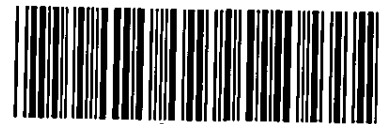


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MSREF (LEADENHALL COURT UK) LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2007

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COMPANIES HOUSE

MSREF (LEADENHALL COURT UK) LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the unaudited financial statements for the year ended 31st December 2007

INCORPORATION

The Company is incorporated in England and Wales

ACTIVITY

The principal activity of the Company was the holding of investments

BUSINESS REVIEW

The Company disposed of the investment in the Leadenhall Court (GP) Limited on 8th June 2007

RESULTS AND DIVIDENDS

The profit for the year amounted to £ 4,008 (2006 loss £ 2,392)

The Directors are unable to recommend a dividend for the year (2006 £ nil)

DIRECTORS

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

R R W Falls

A J Cooper (resigned 21st February 2008)

N M Kessell (resigned 1st February 2007)

M Overwater (appointed 1st February 2007 - resigned 8th February 2008)

J R Jones (appointed 11th April 2008)

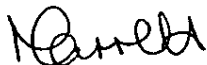
SECRETARY

Mourant & Co Secretaries Limited

REGISTERED OFFICE

8th Floor
68 King William Street
London EC4N 7DZ

BY ORDER OF THE BOARD



Authorised Signatory

Mourant & Co. Secretaries Limited

Secretary

Date 29 OCTOBER 2008

MSREF (LEADENHALL COURT UK) 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 (LEADENHALL COURT UK) LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		£	£
FIXED ASSETS			
Investment	2	-	90
CURRENT ASSETS			
Cash		5,167	-
CREDITORS: (Amounts falling due within one year)			
Other creditors	4	(1,793)	(723)
Short term loan payable	4	(4,791)	(4,791)
Shareholders' loans payable	5	(9,603)	(9,603)
		(16,187)	(15,117)
NET CURRENT LIABILITIES		(11,020)	(15,117)
TOTAL NET LIABILITIES		(11,020)	(15,027)
CAPITAL AND RESERVES			
Share capital	6	100	100
Profit and loss account		(11,120)	(15,127)
SHAREHOLDERS' DEFICIT	7	(11,020)	(15,027)

AUDIT EXEMPTION

- (a) For the year ended 31st December 2007 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
- (f) 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 financial statements were approved by the Board of Directors on the 27 day of Oct 2008 and were signed on its behalf by:

Director: 

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

MSREF (LEADENHALL COURT UK) LIMITED

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31ST DECEMBER 2007**

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		£	£
EXPENDITURE:			
Administration fees		1,750	1,750
Annual filing fee		30	30
Professional fees		-	588
Sundry expenses		-	24
		<hr/>	<hr/>
		1,780	2,392
		<hr/>	<hr/>
OPERATING LOSS		(1,780)	(2,392)
Profit on sale of investment		7,505	-
		<hr/>	<hr/>
PROFIT / (LOSS) FOR THE YEAR BEFORE TAXATION		5,725	(2,392)
Taxation	8	(1,718)	-
		<hr/>	<hr/>
PROFIT / (LOSS) FOR THE YEAR AFTER TAXATION	7	4,008	(2,392)
		<hr/>	<hr/>
BALANCE BROUGHT FORWARD		(15,127)	(12,735)
		<hr/>	<hr/>
BALANCE CARRIED FORWARD		(11,120)	(15,127)
		<hr/>	<hr/>

Continuing operations

All items dealt with in arriving at the profit for the year ended 31st December 2007 and the loss for the year ended 31st December 2006 relate to continuing operations

Total recognised gains and losses

There are no recognised gains and losses other than the profit attributable to shareholders of the Company of £ 5,725 for the year ended 31st December 2007 and the loss of £ 2,392 for the year ended 31st December 2006, and therefore no separate statement of total recognised gains and losses has been presented

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

MSREF (LEADENHALL COURT UK) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2007

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 2007 the Company's balance sheet shows net liabilities of £ 11,020 (2006 15,027). The Company's shareholders have provided the Company with a letter of continuing financial support in order for it to meet its ongoing liabilities. Accordingly, these financial statements have been prepared on a going concern 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 an impairment in their value.

