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MANTILLA LIMITED

FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 31 DECEMBER 2008

COMPANY REGISTRATION NUMBER 90676

COHEN ARNOLD
Chartered Accountants & Registered Auditors
New Burlington House
1075 Finchley Road
LONDON
NW11 0PU

MANTILLA LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

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MANTILLA LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2008

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The principal activities of the company during the period were property management, letting of rental apartments and the operation of a health club and brasserie.

RESULTS AND DIVIDENDS
The loss for the year amounted to £7,450,534. The directors have not recommended a dividend.

DIRECTORS
The directors who served the company during the year were as follows:

Mr J M Kaplan
Mr K Z Sheikh
Ms C Woon

The company is a wholly owned subsidiary and the directors have no interest in the company.

Mr D E Rico was appointed as a director on 1 February 2009.
Mr J M Kaplan retired as a director on 1 February 2009.

DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Annual 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 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 that 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 (Jersey) Law 1991. 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.

MANTILLA LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DONATIONS

During the year the company made the following contributions:

	2008	2007
	£	£
Charitable	2,400	1,750

AUDITOR

A resolution to re-appoint Cohen Arnold as auditor for the ensuing year will be proposed at the annual general meeting.

Signed on behalf of the directors

MR K SHEIKH
Director

Approved by the directors on 16th June 2009

WB LEGAL
LONDON
APPROVED

MANTILLA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MANTILLA LIMITED

YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of Mantilla Limited for the year ended 31 December 2008, which have been prepared on the basis of the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. 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 AUDITOR

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 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 (Jersey) Law 1991. 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 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.

MANTILLA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MANTILLA LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2008

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 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 (Jersey) Law 1991; and
- the information given in the Directors' Report is consistent with the financial statements.

COHEN ARNOLD
Chartered Accountants
& Registered Auditors

New Burlington House
1075 Finchley Road
LONDON
NW11 0PU
23 JUNE 2009

MANTILLA LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
TURNOVER	3	7,887,977	2,353,432
Cost of Sales		11,504,381	5,857,553
GROSS LOSS		(3,616,404)	(3,504,121)
Distribution Costs		14,685	52,429
Administrative Expenses		1,595,118	2,373,568
OPERATING LOSS	4	(5,226,207)	(5,930,118)
Interest Receivable		94,950	110,497
Interest Payable and Similar Charges	6	(2,319,277)	(1,583,821)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,450,534)	(7,403,442)
Tax on Loss on Ordinary Activities		–	–
LOSS FOR THE FINANCIAL YEAR		(7,450,534)	(7,403,442)
Balance Brought Forward		(10,928,925)	(3,525,483)
Balance Carried Forward		(18,379,459)	(10,928,925)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 15 form part of these financial statements.

MANTILLA LIMITED

BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £	2008 £	2007 £
FIXED ASSETS				
Tangible Assets	7		10,497,650	9,035,431
CURRENT ASSETS				
Stocks	8	13,087		10,162
Debtors	9	780,109		1,392,529
Cash at Bank and in Hand		7,288,029		1,898,452
		8,081,225		3,301,143
CREDITORS: Amounts falling due within one year	10	2,408,160		2,124,257
NET CURRENT ASSETS			5,673,065	1,176,886
TOTAL ASSETS LESS CURRENT LIABILITIES			16,170,715	10,212,317
CREDITORS: Amounts falling due after more than one year	11		34,550,064	21,141,132
			(18,379,349)	(10,928,815)
CAPITAL AND RESERVES				
Called-Up Equity Share Capital	14		110	110
Profit and Loss Account			(18,379,459)	(10,928,925)
DEFICIT	15		(18,379,349)	(10,928,815)

These financial statements were approved by the directors and authorised for issue on 16th June 2009, and are signed on their behalf by:

MS C WOON

WB LEGAL
LONDON
APPROVED

The notes on pages 8 to 15 form part of these financial statements.

MANTILLA LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2008 £	2007 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	16		(3,775,008)	(6,546,825)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16		(2,224,327)	(1,473,324)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	16		(2,052,834)	(7,317,527)
CASH OUTFLOW BEFORE FINANCING			(8,052,169)	(15,337,676)
FINANCING	16		13,441,746	13,870,082
INCREASE/(DECREASE) IN CASH	16		5,389,577	(1,467,594)

The notes on pages 8 to 15 form part of these financial statements.

MANTILLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, subject to the departures referred to below.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Rental income
Rental income is accounted for on an accruals basis.

Interest income
Revenue is recognised as interest accrues issuing the effective interest method.

