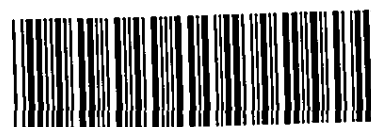


Directors' Report and Accounts

For the year ended

31st December 2007

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**REPORT OF THE DIRECTORS
for the year ended 31st December 2007**

Introduction

The Directors present their report and the audited accounts for the year ended 31st December 2007. During the prior period the company changed its accounting reference date from 30th June to 31st December and hence the comparative period is for the eighteen months ended 31st December 2006.

Principal activities

The Company has not traded in the year and is not expected to do so in the foreseeable future.

The Company depends on the financial support of its principal parent company, Liberty Plc, which has indicated that it will provide the financial resources necessary to enable the Company to meet its obligations.

Business review

The results for the year ended 31st December 2007 are set out on page 7 of the accounts.

Dividends

The Directors do not recommend the payment of a dividend.

Directors and Directors' interests

The Directors who held office during the period were as follows

R.G Balfour-Lynn

P. Harris

C. Mardon

J W. Harrison

J Singh

A F Blurton

M.A Bibring

Appointed 13th May 2008

Resigned 13th May 2008

None of the Directors have any interests in the share capital of the Company

All of the Directors except M.A Bibring are also Directors of the immediate parent company, Retail Stores Property Holdings Limited. None of the Directors have any interests in the share capital of the immediate parent company

R.G Balfour-Lynn, J W. Harrison, P. Harris and J. Singh are also Directors of the principal parent company, Liberty Plc. Details of their interests in the share capital of Liberty Plc are shown in the Report of the Directors for that company

REPORT OF THE DIRECTORS (continued)
for the year ended 31st December 2007

Directors and directors' interests (continued)

R G Balfour-Lynn is also a Director of the ultimate parent company, MWB Group Holding Plc (formerly Marylebone Warwick Balfour Group Plc), and details of their interests in the share capital of the ultimate parent company are shown in the Report of the Directors for Liberty Plc

J Singh is also a Director of the ultimate parent company, MWB Group Holding Plc (formerly Marylebone Warwick Balfour Group Plc), and his interests in the share capital of the ultimate parent company are 1,030,803 (2006 1,165,803) ordinary shares.

A.F. Blurton is also a Director of the ultimate parent company, MWB Group Holding Plc (formerly Marylebone Warwick Balfour Group Plc), and his interests in the share capital of the ultimate parent company are 681,080 (2006 677,080) ordinary shares.

M.A. Bibring is also a Director of the ultimate parent company, MWB Group Holding Plc (formerly Marylebone Warwick Balfour Group Plc), and his interests in the share capital of the ultimate parent company are 609,742 (2006 609,742) ordinary shares

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

In accordance with Section 384 of the Companies Act 1985 a resolution for the re-appointment of KPMG Audit Plc as Auditors of the company will be proposed at the forthcoming Annual General Meeting

By order of the Board

For & on ~~Behalf of~~
FILEX SERVICES LTD
Signed by Director/Secretary
Filex Services Limited
Secretary

179 Great Portland Street
London W1W 5LS

12 June 2008

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 General Accepted Accounting Practice).

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.

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.

Independent auditors' report to the members of Liberty Regent Street Limited



KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB

We have audited the financial statements of Liberty Regent Street Limited for the year ended 31st December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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.

**Independent auditors' report to the members of Liberty Regent Street Limited
(continued)**

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 31st December 2007 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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

12 June 2008

PROFIT AND LOSS ACCOUNT
for the year ended 31st December 2007

		Year ended 31st December 2007 £'000	Eighteen months ended 31st December 2006 £'000
	Notes		
Amounts written back on loans due to subsidiary undertakings		29,032	25,000
Amounts written off to loans due from immediate parent company		(29,293)	(19,500)
Amounts written off re provisions		750	-
Profit on ordinary activities before taxation	4	489	5,500
Taxation on loss on ordinary activities	5	-	-
Retained profit for the period	11	489	5,500

The Company has no recognised gains or losses other than the losses stated above and therefore no separate Statement of Total Recognised Gains and Losses has been prepared.

There is no material difference between the loss for the period and its historical cost equivalent.

All operations are continuing

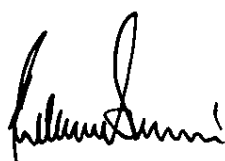
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31st December 2007


	Year ended 31st December 2007 £'000	Eighteen months ended 31st December 2006 £'000
Opening shareholders' funds	81	(5,419)
Profit for the financial period	489	5,500
Closing shareholders' funds	570	81

BALANCE SHEET
at 31st December 2007

	Notes	31 st December 2007 £'000	31 st December 2006 £'000
Fixed assets			
Investments	6	10	10
Current Assets			
Debtors	7	3,388	32,681
Current liabilities			
Creditors amounts falling due within one year	8	(2,278)	(31,310)
Net current assets		1,110	1,371
Total assets less current liabilities		1,120	1,381
Creditors: amounts falling due after more than one year	9	(550)	(1,300)
Net assets		570	81
Capital and reserves			
Called up share capital	10	20	20
Profit and loss account	11	550	61
Equity Shareholders' funds		570	81

Approved by the Board of Directors on 12 JUNE 2008 and signed on its behalf by:-


A.F. Blurton
Director


P. Harris
Director

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the accounts

Liberty Plc, the Company's principal parent company, has provided an undertaking that for at least 12 months from the date of approval of these accounts, it will continue to make available such funds as are needed to meet all its external liabilities as they fall due for payment and to enable the company to continue in operational existence for the foreseeable future. As with any company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these accounts, there is a reasonable expectation that it will continue. They have therefore adopted the going concern basis in the preparation of the accounts for the year ended 31st December 2007

Basis of preparation

The accounts have been prepared under the historical cost convention. They have also been prepared in accordance with applicable accounting standards and with the Companies Act 1985.

