

# MHG Mezz Borrower Limited

## Directors' report and financial statements

Period from incorporation on 29 November 2012 to 31 December 2013

*Registered number: 08313544*



# MHG Mezz Borrower Limited

## Directors' report and financial statements

| <i>Contents</i>                                | <i>Page</i> |
|--|-------------|
| Directors and other information                | 1           |
| Directors' report                              | 2           |
| Statement of directors' responsibilities       | 4           |
| Independent auditor's report                   | 5           |
| Statement of accounting policies               | 7           |
| Profit and loss account                        | 8           |
| Balance sheet                                  | 9           |
| Notes forming part of the financial statements | 10          |

# MHG Mezz Borrower Limited

## Directors and other information

### Directors

Stephen Alden  
Carole Walker

### Secretary

Carole Walker

### Registered office

1 Vine Street  
Mayfair  
London  
W1J 0AH

### Bankers

Barclays Bank  
1 Churchill Place  
London  
E14 5HP

Allied Irish Bank (GB)  
City Office  
9 – 10 Angel Court  
London  
EC2R 7AB

### Auditor

KPMG  
Chartered Accountants  
1 Stokes Place  
St Stephen's Green  
Dublin 2

### Solicitors

DLA  
3 Noble Street  
London  
EC2V 7EE

# MHG Mezz Borrower Limited

## Directors' report

The directors present their report and the audited financial statements for the period from the date of incorporation on 29 November 2012 to 31 December 2013.

### Activities

The principal activity of the company is that of a holding company of companies operating in the hotel and restaurant industry.

### Review of developments and future prospects

The profit and loss account is set out on page 8. The profit for the period ended 31 December 2013 before taxation was £nil.

The directors expect that the present activity level will at least be sustained for the foreseeable future.

### Dividends

During the period no dividends have been paid or proposed.

### Directors and their interests

The directors who held office during the period were as follows:

|               |                              |
|---------------|------------------------------|
| Stephen Alden | (appointed 29 November 2012) |
| Carole Walker | (appointed 29 November 2012) |

The directors and secretary do not hold any material interests in the shares of the company or any other company in the group.

### 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.

### Political contributions

The company made no political contributions during the period.

# MHG Mezz Borrower Limited

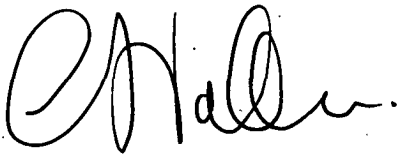
## Directors' report *(Continued)*

### **Auditor**

During the period KPMG were appointed as auditors of the company.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG will therefore continue in office.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'C Walker', is written over the printed name and title of Carole Walker.

Carole Walker  
Director

14 May 2014

# MHG Mezz Borrower Limited

## 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.

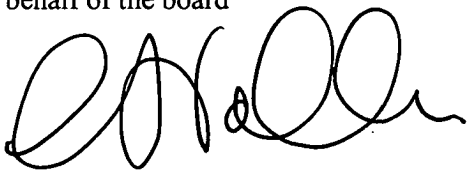
Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

On behalf of the board



Carole Walker  
Director

14 May 2014



**KPMG**  
**Audit**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland

## **Independent auditor's report to the members of MHG Mezz Borrower Limited**

We have audited the financial statements of MHG Mezz Borrower Limited for the period ended 31 December 2013 which comprise the profit and loss account, balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its result for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent auditor's report to the members of MHG Mezz Borrower Limited**  
*(continued)*

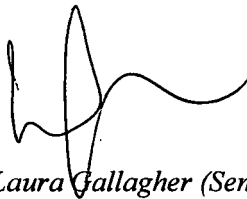
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



*Laura Gallagher (Senior Statutory Auditor)*  
**For and on behalf of KPMG, Statutory Auditor**  
*Chartered Accountants*  
Stokes Place  
St Stephens Green  
Dublin 2  
Ireland

27 May 2014



# MHG Mezz Borrower Limited

## Statement of accounting policies

*for the period from incorporation to 31 December 2013*

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

### **Basis of preparation and going concern**

The financial statements are prepared in Sterling in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Financial Reporting Council.

The financial statements have been prepared on a going concern basis.

### **Cash flow statement**

The company's ultimate parent undertaking publishes financial statements which are publicly available. Those financial statements include a consolidated cash flow statement. For this reason the exemption requirements of FRS 1 (Revised) "Cash Flow Statements" are met and the company has therefore not prepared a cash flow statement.

### **Group accounts**

The company is exempt from the obligation to prepare consolidated accounts by virtue of Section 400 of the Companies Act 2006 in that it is a wholly owned subsidiary of its ultimate parent and controlling undertaking which itself prepares group accounts which are publicly available. These financial statements are therefore entity financial statements and are not consolidated financial statements.

