Registered number 5024429

LA DEFENSE III PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

COMPANY INFORMATION

DIRECTORS	Wilmington Trust SP Services Limited Mr R G Baker Mr M McDermott Mr S Masson
SECRETARY	Wilmington Trust SP Services (London) Ltd
COMPANY NUMBER	5024429
REGISTERED OFFICE	c/o Wilmington Trust SP Services (London) Limited Tower 42 (level 11) 25 Old Broad Street London EC2N 1HQ
AUDITORS	KPMG Audit Plc Chartered Accountants 8 Salisbury Square London EC4Y 8BB

CONTENTS

DIRECTORS' REPORT
For the year ended 31 December 2006

The directors present their report and the *financial statements for the year* ended 31 December 2006

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 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 profit for the year, after taxation, amounted to €18,208,615 (2005 profit €3,006,939) The profit for the year is stated after taking into account a fair value profit on a derivative financial instrument of €18,163,638 (€2,970,433) The directors recommend that no dividend should be paid (2005 €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 R G Baker

Mr S Masson *is an alternate director* to Mr M McDermott

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 €21,750 per annum for the provision of corporate services

None of the directors had a beneficial interest in the shares of the company during the period Wilmington Trust SP Services (London) Limited held one share in the company under a declaration of trust for La Defense III (Holdings) Limited The shares in La Defense III (Holdings) Limited, the parent company of La Defense III plc are held by Wilmington Trust SP Services (London) Limited under a declaration of trust for charitable purposes

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 the directors *have elected to prepare the financial statements in accordance* with UK Accounting Standards

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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 2006

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

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

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law

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

STATEMENTS AS TO DISCLOSURE OF INFORMATION TO 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

AUDITORS

The auditors, KPMG Audit Plc, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on 28 November 2007 and signed on its behalf

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

Date 28 NOVEMBER 2007

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 2006 which comprise the Profit and Loss Account, 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

As described in the Statement of Directors' Responsibilities on pages 1 and 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements We also 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 transactions with the Company 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
28 November 2007

8 Salisbury Square
London
EC4Y 8BB

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2006

	Note	2006 €	2005 €
Interest receivable and similar income	2	**37,074,552**	35,589,105
Interest payable and similar charges	3	**(36,665,080)**	(35,252,240)
		409,472	336,865
Other operating income	4	**28,763**	25,303
Finance income	5	**18,163,638**	2,970,434
Administrative expenses		**(382,484)**	(314,398)
OPERATING PROFIT	6	**18,219,389**	3,018,204
Tax on ordinary activities	7	**(10,774)**	(11,265)
PROFIT FOR THE FINANCIAL YEAR	13	**18,208,615**	3,006,939

All amounts relate to continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2006 €	2005 €
Profit for the financial year	**18,208,615**	3,006,939
Total recognised gains and losses relating to the financial year	**18,208,615**	3,006,939
Cumulative fair value loss on first adoption of FRS 26	-	(12,406,149)
Total gains and losses recognised since last annual report	**18,208,615**	(9,399,210)

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

BALANCE SHEET
As at 31 December 2006

	Note	2006 €	2006 €	2005 €	2005 €
FIXED ASSETS					
Investments	8		**490,283,242**		599,446,831
CURRENT ASSETS					
Debtors amounts falling due within one year	9	**5,010,336**		5,368,154	
Debtors amounts falling due after more than one year	9	**8,727,923**		-	
Investments	8	**9,525,000**		9,525,000	
Cash at bank		**144,718**		92,352	
		23,407,977		14,985,506	
CREDITORS amounts falling due within one year	10	**(14,556,908)**		(14,907,337)	
NET CURRENT ASSETS			**8,851,069**		78,169
TOTAL ASSETS LESS CURRENT LIABILITIES			**499,134,311**		599,525,000
CREDITORS amounts falling due after more than one year	11		**(490,283,242)**		(608,882,546)
NET ASSETS			**8,851,069**		(9,357,546)
CAPITAL AND RESERVES					
Called up share capital	12		**18,765**		18,765
Profit and loss account	13		**8,832,304**		(9,376,311)
SHAREHOLDERS' FUNDS - All Equity	14		**8,851,069**		(9,357,546)

The financial statements were approved by the board on 28 November 2007 and signed on its behalf

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 2006

1 ACCOUNTING POLICIES

1 1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom 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

The company has adapted the presentation of the profit and loss account and has adopted a format 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

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

1 3 Foreign currencies
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

1 4 Income and expense
Interest income and expense are accounted for in the profit and loss account on the accruals basis

1 5 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

1 6 Deferred taxation
Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered 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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2006

1 ACCOUNTING POLICIES (continued)

1.7 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

1 8 Investments
Current asset investments are stated at the lower of cost and net realisable value Fixed asset investments are held at cost less provisions for diminutions in value

1.9 Hedging contracts and instruments
The criteria required for an instrument to be classified as a hedge are that the transaction must be reasonably expected to match or eliminate a significant proportion of the risk inherent in the assets or liabilities being hedged and which results from potential movements in interest rates, and adequate evidence of the intention to hedge and linkage with the underlying risk inherent in the assets or liabilities being hedged, must be established at the outset of the transaction