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 Statements".

Consolidation

The consolidated financial statements contain information about the Company as an individual Company and do not contain consolidated information as a parent of a group. The Company is exempt from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent, MSREF IV International - T, L P, and the other conditions set out in paragraph 21 of Financial Reporting Standard No 2 "Accounting for Subsidiary Undertakings" have been met.

2. INVESTMENTS

	<u>2007</u>	<u>2006</u>
Unquoted:	£	£
Leadenhall Court (GP) Limited		
90 B shares of £1 each, at cost	-	90

The Company disposed of the investment in the Leadenhall Court (GP) Limited on 8th June 2007. The profit earned on the sale of investment was £ 7,505.

MSREF (LEADENHALL COURT UK) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)**FOR THE YEAR ENDED 31ST DECEMBER 2007****3. SHORT TERM LOAN PAYABLE**

	<u>2007</u>	<u>2006</u>
	£	£
MSREF (Welbeck) Limited	791	791
MSREF EIQ	4,000	4,000
	<u>4,791</u>	<u>4,791</u>

The loan is unsecured, interest free and repayable on demand

4. OTHER CREDITORS

	<u>2007</u>	<u>2006</u>
	£	£
Leadenhall Court (GP) Limited		
- unpaid share capital	-	90
HMRC	1,718	-
Professional fees	-	588
Mourant & Co Limited	45	-
Annual filing fee - 2004	-	15
Annual filing fee - 2006	-	30
Annual filing fee - 2007	30	-
	<u>1,793</u>	<u>723</u>

5. SHAREHOLDERS' LOAN PAYABLE

	<u>2007</u>	<u>2006</u>
	£	£
MSREF IV International - T L P	5,385	5,385
MSREF IV TE Holding L P	3,108	3,108
MSREF IV Special International - L P	1,110	1,110
	<u>9,603</u>	<u>9,603</u>

The loans are unsecured, interest free and repayable on demand The Shareholders have confirmed that the loans will not be called for repayment unless there are adequate funds in the company to do so

MSREF (LEADENHALL COURT UK) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)**FOR THE YEAR ENDED 31ST DECEMBER 2007****6. SHARE CAPITAL**

	<u>2007</u>	<u>2006</u>
	£	£
AUTHORISED, ISSUED AND FULLY PAID		
100 ordinary shares of £1 each	100	100

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

	Share Capital	Profit & Loss Account	Total Shareholders' Deficit
As at 1st January 2006	100	(12,735)	(12,635)
Loss for the year	-	(2,392)	(2,392)
As at 31st December 2006	100	(15,127)	(15,027)
Profit for the year	-	4,008	4,008
As at 31st December 2007	100	(11,120)	(11,020)

8. TAXATION

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

Tax on ordinary activities**(a) Analysis of charge in year**

	<u>2007</u>	<u>2006</u>
	£	£
UK corporation tax on profit / loss for the year	1,718	-
Total current tax (note 8(b))	1,718	-

(b) Factors affecting tax charge for year

Profit / (loss) on ordinary activities before tax	5,725	(2,392)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	1,718	(718)
Effect of Unrecognised deferred tax asset	-	718
Current tax charge for period (note 8(a))	1,718	-

MSREF (LEADENHALL COURT UK) LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2007

9. 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.

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 FRS 8 Related Party Disclosures.

11. EMPLOYEE DISCLOSURES

The average number of employees employed by the Company during the year was nil (2006: nil).

12. POST BALANCE SHEET EVENTS

The Directors of the Company have indicated that the liquidation process will commence during the next 12 months.

13. CONTROLLING PARTY

The immediate controlling parties are MSREF IV International - T, L P, MSREF IV TE Holding L P, and MSREF IV Special International - L P, which are limited partnerships formed in Delaware. The ultimate controlling party is an entity within the Morgan Stanley group.