Long-term contracts
Turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment	-	25% Reducing Balance

1. ACCOUNTING POLICIES *(continued)*

Leasehold properties

Leasehold property improvements are included in the balance sheet at professional valuation, carried out at regular intervals, or at Directors' valuation carried out in the intervening years.

In accordance with Statement of Standard Accounting Practice No. 19:

i) leasehold property improvements are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, with the exception of permanent diminutions in value which are written off through the profit and loss account; and

ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards the company's investment property, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation and amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. COUNTRY OF INCORPORATION

Mantilla Limited is incorporated in the island of Jersey.

3. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2008	2007
	£	£
United Kingdom	7,887,977	2,353,432

MANTILLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

4. OPERATING LOSS

Operating loss is stated after charging:

	2008	2007
	£	£
Depreciation of owned fixed assets	590,615	963,327
Auditor's remuneration		
- as auditor	8,400	8,400

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Number of administrative staff	12	9
Number of rental apartment and health club staff	52	25
Number of maintenance staff	38	20
	102	54

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	543,644	811,922
Social security costs	53,772	101,758
Other pension costs	18,937	83,251
	616,353	996,931

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Other interest payable	2,319,277	1,583,821

The other interest payable is due to WB Dolphin Square L.L.C. (see Note 17).

7. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Equipment £	Total £
COST			
At 1 January 2008	6,145,452	4,263,011	10,408,463
Additions	1,792,868	259,966	2,052,834
At 31 December 2008	7,938,320	4,522,977	12,461,297
DEPRECIATION			
At 1 January 2008	–	1,373,032	1,373,032
Charge for the year	–	590,615	590,615
At 31 December 2008	–	1,963,647	1,963,647
NET BOOK VALUE			
At 31 December 2008	7,938,320	2,559,330	10,497,650
At 31 December 2007	6,145,452	2,889,979	9,035,431

8. STOCKS

	2008 £	2007 £
Stock	13,087	10,162

9. DEBTORS

	2008 £	2007 £
Trade debtors	422,616	1,221,899
Amounts owed by group undertakings	40,718	42,191
Other debtors	130,840	101,293
Prepayments and accrued income	185,935	27,146
	780,109	1,392,529

Included in other debtors is £123,078 representing amounts due from Brookhouse Capital Ltd, a company in which the Directors of this company have an interest.

MANTILLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

10. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	812,195	967,215
Other taxation and social security	254,296	81,512
Loan creditors	–	40,157
Other creditors	1,203,927	1,007,878
	2,270,418	2,096,762
Accruals and deferred income	137,742	27,495
	2,408,160	2,124,257

Bank balances totalling £1,202,073 held in the name of the Company are subject to trust in favour of creditors included above.

11. CREDITORS: Amounts falling due after more than one year

	2008	2007
	£	£
Amounts owed to group undertakings	4,547,964	2,439,691
Other creditors	30,002,100	18,701,441
	34,550,064	21,141,132

Included in other creditors is £30,002,100 (2007: £18,771,813) due to WB Dolphin Square L.L.C. (see Note 17).

12. GOING CONCERN

The Financial Statements have been prepared in accordance with accounting principles appropriate to a Going Concern notwithstanding the deficiency in Net Assets at the Balance Sheet date. The Directors consider this to be appropriate having regard to the continued provision of financial support by the Company's creditors and bankers.

13. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8 otherwise than as shown in these Financial Statements

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard No. 8 to exclude details of transactions with group companies.

14. SHARE CAPITAL

Authorised share capital:

	2008	2007
	£	£
9,000 Ordinary voting shares of £0.10 each	900	900
1,000 Ordinary non-voting shares of £0.10 each	100	100
	1,000	1,000

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary voting shares of £0.10 each	100	10	100	10
Ordinary non-voting shares of £0.10 each	1,000	100	1,000	100
	1,100	110	1,100	110

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Loss for the financial year	(7,450,534)	(7,403,442)
New ordinary share capital subscribed	–	108
Net reduction to shareholders' deficit	(7,450,534)	(7,403,334)
Opening shareholders' deficit	(10,928,815)	(3,525,481)
Closing shareholders' deficit	(18,379,349)	(10,928,815)

16. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£	£
Operating Loss	(5,226,207)	(5,930,118)
Depreciation	590,615	963,327
Increase in Stocks	(2,925)	(10,162)
Decrease/(Increase) in Debtors	735,498	(1,045,963)
Increase/(Decrease) in Creditors	128,011	(523,909)
Net cash outflow from operating activities	(3,775,008)	(6,546,825)

16. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2008 £	2007 £
Interest Received	94,950	110,497
Interest Paid	(2,319,277)	(1,583,821)
Net cash outflow from returns on investments and servicing of finance	(2,224,327)	(1,473,324)