The accounts are made up to year ended 31st December 2007.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its Group.

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement, as it is a wholly owned subsidiary undertaking of a parent undertaking which has produced a cash flow

As the Company is a wholly owned subsidiary of Liberty Plc, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties).

Corporation tax and deferred taxation

The charge for taxation is based on the result for the period, which takes account of taxation deferred because of timing differences between the treatment of certain items for taxation purposes and the treatment under the Group's accounting policies

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (continued)

Corporation tax and deferred taxation (continued)

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes. In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date, that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence 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 is measured on a non-discounted basis.

Tangible fixed assets

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Short leasehold operational properties and leasehold improvements

The shorter of 50 years and the terms of any lease after taking into account statutory rights of renewal

No depreciation is provided on freehold land

Cost of operational properties includes directly attributable finance costs

Shares in subsidiary undertakings

The interest of the Company in the shares of subsidiary undertakings is stated at cost less any provision for impairment. In the Company's own accounts, where advantage can be taken of the merger relief rules, shares issued as consideration for acquisitions are accounted for at nominal value.

2. TURNOVER

The turnover of the Company is stated net of value added tax and is derived from rental income in the United Kingdom.

NOTES TO THE ACCOUNTS

3. DIRECTORS AND EMPLOYEES

The Company did not employ any staff during the period.

None of the Directors received any emoluments in respect of their services to the Company.

4. AUDITORS

Audit fees of £1,400 (2006: £1,000) are borne by the immediate parent company

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charged on profit on ordinary activities has been reduced from the amount that would arise from applying the prevailing corporation tax rate of 30% as follows:

	Year ended 31 st December 2007 £'000	Eighteen months ended 31 st December 2006 £'000
UK corporation tax credit/(charge) on Company (loss)/profit before tax	(147)	(1,650)
Non-taxable net write back of loans due to subsidiary undertaking	-	1,650
Non-available write off of provision	147	-
Current and total tax charge	-	-

On 21st March 2007, it was announced that the corporation tax rate is to decrease from 30% to 28%, effective from 1st April 2008. The Directors believe that the effective tax rate will remain consistent for the foreseeable future.

6. INVESTMENT IN SUBSIDIARY COMPANIES

The Company owns 100% of the issued share capital of Liberty Regent Street No 2 Limited. Liberty Regent Street No 2 Limited is a property management and investment company registered in England & Wales.

NOTES TO THE ACCOUNTS

7. DEBTORS

	31 st December 2007 £'000	31 st December 2006 £'000
Amounts falling due within one year:		
Amounts due from immediate parent company	3,388	32,681

8. CREDITORS

	31 st December 2007 £'000	31 st December 2006 £'000
Amounts falling due within one year:		
Amounts due to fellow group undertakings	2,028	2,028
Amounts due to subsidiary undertakings	110	29,142
Accruals and deferred income	140	140
	2,278	31,310

9. PROVISIONS

	Provision for staircase £'000
Balance at 1 January 2007	1,300
Provision released during the year	(750)
Balance at 31 December 2007	550

An obligation exists under a Section 106 notice served by English Heritage to reinstate an oak panelled staircase into the Tudor building. The provision is the estimated building cost necessary to incorporate the staircase into the existing fabric of the building.

NOTES TO THE ACCOUNTS

10. CALLED UP SHARE CAPITAL

	31st December 2007 £'000	31st December 2006 £'000
Authorised		
20,000 ordinary shares of £1 each	20	20
Allotted, called up and fully paid		
20,000 ordinary shares of £1 each	20	20

11. MOVEMENT ON RESERVES

	Profit and Loss account £'000
At 1 st January 2007	61
Retained profit for the year	489
At 31st December 2007	550

12. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The Company's immediate parent company is Retail Stores Property Holdings Limited a company registered in England and Wales. Copies of its accounts may be obtained from the company secretary; Filex Services Limited, 179 Great Portland Street, London W1W 5LS.

The Company's principal parent company is Liberty Plc (formerly Retail Stores Plc) a company registered in England and Wales and listed on the Alternative Investment Market. Copies of its accounts may be obtained from the company secretary; Filex Services Limited, 179 Great Portland Street, London W1W 5LS

The ultimate parent company is MWB Group Holding Plc (formerly Marylebone Warwick Balfour Group Plc), a company which is registered in England and Wales and listed on the London Stock Exchange. Its consolidated accounts may be obtained from the company secretary, City Group P L C., 30 City Road, London EC1Y 2AG