

MREF CAPITALCO LIMITED

ANNUAL REPORT

Year ended 31 December 2008

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COMPANY INFORMATION

Directors	Graham Stanley Graham Sidwell Marc Gilbard
Secretary	Timothy Sanderson
Registered office	Nightingale House 65 Curzon Street London W1J 8PE
Registered number	5972998
Auditors	Grant Thornton UK LLP Chartered Accountants Melton Street Euston Square London NW1 2EP

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The company has not traded within the period and therefore has not made profits or losses during the period.

Results and dividends

The results for the period ended 31 December 2008 are set out in the Profit and Loss Account on page 5. The directors do not recommend the payment of a dividend.

Directors

The present directors of the Company are set out on page 1.

Ultimate parent undertaking

The ultimate parent undertaking is MREF Hotels Limited, which is registered in Jersey.

Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom 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 have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with Company law in the United Kingdom.

Disclosure of Information to Auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

REPORT OF THE DIRECTORS

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the Company receives notice under Section 488(1) of the Act.

Approval

The report of the directors was approved by the Board on 29 October 2009 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Timothy Sanderson', written over a horizontal line.

Timothy Sanderson
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAPITALCO LIMITED

We have audited the financial statements on pages 5 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report 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 shareholders 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 Standard (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

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

Basis of audit opinion

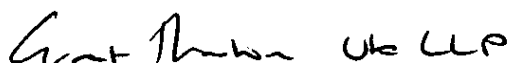
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, of the state of affairs of the company as at 31 December 2008 and of its result for the period ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
London, England
29 October 2009

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2008

	Note	Year ended 31 December 2008 £'000	Period to 31 December 2007 £'000
Turnover		-	-
Administrative expenses		-	(1)
		<hr/>	<hr/>
Operating loss	2	-	(1)
Interest payable to group companies		-	(1)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		-	(2)
Taxation	3	-	-
		<hr/>	<hr/>
Retained loss for the period		-	(2)
		<hr/>	<hr/>

All activities are continuing activities.

There were no recognised gains or losses other than those shown above.

The notes on pages 7 to 10 form part of these financial statements.

BALANCE SHEET

at 31 December 2008

	Note	31 December 2008 £'000	31 December 2007 £'000
Current assets			
Debtors	6	5,442	5,135
Cash at bank and in hand		33	2,169
		<hr/>	<hr/>
		5,475	7,304
Current liabilities			
Creditors: Amounts falling due within one year	7	(5,158)	(7,000)
		<hr/>	<hr/>
Net current assets		317	304
		<hr/>	<hr/>
Total assets less current liabilities		317	304
Creditors: Amounts falling due after one year	8	(318)	(305)
		<hr/>	<hr/>
Net liabilities		(1)	(1)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	(1)	(1)
		<hr/>	<hr/>
Equity shareholders' funds	11	(1)	(1)
		<hr/>	<hr/>

The financial statements were approved by the Board on 29 October 2009 and signed on its behalf by:



Graham Sidwell
Director

The notes on pages 7 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost.

Cash flow statement

The Company is exempt from publishing a cash flow statement as the ultimate controlling parties prepare consolidated financial statements which are publicly available.

Turnover

The company received no income and incurred no expenditure in either the current or the preceding financial period.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences in the treatment of certain items for taxation and accounting purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

In accordance with FRS 19 deferred tax is not provided on revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

2. OPERATING PROFIT

Audit fees are borne by a related undertaking.

3. TAXATION

	Year ended 31 December 2008 £'000	Period to 31 December 2007 £'000
United Kingdom Corporation Tax		
Current tax on income for the period	-	-
Deferred taxation	-	-
	<hr/>	<hr/>
Total taxation	-	-
	<hr/>	<hr/>
Current tax reconciliation		
	Year ended 31 December 2008 £'000	Period to 31 December 2007 £'000
Loss on ordinary activities before taxation	-	(2)
	<hr/>	<hr/>
Theoretical tax at UK corporation tax rate 28% (2007: 30%)	-	(1)
Effects of:		
- group relief given for nil consideration	-	1
- capital allowances in excess of depreciation	-	-
- expenditure that is not tax deductible / (income not taxable)	-	-
	<hr/>	<hr/>
Actual current taxation charge	-	-
	<hr/>	<hr/>

Deferred tax

There are no deferred tax assets or liabilities as at 31 December 2008 as the company held no fixed assets, tax losses or other items which are treated differently for accounting and tax purposes.

4. EMPLOYEES

The Company has no employees.

5. DIRECTORS REMUNERATION

The Directors did not receive any remuneration from the Company during the current or the previous period.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

6. DEBTORS

	31 December 2008 £'000	31 December 2007 £'000
Amounts due from group undertakings	5,442	5,135

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2008 £'000	31 December 2007 £'000
Other creditors	5,158	7,000

8. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	31 December 2008 £'000	31 December 2007 £'000
Amounts due to group undertakings	318	305

9. SHARE CAPITAL

	31 December 2008 £'000	31 December 2007 £'000
Authorised, issued and fully paid 2 Ordinary shares of £1 each	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

10. RESERVES

	Profit and loss account £'000
At 1 January 2008	(1)
Retained loss for the period	-
	<hr/>
At 31 December 2008	(1)
	<hr/> <hr/>

11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Year ended 31 December 2008 £'000	Period ended 31 December 2007 £'000
Loss for the period	-	-
Opening shareholders' funds	(1)	(1)
	<hr/>	<hr/>
Closing shareholders' funds	(1)	(1)
	<hr/> <hr/>	<hr/> <hr/>

12. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is MREF Hotels Limited, which is registered in Jersey.

13. RELATED PARTY TRANSACTIONS

The Company has not disclosed related party transactions with fellow subsidiary undertaking as the ultimate controlling parties prepare consolidated financial statements which are publicly available.