### **Investment in subsidiary**

Investment in subsidiary is stated at cost less any provision for impairment in value.

### **Derivative financial instruments**

Derivative financial instruments, including interest rate swaps, are used to hedge the Company's interest rate exposures and are accounted for on the same basis as the underlying liability or cash flow being hedged, with the resulting income or expense being recognised in the profit and loss account.

# MHG Mezz Borrower Limited

Registered number: 08313544

## Profit and loss account

for the period from incorporation to 31 December 2013

|   | Note | 2013<br>£    |
|---|------|--------------|
| Administrative expenses                         |      | -            |
| <b>Operating profit</b>                         |      | -            |
| Interest receivable and similar income          | 2    | 16,178,425   |
| Interest payable and similar charges            | 3    | (16,178,425) |
| <b>Profit on ordinary activities before tax</b> |      | -            |
| Tax on profit on ordinary activities            | 4    | -            |
| <b>Profit for the financial period</b>          | 11   | -            |

All activities in the current period are derived from continuing operations. There are no recognised gains or losses in the period other than the profit for the period.

# MHG Mezz Borrower Limited

Registered number: 08313544

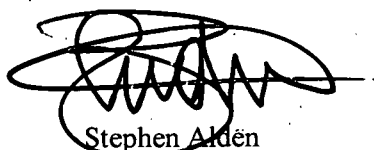
## Balance sheet

at 31 December 2013

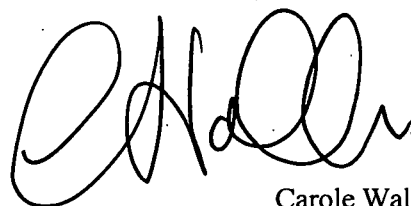
|   | Note | 2013<br>£                 |
|---|------|---------------------------|
| <b>Fixed assets</b>                                   |      |                           |
| Financial fixed assets                                | 5    | 1                         |
| <b>Current assets</b>                                 |      |                           |
| Debtors   | 6    | 163,178,425               |
| Cash  |      | -                         |
|   |      | <hr/>                     |
|   |      | 163,178,425               |
| <b>Creditors: amounts falling due within one year</b> | 7    | <hr/> (16,178,425) <hr/>  |
| <b>Net current assets</b>                             |      | <hr/> 147,000,000 <hr/>   |
| <b>Total assets</b>                                   |      | <hr/> 147,000,000 <hr/>   |
| <b>Creditors: amounts falling due after one year</b>  | 8    | <hr/> (147,000,000) <hr/> |
| <b>Net assets</b>                                     |      | <hr/> 1 <hr/>             |
| <b>Capital and reserves</b>                           |      |                           |
| Called up share capital                               | 10   | 1                         |
| Profit and loss account                               | 11   | -                         |
|   |      | <hr/>                     |
| <b>Shareholders' funds</b>                            |      | <hr/> 1 <hr/>             |

These financial statements were approved by the Board of Directors on 14 May 2014.

Signed on behalf of the Board of Directors



Stephen Alden  
Director  
14 May 2014



Carole Walker  
Director  
14 May 2014

# MHG Mezz Borrower Limited

## Notes

*forming part of the financial statements*

### 1 Staff numbers and costs

The company has no employees. The directors receive no remuneration for their services to this company. The audit fee is borne by another group company.

### 2 Interest receivable and similar income

|  | 2013<br>£  |
|--|------------|
| Interest earned on intercompany balances | 16,178,425 |

The interest receivable relates to the interest charged on the balance of the intercompany debtor.

### 3 Interest payable and similar charges

|                                | 2013<br>£  |
|--------------------------------|------------|
| Interest payable on bank loans | 16,178,425 |

The company has entered into an interest rate contract to manage the risk on variable interest rate movements expiring up to December 2015. See note 9 for further details.

### 4 Tax charge on profit on ordinary activities

The company has not made a profit in the current period. There is no tax charge for the current period.

# MHG Mezz Borrower Limited

## Notes (continued)

### 5 Financial fixed assets

|   | 2013<br>£   |
|---|-------------|
| At beginning of period                          | -           |
| Investment in shares in subsidiary undertakings | 1           |
|   | <hr/>       |
| <b>At 31 December 2013</b>                      | <b>1</b>    |
|   | <hr/> <hr/> |

On 28 December 2012 the company purchased 1 share in MHG Senior Holdco Limited for a consideration of £1. The investment is a 100% shareholding.