All interest rate instruments which are designated as hedges are accounted for on a consistent basis with the underlying assets, liabilities or positions The company hedges its interest rate exposures on a portfolio basis using interest rate swaps and an interest rate cap Amounts accrued on hedging contracts and instruments are included within accruals and deferred income or prepayments and accrued income

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	2006	2005
	€	€
Interest receivable on units	18,999,283	15,967,820
Swap interest receivable	12,875,666	10,477,297
Other income	4,462,181	8,392,481
Amortisation of issue costs reimbursed	734,573	746,158
Bank interest receivable	2,849	5,349
	37,074,552	35,589,105

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	€	€
Interest payable on class A1 loan notes	12,856,630	11,162,580
Interest payable on class B1 loan notes	3,398,085	2,684,875
Interest payable on class C1 loan notes	2,302,060	1,853,158
Swap interest payable	17,373,732	18,805,469
Amortisation of issue costs	734,573	746,158
	36,665,080	35,252,240

4 OTHER OPERATING INCOME

	2006	2005
	€	€
Issue costs reimbursed	28,763	25,303
	28,763	25,303

The costs incurred by the company are reimbursed by the FCC La Defense III fund

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2006

5 FINANCE INCOME

	2006	2005
	€	€
Movement on interest rate swap	18,232,291	3,123,728
Movement on interest rate cap	(68,653)	(153,294)
	18,163,638	2,970,434

The above represents the fair value movement on the derivative financial instruments

6 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2006	2005
	€	€
Auditor's remuneration relating to audit of these financial statements	28,762	25,303
Auditors' remuneration for other services	15,075	6,479
Amortisation of issue costs reimbursed	(734,573)	(746,158)
Amortisation of issue costs	734,573	746,158

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

Operating profit represents interest receivable on units of loans made to French property companies less interest payable on floating rate notes

7 TAXATION

	2006	2005
Analysis of tax charge in year	€	€
UK corporation tax on profits for the period	10,774	11,265
Tax on profit on ordinary activities	10,774	11,265

Factors affecting tax charge for year	2006	2005
	€	€
Profit on ordinary activities before tax	18,219,389	3,018,204
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2005 30%)	3,461,684	905,461
Less disallowed expenses	(3,450,910)	(891,130)
Less starting rate relief	-	(3,066)
Current tax charge for period (see note above)	10,774	11,265

There were no factors that may affect future tax charges

8 INVESTMENTS

	2006	2005
	€	€
At 1 January	608,971,831	618,496,831
Acquisitions	-	-
Redemptions	(109,163,589)	(9,525,000)
At 31 December	499,808,242	608,971,831
Due within one year	9,525,000	9,525,000
Due after more than one year	490,283,242	599,446,831
	499,808,242	608,971,831

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 2009

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2006

9 DEBTORS

Due within one year

	2006	2005
	€	€
Other debtors	14,663	14,663
Prepayments and accrued income	4,995,672	5,353,491
	5,010,335	5,368,154
Due after more than one year		
Derivatives at fair value	8,727,923	-
	8,727,923	-

10 CREDITORS:

Amounts falling due within one year

	2006	2005
	€	€
Floating rate notes	9,525,000	9,525,000
Interest payable	4,454,548	3,554,634
Corporation tax	10,713	13,773
Amounts owed to connected companies	9,504	13,062
Accruals and deferred income	557,143	1,800,868
	14,556,908	14,907,337

11 CREDITORS.

Amounts falling due after more than one year

	2006	2005
	€	€
Floating rate notes	486,938,451	595,367,467
Derivatives at fair value	-	9,435,715
Reimbursed issue costs	4,904,698	4,904,698
Amortisation of reimbursed issue costs	(1,559,907)	(825,334)
	490,283,242	608,882,546

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

11 CREDITORS.

Amounts falling due after more than one year (continued)

	2006	2005
	€	€
Class A1 floating rate notes due 2014	345,643,092	452,571,831
Class B1 floating rate notes due 2014	94,426,154	95,795,000
Class C1 floating rate notes due 2014	59,738,996	60,605,000
	499,808,242	608,971,831
Issue costs	(4,904,698)	(4,904,698)
Amortisation of issue costs	1,559,907	825,334
	496,463,451	604,892,467
Summary of floating rate notes maturity		
Amounts due within one year	9,525,000	9,525,000
Amounts due after more than one year	486,938,451	595,367,467
	496,463,451	604,892,467
Included within the above are amounts falling due as follows		
Between one and two years		
Floating rate notes	9,525,000	9,525,000
Between two and five years		
Floating rate notes	28,575,000	28,575,000
Over five years		
Floating rate notes	448,838,451	557,267,467