CAPITAL EXPENDITURE

	2008 £	2007 £
Payments to Acquire Tangible Fixed Assets	(2,052,834)	(7,317,527)
Net cash outflow from capital expenditure	(2,052,834)	(7,317,527)

FINANCING

	2008 £	2007 £
Issue of Equity Share Capital	–	108
Net Inflow from Other Short-Term Creditors	32,814	1,029,987
Repayment of Long-Term Amounts Owed to Group Undertakings	2,108,273	2,439,691
Net Inflow from Other Long-Term Creditors	11,300,659	10,400,296
Net cash inflow from financing	13,441,746	13,870,082

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008 £	 £	2007 £
Increase/(Decrease) in Cash in the Period	5,389,577		(1,467,594)
Net (Inflow) from Other Short-Term Creditors	(32,814)		(1,029,987)
Net Cash (Inflow) from Long-Term Amounts Owed to Group Undertakings	(2,108,273)		(2,439,691)
Net Cash (Inflow) from Other Long-Term Creditors	(11,300,659)		(10,400,296)
		(8,052,169)	(15,337,568)
Change in Net Debt		(8,052,169)	(15,337,568)
Net debt at 1 January 2008		(20,290,715)	(4,953,147)
Net debt at 31 December 2008		(28,342,884)	(20,290,715)

MANTILLA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

16. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2008 £	Cash flows £	At 31 Dec 2008 £
Net Cash:			
Cash in Hand and at Bank	1,898,452	5,389,577	7,288,029
Debt:			
Debt due Within 1 Year	(1,048,035)	(32,814)	(1,080,849)
Debt due after 1 Year	(21,141,132)	(13,408,932)	(34,550,064)
	(22,189,167)	(13,441,746)	(35,630,913)
Net debt	(20,290,715)	(8,052,169)	(28,342,884)

17. OWNERSHIP AND CONTROL

Dolphin Square Holdings Limited, a company incorporated in Jersey, owns 50% of the voting shares in issue. WB Dolphin Square L.L.C., a company incorporated in Delaware, USA, owns the remaining 50% of the voting shares, as well as 100% of the non-voting ordinary shares in issue.

MANTILLA LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31 DECEMBER 2008

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 3 to 4.

MANTILLA LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	2008		2007
	£	£	£
TURNOVER		7,887,977	2,353,432
COST OF SALES			
Opening stock and work-in-progress	10,162		–
Direct costs - Conference Centre	–		142
Direct Costs - Health Club	–		636
Direct costs - Sports and health club	1,019,382		490,004
Direct costs - Bar & Grill	824,504		274,990
Direct costs - Rental apartments	9,646,829		4,999,734
Direct costs - Commercial Lettings	14,220		98,871
Other cost of sales direct costs	2,371		3,338
	11,517,468		5,867,715
Closing stock - resale	(13,087)		(10,162)
		11,504,381	5,857,553
GROSS LOSS		(3,616,404)	(3,504,121)
OVERHEADS			
Advertising	14,685		52,429
Administrative Expenses	1,595,118		2,373,568
		1,609,803	2,425,997
OPERATING LOSS		(5,226,207)	(5,930,118)
Bank Interest Receivable		94,950	110,497
		(5,131,257)	(5,819,621)
Interest on other loans		(2,319,277)	(1,583,821)
LOSS ON ORDINARY ACTIVITIES		(7,450,534)	(7,403,442)

MANTILLA LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	2008 £	£	2007 £
ADMINISTRATIVE EXPENSES			
Personnel costs			
Wages and salaries	543,644		811,922
Employers national insurance contributions	53,772		101,758
Staff pension contributions	18,937		83,251
		616,353	996,931
Establishment expenses			
Insurance	31,975		13,533
Repairs and maintenance	10,047		20,161
Laundry and Cleaning	557		1,361
Security Costs	-		3,907
		42,579	38,962
General expenses			
Telephone	8,999		54,125
Computer Costs	18,647		50,057
Printing, stationery and postage	18,552		30,098
Staff training	19,416		17,762
Staff welfare	3,554		13,387
Other staff related expenses	17,892		45,370
Donations	2,400		1,750
General expenses	32,724		6,198
Entertaining	3,625		10,193
Legal and professional fees	205,000		122,576
Auditors remuneration	8,400		8,400
Depreciation	590,615		963,327
		929,824	1,323,243
Financial costs			
Bad debts written off	131		(653)
Bank charges	6,231		15,085
		6,362	14,432
		1,595,118	2,373,568
INTEREST RECEIVABLE			
Bank interest receivable		94,950	110,497