>1,609</u>	<u>5,675</u>

During the year no director received any emoluments. Under the terms of a corporate services agreement dated 4 March 2004, Wilmington Trust SP Services (London) Limited is contracted to receive fees of €21,150 per annum for the provision of corporate services.

6. TAXATION

	2009	2008
Current tax.		
Analysis of current tax charge / (credit) in year	€	€
UK corporation tax on (loss) / profit for the year	34,320	-
Prior year adjustment	-	8,405
Deferred tax :		
Current year deferred tax	(1,039,085)	-
Tax on (loss) / profit on ordinary activities	(1,004,765)	8,405
Factors affecting tax charge for year	2009	2008
	€	€
Loss on ordinary activities before tax	(3,588,790)	(14,919,673)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 28%)	(1,004,861)	(4,177,508)
Effects of		
Expenses not deductible for tax purposes	1,039,181	4,184,653
Utilisation of prior year losses	-	(7,145)
Prior year adjustment	-	8,405
Current tax charge for the year (see note above)	34,320	8,405

The deferred tax asset is attributable to temporary differences arising in respect of the movement on the derivative fair valuation.

LA DEFENSE III PLC

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

7. INVESTMENTS:

	2009	2008
	€	€
At 1 January	427,201,965	434,178,075
Redemptions	<u>(6,975,475)</u>	<u>(6,976,110)</u>
At 31 December	<u>420,226,490</u>	<u>427,201,965</u>
Due within one year	46,975,475	6,976,110
Due after more than one year	<u>373,251,015</u>	<u>420,225,855</u>
	<u>420,226,490</u>	<u>427,201,965</u>

Investments represent units acquired in the FCC La Defense III fund which acquires receivables derived from real property financing together with ancillary rights and other investments

The investments are repayable in instalments and are expected to be repaid by April 2014

8. DEBTORS:

	2009	2008
	€	€
Due within one year		
Other debtors	14,663	14,663
Prepayments and accrued income	<u>3,452,791</u>	<u>5,768,950</u>
	<u>3,467,454</u>	<u>5,783,613</u>

9. CREDITORS:

Amounts falling due within one year	2009	2008
	€	€
Floating rate notes	46,975,475	6,976,110
Interest payable	1,124,934	5,710,113
Corporation tax	30,832	-
Amounts owed to connected companies	15,662	36,210
Accruals and deferred income	2,292,003	78,048
Derivatives at fair value	<u>4,800,464</u>	<u>-</u>
	<u>55,239,370</u>	<u>12,800,481</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

10. CREDITORS:

Amounts falling due after more than one year	2009 €	2008 €
Floating rate notes less amortised cost	372,052,161	418,323,241
Reimbursed issue costs	4,904,698	4,904,698
Amortisation of reimbursed issue costs	(3,700,032)	(2,997,267)
Derivatives at fair value	-	1,089,091
	<u>373,256,827</u>	<u>421,319,763</u>

The floating rate notes' outstanding principal balance declines over time as the proceeds from redemptions on loans made by the FCC fund are used to repay note-holders, along with accrued interest, on each quarterly interest payment date. Costs relating to the issue of the floating rate notes are deducted from the principal balance on the notes. These costs are charged to the profit and loss account in line with the expected redemptions of the underlying floating rate notes. Costs are fully amortised by the earliest date at which the option to redeem the floating rate notes may be exercised.

The notes were issued in March 2004 to fund investment in a French fund which acquires receivables derived from real property financing together with ancillary rights and other investments. Interest on the notes is a floating rate of three month EURIBOR plus a margin of 0.27%, 0.60% and 0.85% per annum for A1, B1 and C1 loan notes respectively. The notes are secured by fixed and floating charges on the assets of the company. The floating rate notes fall due for repayment in full in April 2014.

	2009 €	2008 €
Class A1 floating rate notes due 2014	271,503,610	276,720,740
Class B1 floating rate notes due 2014	91,096,324	92,172,701
Class C1 floating rate notes due 2014	57,632,368	58,313,341
	<u>420,232,302</u>	<u>427,206,782</u>
Issue costs	(4,904,698)	(4,904,698)
Amortisation of issue costs	3,700,032	2,997,267
	<u>419,027,636</u>	<u>425,299,351</u>
Summary of floating rate notes maturity		
Amounts due within one year	46,975,475	6,976,110
Amounts due after more than one year	372,052,161	418,323,241
	<u>419,027,636</u>	<u>425,299,351</u>
Included within the above are amounts falling due as follows		
Between one and two years		
Floating rate notes	46,975,475	6,976,110
Between two and five years		
Floating rate notes	<u>325,076,686</u>	<u>411,347,131</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

11. SHARE CAPITAL

	2009	2008
	€	€
Authorised		
2 ordinary subscriber shares of £1 each 25p paid	1	1
49,998 ordinary shares of 25p paid	<u>18,764</u>	<u>18,764</u>
	<u>18,765</u>	<u>18,765</u>
Allotted, called up and fully paid	€	€
2 ordinary subscriber shares of £1 each 25p paid	1	1
49,998 ordinary shares of 25p paid	<u>18,764</u>	<u>18,764</u>
	<u>18,765</u>	<u>18,765</u>

12. PROFIT AND LOSS ACCOUNT

	2009	2008
	€	€
As at 1 January	(985,315)	13,942,765
Retained loss for the financial year	<u>(2,584,025)</u>	<u>(14,928,080)</u>
As at 31 December	<u>(3,569,340)</u>	<u>(985,315)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009	2008
	€	€
Loss / Profit for the year	(2,584,025)	(14,928,080)
Opening shareholders' funds	<u>(966,550)</u>	<u>13,961,530</u>
Closing shareholders' fund	<u>(3,550,575)</u>	<u>(966,550)</u>

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is La Defense III (Holdings) Limited, a company registered in England and Wales. The smallest and largest group into which the company is consolidated is that of La Defense III (Holdings) Limited.

The shares in La Defense III (Holdings) Limited are held by Wilmington Trust SP Services (London) Limited under a declaration of trust for charitable purposes. The directors regard La Defense III (Holdings) Limited as the ultimate parent and controlling undertaking.

Copies of the consolidated financial statements may be obtained from La Defense III (Holdings) Limited, c/o Wilmington Trust SP Services (London) Limited, Fifth Floor, 6 Broad Street Place, London, EC2M 7JH.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

15. RELATED PARTY TRANSACTIONS

The Company is a special purpose entity controlled by its Board of Directors. No director received any remuneration other than Wilmington Trust SP Services (London) Limited, which receives a fee for the provision of corporate services under the terms of a corporate services agreement. Under the terms of the agreement, Wilmington Trust SP Services (London) Limited is entitled to receive annual fees of €21,150 (2008 €21,150).

Included within the profit and loss account are corporate services fees and accountancy fees charged by Wilmington Trust SP Services (London) Limited totalling €21,566 (2008 €21,226) and €4,406 (2008 €4,406) respectively.

At 31 December 2009, €4,406 (2008 €4,406) relating to accountancy fees were outstanding and are included within current liabilities accruals.