

REGISTERED NUMBER: 5704535

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Bessler Hendrie
Chartered Accountants
Registered Auditor
Albury Mill
Mill Lane
Chilworth
Guildford
Surrey
GU4 8RU

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MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

COMPANY INFORMATION

for the year ended 31 December 2008

DIRECTORS: C P Oliver
S C Loggie
R Harper
A J Brereton

SECRETARY: C P Oliver

REGISTERED OFFICE: 10 Ivory House
Plantation Wharf
London
SW11 3TN

REGISTERED NUMBER: 5704535

AUDITORS: Bessler Hendrie
Chartered Accountants
Registered Auditor
Albury Mill
Mill Lane
Chilworth
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MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2008

The directors present their report with the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property investment.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2008 to the date of this report.

C P Oliver
S C Loggie

Other changes in directors holding office are as follows:

B Porter - resigned 27 November 2008
J Jakeman - resigned 10 June 2008
R Harper - appointed 27 November 2008
A J Brereton - appointed 27 November 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

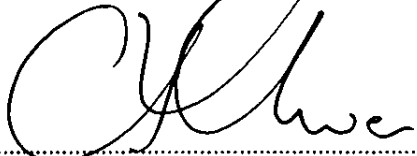
MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 December 2008

AUDITORS

The auditor, Bessler Hendrie, Chartered Accountants, has indicated its willingness to continue in office.
This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



.....
C P Oliver - Director

Date: 4/1/2010

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

We have audited the financial statements of Monet Real Estate (High Wycombe) Limited for the year ended 31 December 2008 on pages six to fifteen. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

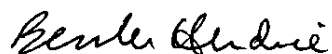
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a loss of £449,873 during the year ended 31 December 2008 and, at that date the company's current liabilities exceeded its current assets by £184,505. These conditions, together with the matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Bessler Hendrie
Chartered Accountants
Registered Auditor
Albury Mill
Mill Lane
Chilworth
Guildford
Surrey
GU4 8RU

12 January 2010

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008

	Notes	2008 £	2007 £
TURNOVER		542,133	534,407
Administrative expenses		(82,067)	(124,870)
OPERATING PROFIT	2	460,066	409,537
Impairment losses		(477,900)	-
Profit on sale of part of property		26,981	-
		9,147	409,537
Interest receivable and similar income		41,209	65,230
		50,356	474,767
Interest payable and similar charges		(480,229)	(625,897)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(429,873)	(151,130)
Tax on loss on ordinary activities	3	(20,000)	20,000
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(449,873)	(131,130)

The notes form part of these financial statements

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2008

	2008 £	2007 £
LOSS FOR THE FINANCIAL YEAR	(449,873)	(131,130)
Revaluation of investment property	(713,816)	842,776
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(1,163,689)</u>	<u>711,646</u>

The notes form part of these financial statements

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

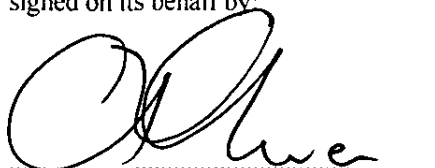
BALANCE SHEET

31 December 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Investment property	4	6,465,000	9,040,000
CURRENT ASSETS			
Debtors	5	431,489	407,737
Cash at bank		42,001	105,168
		<u>473,490</u>	<u>512,905</u>
CREDITORS			
Amounts falling due within one year	6	<u>(657,995)</u>	<u>(701,221)</u>
NET CURRENT LIABILITIES		<u>(184,505)</u>	<u>(188,316)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,280,495	8,851,684
CREDITORS			
Amounts falling due after more than one year	7	<u>(6,782,228)</u>	<u>(8,189,728)</u>
NET (LIABILITIES)/ASSETS		<u><u>(501,733)</u></u>	<u><u>661,956</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Revaluation reserve	10	-	842,776
Profit and loss account	10	<u>(501,833)</u>	<u>(180,920)</u>
SHAREHOLDERS' FUNDS		<u><u>(501,733)</u></u>	<u><u>661,956</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Board of Directors on 4/1/2010 and were signed on its behalf by:



C P Oliver - Director

The notes form part of these financial statements

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

Investment properties are accounted for in accordance with SSAP 19 "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges (unless held on lease), but should be shown at open market value. This is contrary to the Companies Act 1985, which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act does not give a true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially affect any manufacturing or trading operations of the enterprise. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties.

