

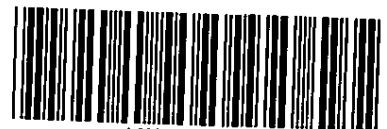
MSREF (UK MEZZCO II) LIMITED 422 4581

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2009

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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 2009

INCORPORATION

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

ACTIVITIES

The principal activity of the Company is the issue of loan notes

RESULTS AND DIVIDENDS

The loss for the year amounted to £ 1,657 (2008 Profit £ 7,251)

The Directors do not recommend a dividend for the year (2008 £ Nil)

SMALL COMPANY EXEMPTION

For the year ended 31st December 2009 Company applied the small companies regime to the directors report as stated in section 417(1) of the Companies Act 2006

DIRECTORS

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

R R W Falls
J R Jones

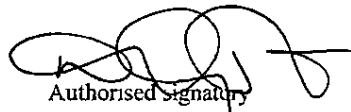
SECRETARY

State Street Secretaries (Jersey) Limited

REGISTERED OFFICE

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

BY ORDER OF THE BOARD


Authorised signatory
State Street Secretaries (Jersey) Limited
Secretary

Date

MSREF (UK MEZZCO II) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the Directors to prepare financial statements for each financial year, which 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,
- * prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business

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

The Directors are responsible for preparing 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 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

MSREF (UK MEZZCO II) LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2009

	<u>Notes</u>	<u>2009</u> £	<u>2008</u> £
CURRENT ASSETS			
Debtors	2	602	602
Cash		323,514	325,405
		<u>324,116</u>	<u>326,007</u>
CREDITORS: (Amounts falling due within one year)			
Loan payable	3	(67,550)	-
Creditors	4	(30,409)	(30,643)
		<u>(97,959)</u>	<u>(30,643)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>226,157</u>	<u>295,364</u>
CREDITORS: (Amounts falling due after one year)			
Loan payable	3	-	(67,550)
TOTAL NET ASSETS		<u>226,157</u>	<u>227,814</u>
CAPITAL AND RESERVES			
Share capital	5	260,002	260,002
Profit and loss account		(33,845)	(32,188)
SHAREHOLDER'S FUNDS	7	<u>226,157</u>	<u>227,814</u>

AUDIT EXEMPTION

For the year ending 31st December 2009 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

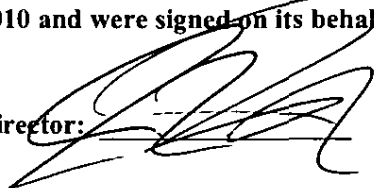
Directors' responsibilities

- * 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 accounts have been prepared in accordance with the provisions applicable to companies subject to small companies regime

The unaudited financial statements were approved by the Board of Directors on the 30TH day of SEPTEMBER 2010 and were signed on its behalf by:

Director:



JAMES JONES

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

MSREF (UK MEZZCO II) LIMITED

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31ST DECEMBER 2009**

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		£	£
EXPENDITURE			
Administration fees - Mourant & Co Limited		1,750	1,750
Professional fees		575	1,366
Sundry expenses		28	120
Annual filing fee		30	30
		<u>2,383</u>	<u>3,266</u>
OPERATING LOSS		(2,383)	(3,266)
INTEREST			
Receivable		726	13,624
		<u>726</u>	<u>13,624</u>
(LOSS)/PROFIT FOR THE YEAR BEFORE TAXATION		(1,657)	10,358
TAXATION			
Current tax	6	-	(3,107)
		<u>-</u>	<u>(3,107)</u>
(LOSS)/PROFIT FOR THE YEAR AFTER TAXATION		(1,657)	7,251
BALANCE BROUGHT FORWARD		(32,188)	(39,439)
		<u>(32,188)</u>	<u>(39,439)</u>
BALANCE CARRIED FORWARD		(33,845)	(32,188)
		<u>(33,845)</u>	<u>(32,188)</u>

Continuing operations

All items dealt with in arriving at the loss for the year ended 31st December 2009 and profit for the year ended 31st December 2008 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 £ 1,657 for the year ended 31st December 2009 and the profit of £ 7,251 for the year ended 31st December 2008 and therefore no separate statement of total recognised gains and losses has been prepared

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

MSREF (UK MEZZCO II) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2009

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 -

Deposit interest

Deposit interest is recognised on an accruals basis. However, there were no material accruals in the current or prior year.

Loan interest receivable and payable

Loan interest is 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) "Cash Flow".

2. DEBTORS

	<u>2009</u>	<u>2008</u>
	£	£
Mezzco (Jersey) II Limited - Share capital unpaid	2	2
State Street (Jersey) Limited	600	600
	<u>602</u>	<u>602</u>

3. LOAN PAYABLE

	<u>2009</u>	<u>2008</u>
	£	£
Mezzco (Jersey) III Limited	1,050	1,050
MSREF IV International - T, L P	66,500	66,500
	<u>67,550</u>	<u>67,550</u>

The loan is unsecured, interest free and repayable on demand. The Directors did not perceive that the loan will be repaid within 12 months from the date of signing the 2008 accounts.

MSREF (UK MEZZCO II) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)**FOR THE YEAR ENDED 31ST DECEMBER 2009****4. CREDITORS - DUE WITHIN ONE YEAR**

	<u>2009</u>	<u>2008</u>
	£	£
Corporation tax	2,978	3,107
MSREF (Welbeck) Limited	350	350
MSREF (UK Mezzco I) Limited	26,406	26,406
Professional fees	575	750
State Street (Jersey) Limited	100	30
	<u>30,409</u>	<u>30,643</u>

5. SHARE CAPITAL

	<u>2009</u>	<u>2008</u>
	£	£
AUTHORISED		
260,002 ordinary shares of £1 each	<u>260,002</u>	<u>260,002</u>
ISSUED AND PAID		
260,000 ordinary shares of £1 each	<u>260,000</u>	<u>260,000</u>
ISSUED AND UNPAID		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

MSREF (UK MEZZCO II) LIMITED**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2009****6. TAXATION**

The Company is tax resident in England and Wales and therefore subject to UK corporation tax. The taxation reconciliation is shown below.

Tax on Profit on ordinary activities	<u>2009</u>	<u>2008</u>
(a) Analysis of charge in the year	£	£
Current Tax		
UK corporation tax on profit for the year	-	3,107
Total current tax (note 7(b))	-	3,107
(b) Factors affecting tax charge for the year		
(Loss)/Profit on ordinary activities before tax	(1,657)	10,358
(Loss)/Profit on ordinary activities multiplied by rate of corporation tax in the UK of 28%	(464)	3,107
Effect of		
Unrecognised deferred tax asset	464	-
Tax adjustment	-	-
Current tax charge for the year (note 7(a))	-	3,107

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

	Share Capital	Profit & Loss Account	Total Shareholders' Funds
As at 1st January 2008	260,002	(39,439)	220,563
Profit for the year	-	7,251	7,251
As at 31st December 2008	260,002	(32,188)	227,814
Loss for the year	-	(1,657)	(1,657)
As at 31st December 2009	260,002	(33,845)	226,157

MSREF (UK MEZZCO II) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2009

8. DIRECTORS' REMUNERATION, INTERESTS AND TRANSACTIONS

The Directors have not been remunerated by the Company during 2009 or 2008

9. RELATED PARTY

R.R W Falls is 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 (2008 Nil)

10. EMPLOYEE DISCLOSURES

The average number of employees employed by the Company during the period was nil (2008 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,