

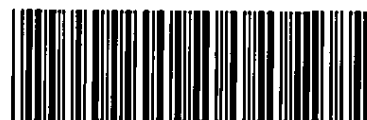
Burford Bridge Hotel Limited

Directors' report and financial statements

Registered number 6013237

26 January 2007

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Company information

Directors	Marc Gilbard Graham Sidwell Graham Stanley
Secretary	Tim Sanderson
Registered office	Nightingale House 65 Curzon Street London W1J 8PE
Auditors	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

Directors' report

The directors present their directors' report and financial statements for the period from incorporation to 26 January 2007

Incorporation

The company was incorporated on 29 November 2006

Principal activities and business review

The company was dormant until the Burford Bridge Hotel, Dorking was transferred to it at market value from a fellow subsidiary company on 25 January 2007. The company's principal activity is the ownership of a hotel. The hotel trade is carried out by a fellow subsidiary company.

The company traded for one day. The results for the period are set out in the profit and loss account on page 5.

Directors and directors' interests

The directors who held office during the period were as follows

GH Smith	(appointed 29 November 2006, resigned 26 January 2007)
RG Fraser	(appointed 29 November 2006, resigned 26 January 2007)
DA Guile	(appointed 23 January 2007, resigned 26 January 2007)
MEC Gilbard	(appointed 26 January 2007)
GR Sidwell	(appointed 26 January 2007)
GB Stanley	(appointed 26 January 2007)

The directors who held office at the end of the financial period had no interests in the ordinary shares of the company or any other group company.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



TRL Sanderson
Company Secretary

Nightingale House
65 Curzon Street
London
W1J 8PE

11 July

2007

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Independent auditors' report to the members of Burford Bridge Hotel Limited

We have audited the financial statements of Burford Bridge Hotel Limited for the period from 29 November 2006 to 26 January 2007 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 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 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 UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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

Basis of audit opinion

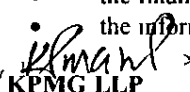
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 26 January 2007 and of its profit for the period from 29 November 2006 (date of incorporation) to 26 January 2007,
- 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.


KPMG LLP
Chartered Accountants
Registered Auditor

11 July 2007


Profit and loss account
for the period ended 26 January 2007

	2007 £000
Turnover	
Rental income receivable	2
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Profit on ordinary activities before taxation	2
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Profit for the financial year	2
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Balance sheet
at 26 January 2007

	<i>Note</i>	2007 £000
Fixed assets		
Tangible assets	3	12,939
Creditors amounts falling due within one year	4	(12,937)
Net assets		<u>2</u>
Capital and reserves		
Called up share capital	5	-
Profit and loss		<u>2</u>
Shareholders' funds		<u>2</u>

These financial statements were approved by the board of directors on 15th 2007 and were signed on its behalf by


 GR Sidwell
 Director

Reconciliation of movements in shareholders' funds
for the period ended 26 January 2007

	2007 £000
New share capital subscribed (net of issue costs)	-
Profit for the period	2
	<hr/>
Net addition to shareholders' funds	2
Opening shareholders' funds	-
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Closing shareholders' funds	2
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Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

As the Company is a wholly owned subsidiary of MREF Hotels Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties)

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Land	- not depreciated
Freehold hotel properties	- 50 years
Fixed plant	- 20 years
Furniture fittings and equipment	- 4-10 years

No depreciation is charged on fixed assets in the month of purchase

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

2 Notes to the profit and loss account

The remuneration of the auditors is borne by a fellow subsidiary company The company had no employees other than the directors The directors received no remuneration for the period

Notes (continued)

3 Tangible fixed assets

	Freehold land and buildings £000	Furniture, furnishings and equipment £000	Total £000
<i>Cost and net book value</i>			
At beginning of period	-	-	-
Additions	11,193	1,746	12,939
At end of period	11,193	1,746	12,939

As all fixed assets were purchased one day prior to the period end, no depreciation has been charged

4 Creditors: amounts falling due within one year

	2007 £000
Amounts owed to group undertakings	12,806
Accruals and deferred income	131
	12,937

5 Called up share capital

	2007 No	2007 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1	1

During the period the Company issued one £1 ordinary share for a consideration of £1, settled by intercompany liability

6 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of MREF Hotels Four Limited incorporated in England. The Company's intermediate parent company is MREF Hotels One Limited, incorporated in England and its ultimate parent company is MREF Hotels Limited, incorporated in Jersey. MREF Hotels Limited is controlled by Moorfield Real Estate Fund A Limited Partnership and Moorfield Real Estate Fund B Limited Partnership. The results of the company until 26 January 2007 will be consolidated into the results of the previous parent company, Macdonald Hotels Limited. Thereafter the only group in which the company's results will be consolidated is that headed by MREF Hotels Limited.