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**PRECIS (2164) LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2007**

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## **PRECIS (2164) LIMITED**

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### **REPORT OF THE DIRECTORS**

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

#### **INCORPORATION**

Precis (2164) Limited (the 'Company') is incorporated in England

#### **ACTIVITY**

The principal activity of the Company is the holding of investments, however the Company is yet to purchase any investment,

#### **BUSINESS REVIEW**

There was no significant change in the business during the year

#### **RESULTS AND DIVIDENDS**

The profit for the year amounted to £ 14,970 (2006 £ 10,933)

The Directors do not recommend a dividend for the year (2006 £ Nil)

#### **DIRECTORS**

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

P Schaefer

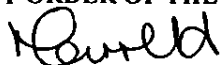
A J Cooper (resigned 21st February 2008)

J R Jones (appointed 10th 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 29 OCTOBER 2008

## **PRECIS (2164) LIMITED**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company Law requires the Directors to prepare financial statements which shall be in accordance with generally accepted accounting practice 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities

## **PRECIS (2164) LIMITED**

### **BALANCE SHEET**

**AS AT 31ST DECEMBER 2007**

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
<b>CURRENT ASSETS</b>		<b>£</b>	<b>£</b>
Cash at bank		508,617	495,899
<b>CREDITORS: (Amounts falling due within one year)</b>			
Other creditors	3	( 6,806)	( 9,058)
<b>NET CURRENT ASSETS</b>		<b>501,811</b>	<b>486,841</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>501,811</b>	<b>486,841</b>
<b>CREDITORS. (Amounts falling due after more than one year)</b>			
Shareholder's loan payable	2	( 439,982)	( 439,982)
<b>TOTAL NET ASSETS</b>		<b>61,829</b>	<b>46,859</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	5	2	2
Profit and loss account		61,827	46,857
<b>SHAREHOLDER'S FUNDS</b>	8	<b>61,829</b>	<b>46,859</b>

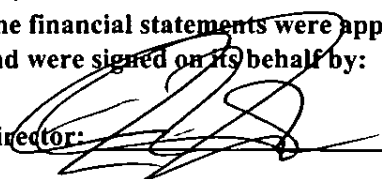
### **AUDIT EXEMPTION**

- (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
- 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 financial statements were approved by the Board of Directors on the 29 day of October 2008 and were signed on its behalf by:**

**Director:**



*(The notes on pages 5 to 7 form part of these unaudited financial statements)*

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**PRECIS (2164) LIMITED**

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

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		£	£
<b>INCOME:</b>			
Interest receivable		25,419	20,438
		<hr/>	<hr/>
<b>EXPENDITURE:</b>			
Administration fees		1,720	1,750
Professional fees		942	2,489
Audit fees		-	235
Annual return		30	30
Bank charges		40	-
Sundry expenses		-	315
		<hr/>	<hr/>
		2,732	4,819
		<hr/>	<hr/>
<b>PROFIT BEFORE TAXATION</b>		22,687	15,619
Taxation	6	( 7,717)	( 4,686)
<b>PROFIT FOR THE YEAR</b>	8	14,970	10,933
<b>BALANCE BROUGHT FORWARD</b>		46,857	35,924
		<hr/>	<hr/>
<b>BALANCE CARRIED FORWARD</b>		61,827	46,857
		<hr/> <hr/>	<hr/> <hr/>

**Continuing operations**

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

**Recognised gains and losses**

There are no recognised gains and losses other than the profit attributable to the shareholder of the Company of £ 14,970 for the year ended 31st December 2007 and the profit of £ 10,933 for the year ended 31st December 2006 and therefore no separate statement of total recognised gains and losses has been prepared

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*(The notes on pages 5 to 7 form part of these unaudited financial statements)*

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**PRECIS (2164) LIMITED**

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**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 -

**Deposit interest**

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

**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".

**2. SHAREHOLDER'S LOAN PAYABLE**

	<u>2007</u>	<u>2006</u>
	£	£
Morgan Stanley Real Estate Fund III International - TE, L P	439,982	439,982

The loan is unsecured, interest free and repayable on demand. However the Directors have received confirmation from the shareholder that the loan will not be recalled for payment within the next 12 months.

**3. OTHER CREDITORS**

	<u>2007</u>	<u>2006</u>
	£	£
Corporation tax	6,806	9,058

**4. PROFIT FOR THE YEAR BEFORE TAXATION**

	<u>2007</u>	<u>2006</u>
	£	£
Profit for the year before taxation is stated after charging		
Audit fees	-	235

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**PRECIS (2164) LIMITED**

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**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2007****5 SHARE CAPITAL**

	<u>2007</u>	<u>2006</u>
	£	£
AUTHORISED		
100 ordinary shares of £1 each	100	100
ISSUED AND FULLY PAID		
2 ordinary shares of £1 each	2	2

**6. TAXATION**

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

<b>Tax on Profit on ordinary activities</b>	<u>2007</u>	<u>2006</u>
<b>(a) Analysis of charge in period</b>		
<b>Current Tax</b>	£	£
UK corporation tax at 30% (2006 30%)	6,806	4,686
Adjustments in respect of previous years	911	-
Total current tax (note 6(b))	7,717	4,686
<b>(b) Factors affecting tax charge for period</b>		
Profit on ordinary activities before tax	22,687	15,619
Profit on ordinary activities multiplied by standard UK corporation tax at 30% (2006 30%)	7,717	4,686
Current tax charge for period (note 6 (a))	7,717	4,686

**7. 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.

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**PRECIS (2164) LIMITED**

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**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2007****8. RECONCILIATION OF MOVEMENTS  
IN EQUITY SHAREHOLDER'S FUNDS**

	Share Capital	Profit & Loss Account	Total Shareholder's Funds
As at 1st January 2006	2	35,924	35,926
Profit for the year	-	10,933	10,933
	<hr/>	<hr/>	<hr/>
As at 31st December 2006	2	46,857	46,859
Profit for the year	-	14,970	14,970
	<hr/>	<hr/>	<hr/>
As at 31st December 2007	2	61,827	61,829
	<hr/>	<hr/>	<hr/>

**9. 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 Standard No. 8 "Related party disclosures".

**10. RELATED PARTY**

P. Schaefer is a vice president of MSREF III, Inc., which is the Morgan Stanley member of MSREF III, L.L.C., which is the general partner of Morgan Stanley Real Estate Investors III-International, L.P.

**11. EMPLOYEE DISCLOSURES**

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

**12. CONTROLLING PARTY**

The immediate controlling party is Morgan Stanley Real Estate Fund III International - TE, L.P., a limited partnership established in Delaware, U.S.A. The ultimate controlling party is an entity within the Morgan Stanley group.