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MSREF (U.K.) LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008

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MSREF (U.K.) LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31st December 2008.

INCORPORATION

MSREF (U.K.) Limited (the 'Company') is incorporated in England and Wales. The date of incorporation was 19th May 2000.

ACTIVITY

The principal activity of the Company was the holding of investments.

RESULTS AND DIVIDENDS

The loss for the year amounted to £ 5,870 (2007: £ 1,988)

The Directors are unable to recommend a dividend for the year (2007: £ nil)

DIRECTORS

The Directors who held office during the year and subsequently were:-

R.R.W. Falls

M. Overwater (resigned 8th February 2008)

A. J. Cooper (resigned 21st February 2008)

J.R. Jones (appointed 11th April 2008)

REGISTERED OFFICE

8th Floor
68 King William Street
London EC4N 7DZ

BY ORDER OF THE BOARD



Authorised signatory

Mourant & Co. Secretaries Limited

Secretary

Date: 22 October 2009

MSREF (U.K.) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the Directors to prepare financial statements which shall be in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the Company for the year and of the state of the Company's affairs at the end of the year.

In preparing the 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 accounting standards have been followed, and
- * prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain the Company's transactions and are such as to disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal controls, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

MSREF (U.K.) LIMITED**BALANCE SHEET****AS AT 31ST DECEMBER 2008**

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		£	£
CURRENT ASSETS			
Debtors	5	30	30
Cash		34	33
		<u>64</u>	<u>63</u>
CREDITORS: (Amounts falling due within one year)			
Shareholders' loans payable	2	(6,498)	(6,498)
Loan payable	3	(15,438)	(9,596)
Other creditors	4	(45)	(16)
		<u>(21,981)</u>	<u>(16,110)</u>
TOTAL NET LIABILITIES		<u>(21,917)</u>	<u>(16,047)</u>
CAPITAL AND RESERVES			
Share capital	6	3	3
Profit and loss account		(21,920)	(16,050)
SHAREHOLDERS' DEFICIT	9	<u>(21,917)</u>	<u>(16,047)</u>

AUDIT EXEMPTION

- (a) For the year ended 31st December 2008 the Company was entitled to exemption under s.249A(1) of the Companies Act 1985.
- (b) No notice has been deposited under s.249B(2) of the Companies Act 1985 requiring audited financial statements to be prepared.
- (c) The directors recognise their responsibilities for:
- (i) ensuring the Company maintains accounting records in accordance with s.221 of the Companies Act 1985; and
 - (ii) preparing financial statements which give a true and fair view of the state of the Company's affairs at the end of the financial year and of any profit or loss in accordance with s.226 of the Companies Act 1985 and otherwise comply with the provisions of the Companies Act 1985 as they relate to financial statements.
- (d) Advantage has been taken of the exemptions conferred by Section A of Sch.8 of the Companies Act 1985.
- (e) In the opinion of the directors, the Company is entitled to those exemptions on the basis that it qualifies as a small Company.
- ii) Preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to financial statements, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies.

The unaudited financial statements were approved by the Board of Directors on the 29th day of October 2009 and were signed on its behalf by:

Director: 

(The notes on pages 5 to 8 form part of these unaudited financial statements)

MSREF (U.K.) LIMITED

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31ST DECEMBER 2008**

	<u>Note</u>	<u>2008</u>	<u>2007</u>
		£	£
EXPENDITURE:			
Administration fees		1,750	1,750
Professional fees		616	-
Audit fees		3,375	-
Annual filing fee		30	30
Sundry expenses		100	209
		<hr/>	<hr/>
		(5,871)	(1,989)
Deposit interest receivable		<hr/>	<hr/>
		1	1
LOSS FOR THE YEAR	9	<hr/>	<hr/>
		(5,870)	(1,988)
		<hr/>	<hr/>

Continuing operations

All items dealt with in arriving at the loss for the year ended 31st December 2008 and for the year ended 31st December 2007 relate to continuing operations.

Recognised gains and losses

There are no recognised gains and losses other than the loss attributable to shareholders of the Company of £ 5,870 for the year ended 31st December 2008 and the loss of £ 1,988 for the year ended 31st December 2007.

