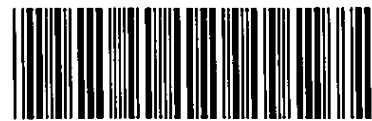

EUROCITY PROPERTIES (CENTRAL) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2006

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EUROCITY PROPERTIES (CENTRAL) LIMITED

COMPANY INFORMATION

DIRECTORS

A S Perloff
S J Peters
J T Doyle
J H Perloff

SECRETARY

S J Peters

COMPANY NUMBER

3428267

REGISTERED OFFICE

Panther House
38 Mount Pleasant
London
WC1X 0AP

AUDITORS

Nexia Smith & Williamson
Chartered Accountants & Registered Auditors
Prospect House
2 Athenaeum Road
Whetstone
London
N20 9YU

EUROCITY PROPERTIES (CENTRAL) LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Notes to the financial statements	9 - 15

EUROCITY PROPERTIES (CENTRAL) LIMITED

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company continues to be that of investment in commercial properties.

The directors are pleased with the results for the year and expect the trading position of the company to be maintained during the coming year.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £98,780 (2005 - £149,786).

A final dividend of £500,000 (£250,000 per share) (2005 - £Nil) on ordinary shares was paid during the year.

EUROCITY PROPERTIES (CENTRAL) LIMITED

DIRECTORS' REPORT For the year ended 31 December 2006

DIRECTORS

The directors who served during the year and their interests in the company's issued share capital were

	Ordinary shares of £1 each	
	31/12/06	1/1/06
A S Perloff	-	-
S J Peters	-	-
J T Doyle	-	-
J H Perloff	-	-

No director had any interest in the shares of the company during the year but their interests in the parent undertaking, Panther Securities PLC, are disclosed in that company's financial statements

FINANCIAL RISK MANAGEMENT

The company is a member of the Panther Securities PLC group. The principal activity of the individual companies within the group is property investment and dealing. The financial risk management procedures set out below are employed by all companies within the Panther Securities PLC group. The group's operations expose it to a variety of financial risks the main two being the effects of changes in credit risk of tenants and interest rate movement exposure on borrowings. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs. The group also uses derivative financial instruments to protect against adverse interest rate movements, no hedge accounting is applied.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Price risk

The group is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services in purchases in the UK. The group also has a price exposure on listed equities that are held as investments. The group has a policy of holding only a small proportion of its assets as listed investments.

Credit risk

The group has implemented policies that require appropriate credit checks on potential tenants before lettings are agreed. In most cases a deposit is requested unless the tenant can provide a strong personal or other guarantee. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board. Exposure is also reduced significantly as the group has a large spread of tenants who operate in different industries.

Liquidity risk

The group actively ensures liquidity by maintaining a long-term finance facility and also holds significant cash deposits which are both to ensure the group has sufficient available funds for operations and planned expansions.

Interest rate risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets are cash balances which earn interest at fixed rate. The group has a policy of only borrowing debt to finance the purchase of cash generating assets. The directors will revisit the appropriateness of this policy should the group operations change in size or nature.

EUROCITY PROPERTIES (CENTRAL) LIMITED

DIRECTORS' REPORT
For the year ended 31 December 2006


COMPANY'S POLICY FOR PAYMENT OF CREDITORS

The company agrees terms and conditions for transactions with suppliers and payment is made on these terms, subject to the supplier meeting the agreed terms and conditions

AUDITORS

The auditors Nexia Smith & Williamson will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on 30/4/02 and signed on its behalf



S. J. Peters
Secretary

EUROCITY PROPERTIES (CENTRAL) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROCITY PROPERTIES (CENTRAL) LIMITED

We have audited the accounts of Eurocity Properties (Central) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 19. These accounts have been prepared under the accounting policies set out therein.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK 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.

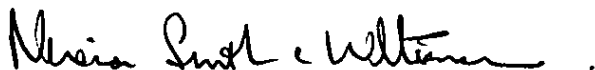
EUROCITY PROPERTIES (CENTRAL) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROCITY PROPERTIES
(CENTRAL) LIMITED

OPINION

In our opinion

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



NEXIA SMITH & WILLIAMSON

Chartered Accountants
Registered Auditors

Prospect House
2 Athenaeum Road
Whetstone
London
N20 9YU

Date 23 July 2007.

