

MHG Mezz Borrower Limited

Directors' report and
financial statements

Year ended 31 December 2018

Registered number: 08313544



MHG Mezz Borrower Limited

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MHG Mezz Borrower Limited

Directors and other information

Directors

Marc Socker
Liam Cunningham
Mark Vose

Registered office

27 Knightsbridge
London
SW1X 7LY

Bankers

Barclays Bank
1 Churchill Place
London
E14 5HP

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

Solicitors

MacFarlanes LLP
10 Norwich Street
London
EC4A 1BD

Registered number

08313544

MHG Mezz Borrower Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2018.

The Company has taken the exemption for small companies in relation to the Strategic report provided by Section 414B of the Companies Act 2006.

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 and other comprehensive income is set out on page 5. The profit for the year ended 31 December 2018 before taxation was £nil (2017: £285.5 million).

The directors are currently considering the future activities of the company.

Dividends

The dividends paid during the year amounted to £nil (2017: £285.5 million).

Directors and their interests

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

Liam Cunningham

Fady Bakhos

Marc Socker

Mark Vose

Resigned on 1 December 2018

Appointed on 1 December 2018

Appointed on 1 December 2018

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

Political and charitable contributions

The company made no political or charitable contributions during the year (2017: £nil).

MHG Mezz Borrower Limited

Directors' report (*continued*)

Going Concern

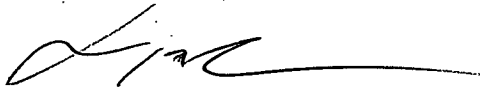
The group headed by Regis Investments S.A. has considerable financial resources and has provided a letter of financial support to Coroin Limited and its subsidiaries. As a consequence, the directors believe that the Group and the company are well placed to manage their business risks successfully and meet their liabilities as they fall due.

After making enquiries, and taking into account the support of Regis Investments S.A., the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditor

The annual accounts have not been audited because the Company is entitled to the exemption provided by section 480(1) of the Companies Act 2006 relating to dormant companies and the members have not required the Company to obtain an audit under section 476(1) of the Companies Act 2006.

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



Liam Cunningham
Director

28 June 2019

MHG Mezz Borrower Limited

Statement of directors' responsibilities

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) including FRS 101 *Reduced Disclosure Framework*.

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 year. 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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



Liam Cunningham
Director

28 June 2019

MHG Mezz Borrower Limited

Registered number: 08313544

Statement of comprehensive income

for the year ended 31 December 2018

	Note	2018 £	2017 £
Income from shares in group undertakings	4	-	285,518,644
Profit on ordinary activities before tax		-	285,518,644
Tax on profit on ordinary activities	5	-	-
Profit for the financial year		-	285,518,644

- The company had no other comprehensive income in the financial year or preceding financial year other than those dealt with in the profit and loss account.

MHG Mezz Borrower Limited

Registered number: 08313544

Balance sheet

as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	6	1	1
		<hr/>	<hr/>
Net assets		1	1
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account		-	-
		<hr/>	<hr/>
Shareholders' funds		1	1
		<hr/>	<hr/>


The annual accounts have not been audited because the Company is entitled to the exemption provided by section 480 of the Companies Act 2006 relating to dormant companies.

The members have not required the Company to obtain an audit under section 476 of the Companies Act 2006.

The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These financial statements were approved by the Board of Directors on 28 June 2019.

Signed on behalf of the Board of Directors


Liam Cunningham
Director

MHG Mezz Borrower Limited

Registered number: 08313544

Statement of changes in equity

for the year ended 31 December 2018

	Share capital £	Retained earnings £	Total £
At 1 January 2017	1	-	1
Profit for the financial year		285,518,644	285,518,644
Other comprehensive income		-	-
Dividends paid		(285,518,644)	(285,518,644)
At 31 December 2017	1	-	1
Profit for the financial year	-	-	-
Other comprehensive income	-	-	-
At 31 December 2018	1	-	1

The accompanying notes form an integral part of the financial statements.

During last year the Company paid a dividend to its intermediate parent company Maybourne Mezzanine Holdco Limited for the amount of £285,518,644. Please refer to Note 11 for further details on dividends paid.

MHG Mezz Borrower Limited

Notes

forming part of the financial statements

1 Statement of compliance

MHG Mezz Borrower Limited is a company incorporated in the UK. The company's registered office is 27 Knightsbridge, London, SW1X 7LY.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

These financial statements are presented in sterling, being the functional currency of the company.

2 Significant accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has adopted certain disclosure exemptions available under FRS 101. These include:

- a cash flow statement and related notes (para 8(h));
- disclosures in respect of the compensation of key management personnel (para 8(j))
- disclosures in respect of transactions with wholly owned subsidiaries (para 8(k));
- certain comparative information (para 8(f)); and
- the effects of new but not yet effective IFRSs (para 8(i));

As the consolidated financial statements of Coroin Limited include the equivalent disclosures, the company has also taken the exemption under FRS 101 available in respect of the following:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- Certain disclosures required by IAS 36 *Impairment of Assets*.

MHG Mezz Borrower Limited

Notes *(continued)*

2 Significant accounting policies *(continued)*

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional currency

These financial statements are presented in sterling, being the functional currency of the company. All financial information presented in sterling has been rounded to the nearest thousand, except where otherwise stated.

Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Going concern

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

The group headed by Regis Investments S.A. has considerable financial resources and has provided a letter of financial support to Coroin Limited and its subsidiaries. As a consequence, the directors believe that the Group and the company are well placed to manage their business risks successfully and meet their liabilities as they fall due.

After making enquiries, and taking into account the support of Regis Investments S.A., the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

MHG Mezz Borrower Limited

Notes (continued)

2 Significant accounting policies (continued)

Tax

The income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit or loss (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

MHG Mezz Borrower Limited

Notes (continued)

2 Significant accounting policies (continued)

Non-derivative financial instruments

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less. Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when declared.