Details of the current value and historical cost information for investment properties are given in Note 4.

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements have been prepared under the historical cost convention and drawn up on a going concern basis which the directors consider appropriate in view of the matters explained as under:

- o At the balance sheet date the company had total borrowings from Lloyds TSB of £5,587,500 which are due for repayment on 9 August 2012. The property valuation carried out in November 2008 (see note 4) resulted in the company breaching its security value requirement with Lloyds TSB thereby requiring the loan balance to be reduced to £4,848,750. No repayment has been made to this effect. Lloyds TSB are reviewing the entity's trading performance at the end of each quarter to enable the bank facility to be renewed for each subsequent 3 month period. The directors consider the bank will not withdraw the banking facility provided to the company whilst it continues to trade in accordance with the revised business plan as agreed with the bank. As the bank has not indicated that it intends to alter the capital repayment dates on the loan facility the dates of repayment disclosed within these financial statements reflect those set out in the original facility (see note 8).
- o The directors have prepared detailed cashflow projections covering the period to 31 December 2010. As a result of the lease surrender on 8 December 2009 (see note 12) these forecasts show that the company will have sufficient cash to pay all third party creditors as they fall due for the next 12 months.
- o The company currently relies on a loan from Strummer Investments (Tubs Hill) LLP for working capital funding. This entity is under the same control as the company and has agreed to continue providing this finance for the foreseeable future. The shareholders have no current intention to withdraw their loans (see note 11) in the next 12 months.

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2008

Turnover

Turnover represents net receivable rental income, excluding value added tax.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

Fixed assets include investment properties stated at open market value in accordance with SSAP 19 "Accounting for Investment Properties". No depreciation is provided as required by the Companies Act 1985 as directors consider that the valuation results in the accounts give a true and fair view.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2008	2007
	£	£
Auditors' remuneration	5,500	5,000
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	-	-
	<u> </u>	<u> </u>

3. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss on ordinary activities for the year was as follows:

	2008	2007
	£	£
Deferred tax	20,000	(20,000)
	<u> </u>	<u> </u>
Tax on loss on ordinary activities	20,000	(20,000)
	<u> </u>	<u> </u>

Factors that may affect future tax charges

There are tax losses to carry forward at 31 December 2008 of £117,393 (2007: £199,820).

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2008

4. INVESTMENT PROPERTY

	Total £
COST OR VALUATION	
At 1 January 2008	9,040,000
Disposals	(1,254,324)
Revaluations	(1,320,676)
	<u>6,465,000</u>
At 31 December 2008	<u>6,465,000</u>
NET BOOK VALUE	
At 31 December 2008	<u>6,465,000</u>
At 31 December 2007	<u>9,040,000</u>

Cost or valuation at 31 December 2008 is represented by:

	£
Valuation in 2008	<u>6,465,000</u>

If the investment property had not been revalued it would have been included at the following historical cost:

	2008 £	2007 £
Cost	<u>6,942,900</u>	<u>8,197,224</u>

The investment property was valued on an open market basis on 7 November 2008 by King Sturge LLP.

If the property held by the Company was realised at open market value at the balance sheet date, there would be an estimated tax liability arising of £Nil (2007: £73,139).

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade debtors	115,023	152,789
Other debtors	316,466	254,948
	<u>431,489</u>	<u>407,737</u>

Other debtors includes a deferred tax asset of £Nil (2007: £20,000) in respect of tax losses carried forward which are expected to be used in 2008. No deferred tax asset has been recognised on tax losses carried forward where there is no certainty as to when these may be used (unrecognised asset £33,000 (2007: £50,000)).