Creditors include amounts not wholly repayable within 5 years as follows

	2006	2005
	€	€
Repayable by instalments	448,838,451	557,267,467

12 SHARE CAPITAL

	2006	2005
Authorised	€	€
2 ordinary subscriber shares of £1 each 25p paid	1	1
49,998 ordinary shares of 25p paid	18,764	18,764
	18,765	18,765
Allotted, called up and fully paid	€	€
2 ordinary subscriber shares of £1 each 25p paid	1	1
49,998 ordinary shares of 25p paid	18,764	18,764
	18,765	18,765

13. PROFIT AND LOSS ACCOUNT

	2006	2005
	€	€
At the start of the year	(9,376,311)	22,899
Adoption of FRS 26 on 1 January 2005	-	(12,406,149)
Retained profit for the financial year	18,208,615	3,006,939
At end of year	8,832,306	(9,376,311)

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006	2005
	€	€
Profit for the year	18,208,615	3,006,939
Adoption of FRS 26 on 1 January 2005	-	(12,406,149)
	18,208,615	(9,399,210)
Opening shareholders' funds	(9,357,546)	41,664
Closing shareholders' funds	8,851,069	(9,357,546)

15. FINANCIAL INSTRUMENTS

The company's financial instruments, other than derivatives, comprise borrowings, cash balances and debtors and creditors that arise directly from its operations The numerical disclosures below exclude short term debtors and creditors The company has entered into transactions which consist principally of loan notes
The risks arising from the company's activities are credit risk, interest rate risk and liquidity risk The Board reviews and agrees policies for managing each of these risks which are noted below

Credit risk
The company's major asset is an investment in the FCC La Defense III fund which invests in real property The investments are subject to regular reviews for possible credit problems to ensure credit risks are identified on a timely basis and losses are minimised

Liquidity risk
It is the company's policy to fully match its funding requirements The company's policy is to match the value of the notes issued with floating rate units invested in At the period end the entire portfolio of floating rate notes was covered by assets whose maturity did not exceed that of the notes

Interest rate risk profile of financial liabilities
The interest margins on the floating rate notes issued by the company are disclosed within note 11 The underlying 3 month Euribor rate at 31 December 2006 was 3 725% (2005 2 487%)

Interest rate risk
The company has an exposure to interest rate risk as the loan notes from which the company's activities are funded are floating rate whereas the FCC fund units are a part floating, part fixed rate The interest rate risk is managed by the company entering into interest rate swap and interest rate cap agreements in order to ensure the company can meet its obligations under the floating rate notes

Foreign currency risk
All of the company's assets and liabilities are denominated in Euros and therefore there is no foreign currency risk Consequently no currency risk profile disclosure has been presented

Financial instruments held for trading purposes
The company does not trade in financial instruments

Fair value of assets and liabilities
The table below shows the estimated fair value and carrying value for each major category of assets and liabilities in the balance sheet at the balance sheet date The fair value of a financial instrument is the amount at which it could be exchanged in an arm's length transaction between informed and willing parties other than in a forced or liquidation sale Where external or quoted market prices were not available the fair values were estimated using discounted cash flow techniques based on interest rates prevailing at the balance sheet date Financial instruments with short term maturities or near term re-pricing terms are assumed to have fair values equal to their carrying amounts

15. FINANCIAL INSTRUMENTS (continued)

At 31 December 2006	**Carrying value**	**Fair value**
Fair value of financial assets and liabilities	**€**	**€**
On balance sheet		
Investments due within one year and other short term debtors	**14,535,336**	**14,535,336**
Investments due after more than one year	**490,283,242**	**524,304,381**
Cash and other short term deposits	**144,718**	**144,718**
Interest rate swap	**8,703,155**	**8,703,155**
Interest rate cap	**24,768**	**24,768**
Loans and obligations due within one year	**(14,556,908)**	**(14,556,908)**
Loans due after more than one year	**(490,283,242)**	**(490,283,242)**
	8,851,069	**42,872,208**

At 31 December 2005	**Carrying value**	**Fair value**
On balance sheet	€	€
Investments due within one year and other short term debtors	14,893,154	14,893,154
Investments due after more than one year	599,446,831	611,609,212
Cash and other short term deposits	92,352	92,352
Interest rate swap	(9,529,137)	(9,529,137)
Interest rate cap	93,422	93,422
Loans and obligations due within one year	(14,907,337)	(14,907,337)
Loans due after more than one year	(599,446,831)	(599,446,831)
	(9,357,546)	2,804,835

Maturity of financial liabilities excluding unamortised costs	**2006**	2005
Amounts falling due	**€**	€
In one year or less or on demand	**9,525,000**	9,525,000
In more than one year but not more than two years	**9,525,000**	9,525,000
In more than two years but not more than five years	**28,575,000**	28,575,000
After more than five years	**442,658,242**	561,257,546
	490,283,242	608,882,546

The maturity profile is determined by reference to the earliest date on which payment can be required or on which the liability falls due
The fair values of the financial assets and liabilities have been determined by reference to market rates or other appropriate techniques as determined by the Company

16 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, Tower 42 (Level 11), 25 Old Broad Street, London, EC2N 1 HQ