The company has a shareholding in the following principal companies:

| Subsidiary undertaking            | Country of<br>Incorporation<br>and operation | Activity                        | Shareholding<br>(ordinary shares) |
|-----------------------------------|--|---------------------------------|-----------------------------------|
| MHG Senior Holdco Limited         | Great Britain                                | Holding Company                 | 100% (direct)                     |
| MHG Senior Borrower Limited       | Great Britain                                | Holding Company                 | 100% (indirect)                   |
| Claridge's Hotel Holdings Limited | Great Britain                                | Holding Company                 | 100% (indirect)                   |
| The Berkeley Hotel Limited        | Great Britain                                | Hotel Operations                | 100% (indirect)                   |
| The Connaught Hotel Limited       | Great Britain                                | Hotel Operations                | 100% (indirect)                   |
| Maybourne Hotels Limited          | Great Britain                                | Management Services<br>Company  | 100% (indirect)                   |
| Claridge's Hotel Limited          | Great Britain                                | Hotel Operations                | 100% (indirect)                   |
| Connaught F&B Limited             | Great Britain                                | Food and Beverage<br>Operations | 100% (indirect)                   |
| Brook Street 1 Limited            | Great Britain                                | Holding Company                 | 100% (indirect)                   |
| Brook Street 2 Limited            | Great Britain                                | Holding Company                 | 100% (indirect)                   |
| Goldrange Properties Limited      | Great Britain                                | Ownership of Property           | 100% (indirect)                   |

The registered office of all subsidiary undertakings is 1 Vine Street, Mayfair, London, W1J 0AH.

# MHG Mezz Borrower Limited

## Notes (continued)

### 6 Debtors: amounts falling due within one year

|                                 | 2013<br>£   |
|---------------------------------|-------------|
| Amounts owed by group companies | 163,178,425 |

### 7 Creditors: amounts falling due within one year

|                                 | 2013<br>£'000 |
|---------------------------------|---------------|
| Amounts owed to group companies | 13,146,365    |
| Accruals and deferred income    | 3,032,060     |
|                                 | 16,178,425    |

### 8 Creditors: amounts falling due after one year

|                     | 2013<br>£   |
|---------------------|-------------|
| Bank loans (note 9) | 147,000,000 |

### 9 Bank and other loans

|  | 2013<br>£   |
|--|-------------|
| <i>Maturity profile of financial liabilities</i> |             |
| Due within one year                              | -           |
| Due between one and two years                    | -           |
| Due between two and five years                   | 147,000,000 |
| Due after five year                              | -           |
|  | 147,000,000 |

As at 31 December 2013, total bank loans amounted to £147 million. On 28 December 2012, the company entered into a new facility agreement for £147million. The new facility is repayable on 23 January 2018.

At 31 December 2013 the fair value of the company's interest rate agreements, in place over certain bank loans, was an asset of £4.1 million. In line with accounting standards and the company accounting policy, this asset is not reflected on the balance sheet.

The security package for the bank loans comprises cross company guarantees supported by debentures giving a fixed and floating charge over all the assets of the group companies.

# MHG Mezz Borrower Limited

## Notes (continued)

### 10 Called up share capital

|   | 2013<br>£ |
|---|-----------|
| <b>Authorised</b>                         |           |
| 1 ordinary share of £1                    | 1         |
|   | <hr/>     |
| <b>Called up, allotted and fully paid</b> |           |
| 1 ordinary share of £1                    | 1         |
|   | <hr/>     |

On incorporation the company issued 1 share for £1 cash consideration.

### 11 Reserves – profit and loss account

|                         | 2013<br>£ |
|-------------------------|-----------|
| At beginning of period  | -         |
| Profit for the period   | -         |
|                         | <hr/>     |
| <b>At end of period</b> | -         |
|                         | <hr/>     |

### 12 Reconciliation of movement in shareholders' funds

|                         | 2013<br>£ |
|-------------------------|-----------|
| At beginning of period  | 1         |
| Profit for the period   | -         |
|                         | <hr/>     |
| <b>At end of period</b> | 1         |
|                         | <hr/>     |

### 13 Related party transactions

The company is exempt under the provisions of paragraph 3, Financial Reporting Standard 8 "Related Party Disclosures" from disclosing details of transactions with Group related parties.

# MHG Mezz Borrower Limited

## Notes *(continued)*

### **14 Ultimate parent company**

At 31 December 2013 the company's immediate parent company was Maybourne Mezzanine Holdco Limited, a company incorporated in Great Britain and registered in England and Wales.

The company's ultimate parent company is Coroin Limited, a company incorporated in Great Britain and registered in England and Wales. This is the smallest and largest group in which the results of the company are consolidated. Copies of those statutory accounts will also be available from its registered office, 1 Vine Street, Mayfair, London, W1J 0AH.