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2008

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade creditors	24,116	25,605
Amounts owed to group undertakings	10,000	10,000
Taxation and social security	12,181	19,582
Other creditors	611,698	646,034
	<u>657,995</u>	<u>701,221</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008	2007
	£	£
Bank loans	5,965,000	7,375,000
Amounts owed to group undertakings	611,046	611,046
Amounts owed to participating interests	206,182	203,682
	<u>6,782,228</u>	<u>8,189,728</u>

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2008

8. SECURED DEBTS

The following secured debts are included within creditors:

	2008 £	2007 £
Bank loans	<u>5,965,000</u>	<u>7,375,000</u>

The bank loans consist of a loan from the Lehman Commercial Paper Inc, London Branch, repayable on 15th April 2011, 5 years after the drawdown date, and a Lloyds TSB loan repayable on 9 August 2012, 5 years after the drawdown date. Rates applicable are detailed below:

Negotiated rates:

Facility	Loan value (£)	Date negotiated	Rate of interest
Lloyds TSB - Senior	5,587,500	6 July 2007	LIBOR plus 1.15%
Lehman - Mezzanine	377,500	13 April 2006	LIBOR plus 5%

Under an interest hedging agreement negotiated at the same time the Lloyds TSB loan was drawn, the company fixed the rate of interest on the senior loan at 5.54% until 20 October 2010 and on £5,006,250 of this loan from then until 20 July 2012.

The Lloyds TSB loan is secured by way of a first legal charge and a debenture over the freehold property held by the LLP and a first legal charge over the deposit account.

The Lehman loan is secured by way a fixed and floating charge over the assets of the Company, there is also an assignment of income.

The bank loans are to be repaid should the property be sold.

9. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2008 £	2007 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2008

10. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2008	(180,920)	842,776	661,856
Deficit for the year	(449,873)		(449,873)
Revaluation downwards	-	(713,816)	(713,816)
Transfer	128,960	(128,960)	-
	<u>(501,833)</u>	<u>-</u>	<u>(501,833)</u>
At 31 December 2008	(501,833)	-	(501,833)

11. RELATED PARTY DISCLOSURES

During the year the company was charged £21,023 (2007: £20,548) for management fees by Cube Consulting Limited a company of which CP Oliver & SC Loggie are directors. At 31 December 2008 £Nil(2007: £Nil) was owed to Cube Consulting Limited.

The bank loan of £377,500 (2007: £700,000) as at 31 December 2008 is due to Lehman Commercial Paper Inc (a company related to LB UK RE Holdings Limited, the majority shareholder in the company). During the year interest of £49,896 (2007: £336,485) was charged on loans to this company.

In accordance with the joint venture agreement dated 14 August 2006 both shareholders have advanced loans to the company. These are disclosed as creditors due in more than one year and the balance of each loan as at 31 December 2008 was £611,046 (2007: £611,046) due to LB UK RE Holdings Limited and £206,182 (2007: £203,682) due to Brindle Limited.

Within other creditors due within one year as at 31 December 2008 is a balance of £253,283 (2007: £273,214) due to Strummer Investments (Tubs Hill) LLP. This loan is on an arms length basis and interest has been charged on it at 6% per annum amounting to £17,014 (2007: £9,721) in the year. CP Oliver, SC Loggie and LB UK RE Holdings Limited are partners in Strummer Investments (Tubs Hill) LLP.

12. POST BALANCE SHEET EVENTS

Since the balance sheet date there has been no improvement in the commercial property market and hence no increase in the valuation of the property. The directors have kept Lloyds TSB and Lehman informed as to the impact of current market conditions on the company and the need to hold properties for longer in order to avoid selling them at discounted values.

On 8 December 2009 one of the tenants of the company's property completed the surrender of its lease for a premium of £300,000 plus VAT.

MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2008

13. ULTIMATE CONTROLLING PARTY

Monet Real Estate (High Wycombe) Limited is a wholly owned subsidiary of Monet Real Estate Limited, a company registered in the United Kingdom. LB UK RE Holdings Limited (in administration since September 2008) is an intermediate parent company by virtue of its 75% interest in the share capital of Monet Real Estate Limited. The ultimate parent company is Lehman Brothers Holdings Inc., a company registered in the United States of America. Lehman Brothers Holdings Inc. filed for bankruptcy in September 2008.