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EUROHYPO INVESTMENT BANKING LIMITED

Company Number 2763136

REPORTS AND FINANCIAL STATEMENTS

31 December 2007

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# EUROHYPO INVESTMENT BANKING LIMITED

## REPORTS AND FINANCIAL STATEMENTS

For the year ended 31 December 2007

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# EUROHYPO INVESTMENT BANKING LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2007

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The Directors' present their annual report and the audited financial statements for the year ended 31 December 2007

### ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is the receipt of fee income for arranging term loans secured by mortgages on commercial property located in the United Kingdom or Europe or to the public sector and providing other advisory services in the real estate sector. The Company also takes part in Real Estate and related projects.

The directors consider that the performance of the company has been in line with expectations for the current period.

There have been no events since the balance sheet date which materially affect the position of the company.

### RESULTS

The results for the period are shown on page 5.

The Directors paid the 2006 final dividend of £9.75 million in 2007 (2006 – £Nil). No dividend is proposed for the year ended 31 December 2007.

### DIRECTORS

The Directors who held office during the year were as follows:

B. Knobloch  
P. D. Rivlin  
N. Lawson-May

S. Allan remains as Secretary.

### STATEMENTS AS TO DISCLOSURE OF INFORMATION TO AUDITORS

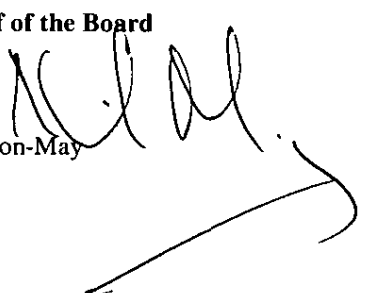
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself 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 is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Neil Lawson-May  
Director



17 April 2008

## EUROHYPO INVESTMENT BANKING LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2007

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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 period. 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 judgements 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.

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

# EUROHYPO INVESTMENT BANKING LIMITED

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EUROHYPO INVESTMENT BANKING LIMITED

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We have audited the financial statements of Eurohypo Asset Investment Banking Limited for the period ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, , Reconciliation of Movement 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**

As described in the Statement of Directors' Responsibilities on page 3, 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. In addition 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 2007 and of its profit for the period then ended, and
- 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  
18 April 2008

# EUROHYPO INVESTMENT BANKING LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	1	15,000	15,000
Administration expenses		(14,319)	(13,859)
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OPERATING PROFIT		681	1,142
Interest/dividends receivable	5	366,996	9,637,287
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PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	367,677	9,638,428
Tax on profit on ordinary activities	6	(110,721)	(3,325)
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PROFIT FOR THE FINANCIAL YEAR		256,956	9,635,103
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There were no recognised gains or losses other than the profit for the period, consequently no statement of total recognised gains and losses has been prepared

All amounts are derived from continuing operations

The notes on pages 8 to 11 form part of these accounts

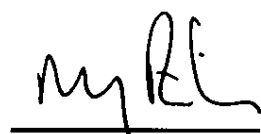
# EUROHYPO INVESTMENT BANKING LIMITED

## BALANCE SHEET

As at 31 December 2007

	Note	2007 £	2006 £
<b>Current assets</b>			
Debtors	7	17,792	9,753,072
Cash at bank and in hand		584,863	230,024
Investments	9	9,890	9,890
		<b>612,545</b>	<b>9,992,986</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(121,114)</b>	<b>(8,511)</b>
<b>Net current assets</b>		<b>491,431</b>	<b>9,984,475</b>
<b>Net assets</b>		<b>491,431</b>	<b>9,984,475</b>
<b>Capital and reserves</b>			
Called up share capital	11	150,002	150,002
Profit and loss account		341,429	9,834,473
<b>Equity shareholders' funds</b>		<b>491,431</b>	<b>9,984,475</b>

These financial statements were approved by the board of directors on 17 April 2008



For and on behalf of the  
Board of Directors

The notes on pages 8 to 11 form part of these accounts

## EUROHYPO INVESTMENT BANKING LIMITED

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 December 2007

	2007 £	2006 £
Balance at 1 January	9,984,475	349,372
Profit for the financial year	256,956	9,635,103
Dividend payment	(9,750,000)	-
Balance at 31 December	491,431	9,984,475

The notes on pages 8 to 11 form part of these accounts



# EUROHYPO INVESTMENT BANKING LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

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### 1 Accounting policies

These financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards. The particular accounting policies are described below.

#### *Basis of preparation*

These financial statements are prepared in accordance with the historical cost convention.

#### *Group Accounts*

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

#### *Taxation*

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Cashflow Statement*

The Company is exempt from the requirement to prepare a Cash Flow Statement under Financial Reporting Standard 1 (Revised 1996) as it is an exempt subsidiary undertaking of a company which prepares consolidated financial statements which are publicly available. The Company's ultimate parent company, Eurohypo AG ("EH") presents a cash flow statement in its annual report.

#### *Turnover*

Turnover represents fee income derived from arrangement of mortgage loan.

#### *Fixed asset investments*

Investments are held at cost less any amounts provided for any permanent diminution in value.

