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MSREF (UK MEZZCO II) LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2011



MSREF (UK MEZZCO II) LIMITED

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MSREF (UK MEZZCO II) LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the unaudited financial statements for the year ended 31st December 2011

INCORPORATION

The Company is incorporated in England and Wales. The date of incorporation was 29th May 2001.

ACTIVITIES

The principal activity of the Company was the issue of loan notes however these were redeemed in 2005 and no further loan notes have been issued since.

GOING CONCERN

It is the intention of the Directors to liquidate the Company as soon as is practicable following the approval of the financial statements. Accordingly, these unaudited financial statements have therefore been prepared on a break-up basis.

RESULTS AND DIVIDENDS

The loss for the year amounted to £23,043 (31st December 2010: £2,406).

The Directors are unable to recommend a dividend for the year (31st December 2010: £nil).

DIRECTORS

The Directors who held office during the year and up to the date of approval of this report were -

R R W Falls (resigned 23rd April 2012)
J R Jones

REGISTERED OFFICE

1st Floor
Phoenix House
18 King William Street
London EC4N 7BP

MSREF (UK MEZZCO II) LIMITED

REPORT OF THE DIRECTORS - (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 United Kingdom Accounting Standards and applicable law (United Kingdom Generally 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 judgements and estimates that are reasonable and prudent,
- * state whether applicable 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. As disclosed in note 1, these financial statements have been prepared on a break-up basis as it is the intention of the Directors to liquidate the Company as soon as is practicable following the approval of the financial statements.

The Directors confirm that they have complied with the above in preparing the unaudited financial statements.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain its transactions and 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 2006. 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.

BY ORDER OF THE BOARD



Authorised Signatory

State Street Secretaries (Jersey) Limited

Secretary

Date 25th October 2012

MSREF (UK MEZZCO II) LIMITED

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31ST DECEMBER 2011**

	<u>Note</u>	1st Jan 11 to 31st Dec 11	1st Jan 10 to 31st Dec 10
		£	£
INCOME:			
Deposit interest		185	199
EXPENDITURE:			
Professional fees		(14,020)	(575)
Administration fees		(6,328)	(1,750)
Other expenses		(2,400)	-
Sundry expenses		(420)	(250)
Annual filing fee		(60)	(30)
		<u>(23,228)</u>	<u>(2,605)</u>
OPERATING LOSS		(23,043)	(2,406)
Taxation	6	-	-
		<u>(23,043)</u>	<u>(2,406)</u>
LOSS FOR THE YEAR		(23,043)	(2,406)

Continuing operations

All items dealt with in arriving at the results for the years ended 31st December 2011 and 31st December 2010 relate to continuing operations

Statement of total recognised gains and losses

There are no recognised gains and losses other than the loss attributable to the Shareholder of the Company of £23,043 for the year ended 31st December 2011 and the loss of £2,406 for the year ended 31st December 2010, and therefore no separate statement of total recognised gains and losses has been included in the financial statements

(The notes on pages 6 to 9 form part of these unaudited financial statements)

MSREF (UK MEZZCO II) LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2011

	<u>Notes</u>	<u>31st Dec 11</u>	<u>31st Dec 10</u>
		£	£
CURRENT ASSETS			
Debtors	2	-	502
Cash		285,329	318,130
		<u>285,329</u>	<u>318,632</u>
CREDITORS (Amounts falling due within one year)			
Loan payable	3	(66,500)	(67,550)
Creditors	4	(18,121)	(27,331)
		<u>(84,621)</u>	<u>(94,881)</u>
TOTAL NET ASSETS		<u>200,708</u>	<u>223,751</u>
CAPITAL AND RESERVES			
Share capital	5	260,002	260,002
Profit and loss account		(59,294)	(36,251)
SHAREHOLDER'S FUNDS	7	<u>200,708</u>	<u>223,751</u>

AUDIT EXEMPTION

For the year ended 31st December 2011 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

Directors' responsibilities

- * The members have not required the Company to obtain an audit on its accounts for the year in question in accordance with section 476,
- * The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of accounts

These financial statements have been prepared in accordance with the provisions applicable to companies subject to small companies regime

The unaudited financial statements were approved and authorised for issue by the Board of Directors of MSREF (UK MEZZCO II) Limited on the 29th day of October 2012 and were signed on its behalf by

Director:



James R. Jones

(The notes on pages 6 to 9 form part of these unaudited financial statements)

MSREF (UK MEZZCO II) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

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

It is the intention of the Directors to liquidate the Company as soon as is practicable following the approval of the financial statements. Accordingly, these unaudited financial statements have been prepared on a break-up basis.