(The notes on pages 5 to 8 form part of these unaudited financial statements)

MSREF (U.K.) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2008

1. ACCOUNTING POLICIES

These unaudited financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The more significant accounting policies used are set out below:-

Going concern

As at 31st December 2008 the Company's balance sheet shows net liabilities of £ 21,917 (2007: £ 16,047). Included in this total are loans from the shareholders of £ 6,498 (2007: £ 6,498), and loans from related entities of £ 15,438 (2007: £ 9,596) who have indicated that they will not seek repayment if such repayment would jeopardize the financial position of the Company. Accordingly, these financial statements have been prepared on a going concern basis.

Income and Expenses

Income and expenses are recognised on an accruals basis.

Investments

Investments are being held for the long term and are accordingly stated at cost, but written down to their realisable value if, in the Directors' opinion, there has been a permanent diminution in their value.

Deposit interest

Deposit interest is recognised on an accruals basis.

Statement of cash flows

A cash flow statement has not been included in these unaudited financial statements as the Company qualifies for exemption as a small company under the terms of Financial Reporting Standard No.1 (Revised) "Cash Flow Statements".

MSREF (U.K.) LIMITED**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2008**

2. SHAREHOLDERS' LOANS PAYABLE	<u>2008</u>	<u>2007</u>
	£	£
MSREF IV International - T, L.P.	2,166	2,166
MSREF IV International - TE, L.P.	2,166	2,166
MSREF IV Special International - L.P.	2,166	2,166
	<u>6,498</u>	<u>6,498</u>

The loans are unsecured, interest free and repayable on demand.

3. LOAN PAYABLE	<u>2008</u>	<u>2007</u>
	£	£
MSREF (Jersey) Limited	6,745	4,278
MSREF (Welbeck) Limited	8,693	5,318
	<u>15,438</u>	<u>9,596</u>

The loans are unsecured, interest free and repayable on demand.

4. OTHER CREDITORS	<u>2008</u>	<u>2007</u>
	£	£
Annual filing fee	45	16
	<u>45</u>	<u>16</u>

5. DEBTORS	<u>2008</u>	<u>2007</u>
	£	£
MSREF (Welbeck Street UK) Limited	30	30
	<u>30</u>	<u>30</u>

MSREF (U.K.) LIMITED**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2008****6. SHARE CAPITAL**

	<u>2008</u>	<u>2007</u>
	£	£
AUTHORISED:		
100 ordinary shares of £1 each	100	100
ISSUED AND FULLY PAID:		
3 ordinary shares of £1 each	3	3

7. TAXATION

The Company is tax resident in England and therefore is subject to UK corporation tax.

Tax on ordinary activities	<u>2008</u>	<u>2007</u>
(a) Analysis of charge in year		
Current Tax	£	£
UK corporation tax on (loss) / profit for the year	-	-
Total current tax (note 7(b))	-	-
(b) Factors affecting tax charge for year		
(Loss) / Profit on ordinary activities before tax	(5,870)	(1,988)
(Loss) / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(1,761)	(596)
Effect of:		
Unrecognised deferred tax asset	1,761	596
Adjustment for tax carried forward from previous year	-	-
Current tax charge for period (note 7(a))	-	-

MSREF (U.K.) LIMITED**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2008****8. DEFERRED TAX**

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**9. RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' DEFICIT**

	Share Capital	Profit & Loss Account	Total Shareholders' Deficit
As at 1st January 2007	3	(14,062)	(14,059)
Loss for the year	-	(1,988)	(1,988)
As at 31st December 2007	3	(16,050)	(16,047)
Loss for the year	-	(5,870)	(5,870)
As at 31st December 2008	3	(21,920)	(21,917)

10. DIRECTORS' REMUNERATION, INTERESTS AND TRANSACTIONS

The Directors are not remunerated by the Company. There are no directors interests or transactions with the Company requiring disclosure under Financial Reporting Standards No.8 "Related Party Disclosures".

11. EMPLOYEE DISCLOSURES

The average number of employees employed by the Company during the year was nil (2007: nil).

12. CONTROLLING PARTY

The immediate controlling parties are MSREF IV International - T, L.P., MSREF IV International TE, L.P. and MSREF IV Special International L.P. The ultimate controlling party is an entity within the Morgan Stanley group.

13. SUBSEQUENT EVENTS

The Company had an unsecured loan with MSREF (Jersey) Limited. The loan of £ 6,745 at 31st December 2008 which subsequently increased to £ 9,542 was waived on the 1st May 2009.