Equity distributions and contributions

In accordance with the guidance issued in TECH 02/17 BL (with regards the application of Companies Act 2006) where an entity sells an asset to a fellow group company for consideration that is less than the asset's fair value, the difference is treated as a capital contribution in the receiving entity and a distribution in the selling entity. In accordance with TECH 02/17 BL, any intermediate parent entities of the transacting entities are also considered to have made a distribution (or capital contribution as applicable). All distributions and capital contributions are recognised directly in equity and are presented in the Statement of Changes in Equity.

Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

MHG Mezz Borrower Limited

Notes (continued)

2 Significant accounting policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

New and amended standards adopted by the Company

For the period beginning on 1 January 2018 the Company has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers for the first time. The adoption of these new standards and other amendments to existing standards and interpretations effective from 1 January 2018, did not materially impact the financial statements for the 12 months ended 31 December 2018 and no retrospective adjustments were made.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 replaced the existing regulations for the recognition of revenue in accordance with IAS 18 "Revenue". Consequently, revenues are recognised, when the customer obtains control over the agreed goods and services and can derive benefits from these. There were no material changes identified from adoption of the standard.

IFRS 9 "Financial Instruments"

IFRS 9 provides a standardised approach for classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. There were no material changes identified from adoption of the standard.

MHG Mezz Borrower Limited

Notes (continued)

2 Significant accounting policies (continued)

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of the issuance of the financial statements and that may impact the financial statements are disclosed below. There are no other standards in issue but not yet effective that are expected to have an impact on the financial statements.

	Effective for periods commencing on or after 1 January 2019
IFRS 16 Leases	

The Company plans to adopt IFRS 16 using a modified retrospective approach. Under a modified retrospective approach, a company applies the new standard from the beginning of the period this IFRS applies to.

- The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The Company has completed its assessment of the potential impact of the first-time adoption of IFRS 16 as of 1 January 2019 and it does not expect it to have any impact on its financial statements in the period of initial application.

3 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.

4 Income from shares in group undertakings	2018 £	2017 £
Dividend received from subsidiaries	-	168,722,644
Deemed capital contribution	-	116,796,000
Total income from shares in group undertakings	-	285,518,644

Last year, the Company received a dividend of £168.7m and a deemed capital contribution of £116.8m from MHG Senior Holdco Limited.

MHG Mezz Borrower Limited

Notes (continued)

5 Taxation

Amounts recognised in profit or loss	2018 £	2017 £
Current tax		
UK corporation tax	-	-
Adjustment in respect of prior years	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Total deferred tax charge	-	-
Reconciliation of tax charge		
	2018 £	2017 £
Profit on ordinary activities before tax	-	285,518,644
Profit on ordinary activities before tax at the standard corporation tax rate in UK of 19.00% (2017: 19.25%)	-	54,962,339
Non-taxable income	-	(54,962,339)
Group relief surrendered not paid for	-	-
Expenses not deductible for tax purposes	-	-
Total tax charge	-	-

Factors which may affect future charges:

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the company's future tax charge accordingly.

MHG Mezz Borrower Limited

Notes (continued)

6 Investments	2018 £	2017 £
Investment in shares in subsidiary undertakings	1	1

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 Incorporation and operation	Activity	Shareholding (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)
Claridge's Hotel Limited	Great Britain	Hotel Operations	100% (indirect)
Brook Street 1 Limited	Great Britain	Holding Company	100% (indirect)
Brook Street 2 Limited	Great Britain	Holding Company	100% (indirect)
41-43 Brook Street LLP	Great Britain	Ownership of Property	100% (indirect)
Bluedraft Limited	Great Britain	Ownership of Property	100% (indirect)
Brook Street Trustee Co No. 1 Limited	Great Britain	Hotel Operations	100% (indirect)
Brook Street Trustee Co No. 2 Limited	Great Britain	Dormant company	100% (indirect)
A Goody Rewarded Limited	Great Britain	Dormant company	100% (indirect)
Claridge's Hotel (42000) Limited	Great Britain	Dormant company	100% (indirect)

The registered office of all subsidiary undertakings is 27 Knightsbridge, London, SW1X 7LY.

MHG Mezz Borrower Limited

Notes (continued)

7	Called up share capital	2018 £	2017 £
	<i>Authorised</i>		
	1 ordinary share of £1	1	1
		<hr/>	<hr/>
	<i>Called up, allotted and fully paid</i>		
	1 ordinary share of £1	1	1
		<hr/>	<hr/>

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

8	Dividends Paid	2018 £'000	2017 £'000
	<i>Declared and paid during the year</i>		
	Final dividend	-	168,722,644
	Deemed distribution	-	116,796,000
	Total income from shares in group undertakings	<hr/> -	<hr/> 285,518,644

Last year the Company paid a dividend of £168.7m and had a deemed distribution of £116.8m to its intermediate parent, Maybourne Mezzanie Holdco Limited.

9 Related party transactions

The company is exempt under the provisions of IAS 24 *Related Party Disclosures* from disclosing related party transactions entered into between two or more members of the group.

MHG Mezz Borrower Limited

Notes (continued)

10 Ultimate parent company

At 31 December 2018 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 Regis Investments S.A., a company incorporated in Luxembourg. This is the largest group in which the results of the company are consolidated.

The ultimate controlling party is His Highness Sheikh Hamad Bin Khalifa Al Thani.

Coroin Limited, a company incorporated in Great Britain and registered in England and Wales is the smallest group in which the results of the company are consolidated. Copies of those statutory accounts will also be available from its registered office, 27 Knightsbridge, London, SW1X 7LY.

11 Subsequent events

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.