Debtors

Debtors are stated at cost and are reduced by appropriate allowances for irrecoverable amounts.

Cash

Cash at bank represents deposits held at call with banks.

Income and Expenses

Income and expenses are recognised on an accruals basis.

Cash flow statement

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 1996) "Cash Flow Statements".

Taxation

Full provision has been made in the financial statements for all anticipated liabilities to UK taxation.

2. DEBTORS

	<u>31st Dec 11</u>	<u>31st Dec 10</u>
	£	£
Mezzco (Jersey) II Limited - Share capital unpaid	-	2
State Street (Jersey) Limited	-	500
	<hr/>	<hr/>
	-	502
	<hr/>	<hr/>

MSREF (UK MEZZCO II) LIMITED**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2011**

3	LOAN PAYABLE	<u>31st Dec 11</u>	<u>31st Dec 10</u>
		£	£
	Mezzco (Jersey) III Limited	-	1,050
	MSREF IV TE Holding, L P	66,500	66,500
		<u>66,500</u>	<u>67,550</u>
	The loan is unsecured, interest free and repayable on demand		
4.	CREDITORS - DUE WITHIN ONE YEAR	<u>31st Dec 11</u>	<u>31st Dec 10</u>
		£	£
	MSREF (Welbeck) Limited	-	350
	MSREF (UK Mezzco I) Limited	-	26,406
	Professional fees payable	11,805	-
	Other expenses payables	2,400	-
	Administration fees payables	2,446	-
	Professional fees - BDO Stoy Haward	1,470	575
		<u>18,121</u>	<u>27,331</u>
5.	SHARE CAPITAL	<u>31st Dec 11</u>	<u>31st Dec 10</u>
		£	£
	AUTHORISED		
	260,002 ordinary shares of £1 each	<u>260,002</u>	<u>260,002</u>
	ISSUED AND PAID		
	260,002 ordinary shares of £1 each	<u>260,002</u>	<u>260,000</u>
	ISSUED AND UNPAID		
	2 ordinary shares of £1 each	<u>-</u>	<u>2</u>

MSREF (UK MEZZCO II) LIMITED**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2011****6 TAXATION**

The Company is tax resident in England and Wales and therefore subject to UK corporation tax. However, there is no charge for the current year as the Company has made a loss. The taxation reconciliation is shown below.

Tax on Profit on ordinary activities	<u>31st Dec 11</u>	<u>31st Dec 10</u>
(a) Analysis of charge in the year	£	£
Current Tax		
UK corporation tax on profit for the year	-	-
Total current tax (note 6(b))	-	-
(b) Factors affecting tax charge for the year		
Loss on ordinary activities before tax	(23,043)	(2,406)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	(6,106)	(674)
Effect of		
Unrecognised deferred tax asset	6,106	674
Tax adjustment	-	-
Current tax charge for the year (note 6(a))	-	-

**7. RECONCILIATION OF MOVEMENTS
IN EQUITY SHAREHOLDERS' FUNDS**

	Share Capital	Profit & Loss Account	Total Shareholder's Funds
	£	£	£
As at 1st January 2010	260,002	(33,845)	226,157
Loss for the year	-	(2,406)	(2,406)
As at 31st December 2010	260,002	(36,251)	223,751
Loss for the year	-	(23,043)	(23,043)
As at 31st December 2011	260,002	(59,294)	200,708

MSREF (UK MEZZCO II) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2011

8 DIRECTORS' REMUNERATION, INTERESTS AND TRANSACTIONS

The Directors have not been remunerated by the Company. There are no directors' interests or transactions with the Company requiring disclosure under FRS 8 Related Party Disclosure.

9. RELATED PARTY

R R W Falls (resigned 3rd May 2012) was a director of Mezzco (Jersey) II Limited the sole shareholder. There were no related party transactions during the year other than those already stated in the accounts (31st December 2010 £nil).

10 EMPLOYEE DISCLOSURES

The average number of employees employed by the Company during the year was nil (31st December 2010 nil).

11 CONTROLLING AND ULTIMATE CONTROLLING PARTY

The immediate controlling party is Mezzco (Jersey) II Limited, which is a company incorporated in Jersey, Channel Islands. The ultimate controlling party is Morgan Stanley Real Estate Fund IV International - GP,