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2.	Profit on ordinary activities before taxation	2007 £	2006 £
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#### *Profit on ordinary activities before taxation is stated after charging*

#### Auditors' remuneration

Audit fees of the financial statements	4,700	4,700
Other services	1,175	1,434

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### 3 Remuneration of directors

The aggregate emoluments of persons who were Directors of the Company during the year ended 31 December 2007, including pension contributions, was £NIL (2006: £NIL).

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### 4 Staff costs

The total staff costs (including Directors Emoluments) have been borne by Eurohypo AG without recharge. No staff costs have therefore been included in the financial statements.

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# EUROHYPO INVESTMENT BANKING LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2007

5.	Other interest receivable and similar income	2007 £	2006 £
	Interest receivable	366,996	16,270
	Dividends receivable	-	9,621,016
		<u>366,996</u>	<u>9,637,286</u>

6	Taxation	2007 £	2006 £
	UK Corporation tax at 30% (2006 30%) on profits	110,067	3,010
	Prior year adjustment	373	-
	Origination/reversal of timing	281	315
	Tax on profit on ordinary activities	<u>110,721</u>	<u>3,325</u>

The current tax charge for the period is lower (2006 lower) than the standard rate of corporation tax in the UK (30%, 2006 30%) The difference is explained below

	2007 £	2006 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	367,677	9,638,428
Current tax at 30% (2006 30%)	<u>110,303</u>	<u>2,891,529</u>
<i>Effects of</i>		
Capital Allowances for the period in excess of depreciation	(236)	(315)
Non-taxable dividend income	-	(2,886,305)
Non-taxable write back of diminution of investments	-	(1,898)
Total tax charge (see above)	<u>110,067</u>	<u>3,010</u>

7	Debtors	2007 £	2006 £
	Amounts owed by group undertaking (Eurohypo AG)	15,000	6,500,000
	Deferred taxation (See note 8)	665	945
	Other debtors - prepayment	2,127	3,252,127
		<u>17,792</u>	<u>9,753,072</u>
	Amounts due in less than one year	15,665	9,750,945
	Amounts due in more than one year	2,127	2,127
		<u>17,792</u>	<u>9,735,072</u>

# EUROHYPO INVESTMENT BANKING LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2007

8	Deferred taxation	<u>2007</u> £	<u>2006</u> £
	Balance at 1 January	945	1261
	Transfer to profit and loss Account	(280)	(316)
	Balance at 31 December	<u>665</u>	<u>945</u>

Deferred tax has been released to the P&L as the related Capital allowances have been reducing taxable income

9.	Investments	<u>2007</u> £	<u>2006</u> £
	Participating interests		
	Cost and net book value		
	At 1 January	9,890	3,561
	Write-back of previous diminutions in value	-	6,329
	At 31 December	<u>9,890</u>	<u>9,890</u>

<i>Participating interests</i>	Country of Incorporation	Principal activity	Class and percentage of shares held
Ampton BV	Netherlands	Property Investment Company	Ordinary share capital 50%
121 KHS Limited	England and Wales	Property Investment Company	Ordinary share capital 49.9%
Ski Leasing No 1 Limited	England and Wales	Property Investment Company	Ordinary share capital 4.99%

10.	Creditors: amounts falling due within one year	<u>2007</u> £	<u>2006</u> £
	Amounts owed to group undertaking (Eurohypo AG)	5,000	-
	Accruals and deferred income	8,225	5,875
	Tax	107,889	2,636
		<u>121,114</u>	<u>8,511</u>

# EUROHYPO INVESTMENT BANKING LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2007

<b>11. Called up share capital</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
<b>Authorised</b>		
'A' Ordinary shares		
150,000 Ordinary shares of £1 each	<b>150,000</b>	150,000
'B' Ordinary shares		
2 Ordinary shares of £1 each	<b>2</b>	2
	<b><u>150,002</u></b>	<b><u>150,002</u></b>
<b>Issued</b>		
'A' Ordinary shares		
150,000 Ordinary shares of £1 each	<b>150,000</b>	150,000
'B' Ordinary shares		
Authorised, issued and fully paid	<b>2</b>	2
2 Ordinary shares of £1 each		
	<b><u>150,002</u></b>	<b><u>150,002</u></b>

The 'A' Ordinary shares are entitled to 66 67% of the distributable profits of the vehicle. The 'B' Ordinary shares are entitled to 33 33% of the distributable profits of the vehicle. The share classes rank pari passu with each other.

## **12. Related party transactions**

As permitted by paragraph 3(c) of Financial Reporting Standard 8, no disclosure is made of transactions with members or associates of the Eurohypo AG group.

## **13. Ultimate parent company and other parent undertakings**

Eurohypo AG, for the purpose of the Companies Act 1985, is the immediate parent undertaking.

The ultimate parent company is Commerzbank AG, a company incorporated in Germany, which is also the parent undertaking of the smallest and largest group for which group financial statements are drawn up. Copies of the group accounts may be obtained from Commerzbank AG, D-60261 Frankfurt am Main, Germany.