EUROCITY PROPERTIES (CENTRAL) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2006

	Note	2006 £	2005 £
TURNOVER	1,2	218,434	262,211
Cost of sales		(10,975)	(11,999)
GROSS PROFIT		207,459	250,212
Administrative expenses		(2,611)	(20,220)
Other operating income		-	3,568
OPERATING PROFIT	3	204,848	233,560
EXCEPTIONAL ITEMS			
Net profit on sale of tangible fixed assets	7	142,422	68,178
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		347,270	301,738
Interest receivable	4	134	74
Interest payable	5	(91,139)	(116,565)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		256,265	185,247
Tax on profit on ordinary activities	6	(58,607)	(35,461)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	197,658	149,786

All amounts relate to continuing operations

EUROCITY PROPERTIES (CENTRAL) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2006

	2006	2005
	£	£
PROFIT FOR THE FINANCIAL YEAR	197,658	149,786
Unrealised surplus on revaluation of tangible fixed assets	-	613,905
Tax on realised gain on disposal of investment property	<u>(98,878)</u>	<u>20,453</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>98,780</u>	<u>784,144</u>

EUROCITY PROPERTIES (CENTRAL) LIMITED

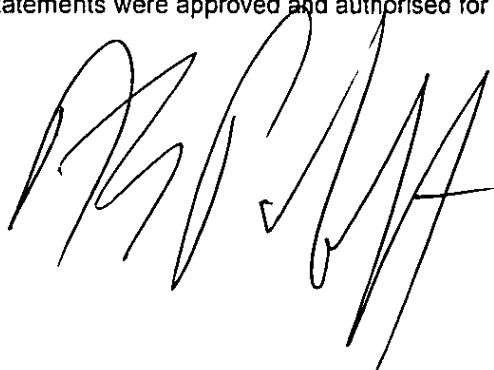
BALANCE SHEET
As at 31 December 2006

	Note	£	2006	£	£	2005	£
FIXED ASSETS							
Tangible fixed assets	9			2,440,200			3,836,400
CURRENT ASSETS							
Debtors	10	20,364			54,001		
CREDITORS: amounts falling due within one year	11	(449,431)			(823,460)		
NET CURRENT LIABILITIES				(429,067)			(769,459)
TOTAL ASSETS LESS CURRENT LIABILITIES				2,011,133			3,066,941
CREDITORS: amounts falling due after more than one year	12			(1,054,932)			(1,709,520)
NET ASSETS				956,201			1,357,421
CAPITAL AND RESERVES							
Called up share capital	14			2			2
Revaluation reserve	15			347,213			809,224
Profit and loss account	15			608,986			548,195
SHAREHOLDERS' FUNDS - All equity	16			956,201			1,357,421

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30/4/07

A. S. Perloff
Director



EUROCITY PROPERTIES (CENTRAL) LIMITED

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 under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards

1.2 TURNOVER

Turnover represents the value of rents receivable for tenancy occupation in the year to 31 December. Any amounts received in advance or in arrears are deferred or accrued as necessary.

1.3 INVESTMENT PROPERTIES

Investment properties are accounted for in accordance with SSAP 19 as follows:

- i) investment properties are revalued annually by the directors and by independent professional valuers at intervals of not more than three years. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year and
- ii) no depreciation is provided in respect of leasehold investment properties with over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary to give a true and fair view, since the current value of investment properties, and the changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

1.4 OPERATING LEASES

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

1.5 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

EUROCITY PROPERTIES (CENTRAL) LIMITED

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

2. TURNOVER

The whole of the turnover and profit before taxation is attributable to the one principal activity of the company

All turnover arose within the United Kingdom

3 OPERATING PROFIT

During the year, no director received any emoluments (2005 - £NIL).

At the year end there were no directors accruing pension benefits

4. INTEREST RECEIVABLE

	2006 £	2005 £
Other interest receivable	<u>134</u>	<u>74</u>

5. INTEREST PAYABLE

	2006 £	2005 £
On other loans and overdrafts	<u>91,139</u>	<u>116,565</u>

6. TAXATION

	2006 £	2005 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
UK corporation tax charge on profits for the year	51,114	35,460
Adjustments in respect of prior periods	<u>7,493</u>	<u>1</u>
TOTAL CURRENT TAX	<u>58,607</u>	<u>35,461</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>58,607</u>	<u>35,461</u>

EUROCITY PROPERTIES (CENTRAL) LIMITED

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

6. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

	2006	2005
	£	£
Profit on ordinary activities before tax	256,265	185,247
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	76,880	55,574
EFFECTS OF:		
Expenses not deductible for tax purposes	(298)	(298)
Capital allowances for year in excess of depreciation	(868)	(931)
Group relief	(24,600)	(18,255)
Marginal relief	-	(630)
Adjustments to tax charge in respect of prior periods	7,493	1
CURRENT TAX CHARGE FOR THE YEAR (see note above)	58,607	35,461

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

7. EXCEPTIONAL ITEMS

	2006	2005
	£	£
Exceptional item - on sale of investment property	142,422	68,178

8. DIVIDENDS

	2006	2005
	£	£
Ordinary dividends paid £250,000 (2005 - Nil)	500,000	-

EUROCITY PROPERTIES (CENTRAL) LIMITED

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

9. TANGIBLE FIXED ASSETS

	Investment properties £
COST OR VALUATION	
At 1 January 2006	3,836,400
Disposals	(1,396,200)
	<u>2,440,200</u>
At 31 December 2006	
DEPRECIATION	
At 1 January 2006 and 31 December 2006	-
NET BOOK VALUE	
At 31 December 2006	<u>2,440,200</u>
At 31 December 2005	<u>3,836,400</u>

At 31 December 2006, £2,440,200 (2005 - £3,836,400) included within the net book value of land and buildings relates to freehold land and buildings

On the historical cost basis, land and buildings would have been included as follows

	2006 £	2005 £
Cost	2,092,987	3,027,176
Accumulative depreciation	-	-
	<u>2,092,987</u>	<u>3,027,176</u>
Net book amount		

Land and buildings held at 31 December 2006 were revalued at market value by the directors at that date and accordingly those valuations were incorporated into these accounts. At 31 December 2006, the directors valued the properties and do not consider there to be a material change in value from the prior year. Land and buildings held were revalued on 31 December 2005 at the open market value by Donaldsons, Chartered Surveyors in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by R I C S.

10. DEBTORS

	2006 £	2005 £
Trade debtors	18,930	54,001
Other debtors	1,434	-
	<u>20,364</u>	<u>54,001</u>

EUROCITY PROPERTIES (CENTRAL) LIMITED

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

**11. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 £	2005 £
Building society loans	87,809	87,808
Trade creditors	6,360	20,868
Amounts owed to group undertakings	171,400	645,793
Corporation tax	99,992	15,007
Social security and other taxes	56,208	18,751
Accruals and deferred income	27,662	35,233
	<u>449,431</u>	<u>823,460</u>

The building society loans are secured by legal charges over certain investment properties. In addition the building society has a floating charge over all the assets of the company and the assignment of the benefit of all rents receivable of the secured properties.

The inter company loans are interest free and repayable on demand, however there is no present intention to seek repayment of these loans.

**12. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2006 £	2005 £
Building society loans	<u>1,054,932</u>	<u>1,709,520</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2006 £	2005 £
Repayable by instalments	<u>703,700</u>	<u>1,358,288</u>

The building society loans are secured by legal charges over certain investment properties. In addition the building society has a floating charge over all the assets of the company and the assignment of the benefit of all rents receivable of the secured properties.

	2006 £	2005 £
The building society loans are repayable by quarterly instalments until December 2013 when a final capital repayment of £274,500 falls due. Interest is charged at 1.3% above LIBOR	<u>1,142,740</u>	<u>1,797,328</u>

The loans were paid in full in January 2007.

EUROCITY PROPERTIES (CENTRAL) LIMITED

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

13 PROVISIONS FOR LIABILITIES AND CHARGES

The provision for deferred taxation not provided is as follows:

Deferred Taxation

	2006 £	2005 £
Potential capital gains	<u>72,928</u>	<u>115,106</u>

14. SHARE CAPITAL

	2006 £	2005 £
AUTHORISED		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
ALLOTTED, CALLED UP AND FULLY PAID		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

15. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 2006	809,224	548,195
Profit retained for the year		197,658
Dividends: Equity capital		(500,000)
Tax on realised gains on sale of property		(98,878)
Transfer between Revaluation reserve and P/L account	(462,011)	462,011
At 31 December 2006	<u>347,213</u>	<u>608,986</u>

EUROCITY PROPERTIES (CENTRAL) LIMITED

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

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Opening shareholders' funds	1,357,421	573,277
Profit for the year	197,658	149,786
Dividends (Note 8)	(500,000)	-
Tax on realised gains on sale of property	(98,878)	-
Other recognised gains and losses during the year	-	634,358
	<hr/>	<hr/>
Closing shareholders' funds	956,201	1,357,421
	<hr/>	<hr/>

17. CONTINGENT LIABILITIES

A contingent liability exists at 31 December 2006 as the company is a member of the Eurocity Properties PLC group for VAT purposes. The group VAT liability amounted to £56,208 (2005 - £8,686) at this date.

18. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemptions conferred under FRS 8, such that related party transactions need not be disclosed, because consolidated accounts including this company are publicly available.

19. PARENT UNDERTAKING

The company's immediate parent undertaking is Eurocity Properties PLC, and the ultimate parent undertaking is Panther Securities PLC, a company incorporated in Great Britain.