

Citagrep Limited
Directors' Report and Financial Statements
for the year ended 31 December 2006
Registered number 2745971

SATURDAY



A27 *ADC8VU51* 295
27/10/2007
COMPANIES HOUSE

Citagrep Limited
Directors' report and financial statements
Contents

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Independent auditors' report to the members of Citagrep Limited	4-5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-14

Citagrep Limited
Company Information

Directors

J C Erne - appointed on 1 March 2005 and resigned on 28 April 2006

S K Lee

G Lee - appointed on 28 April 2006

M Al Amoudi

F-X Bertin

Secretary

Company Secretarial Services Limited

Auditors

KPMG LLP
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Registered office

REED SMITH LLP
MINERVA HOUSE
5 Montague Close
London SE1 9BB

Registered number

2745971

Citagrep Limited

Directors' Report

The directors present their report and accounts for the year ended 31 December 2006

Principal activities and review of the business

The company's principal activity during the year is that of owning and managing an apartment hotel

From January 2006, the responsibility of operating the apartment hotel has been taken over by the company from Soderetour UK Limited. Soderetour UK Limited will receive a management fee and it is based as follows

A basic management fee of 3% of the total revenue and

A basic management fee of 6% of NOP as defined in the agreement

Results and dividends

The profit for the year is set out on page 5 of the financial statements

No dividend has been proposed (2005 £NIL)

Directors

The directors who served during the year and their interests in the share capital of the company were as follows

	£1 Ordinary shares	
	2006	2005
Jean Claude Erne	Nil	Nil
Sym Keun Lee	Nil	Nil
Mohammad Al Amoudi	Nil	Nil
Francois-Xavier Bertin	Nil	Nil
Gerald Lee	Nil	Nil

Disclosure of information to auditors

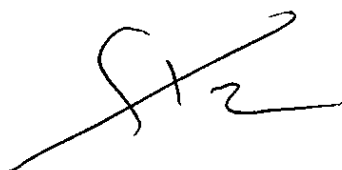
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any company's auditors are aware of that information

Auditors

In accordance with section 384 of the Companies Act 1985 a resolution to appoint KPMG LLP as auditors to the company is to be proposed at the forthcoming annual general meeting

This report was approved by the board on

S K Lee
Director



Citagrep 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 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

Citagrep Limited

Independent auditors' report to the members of Citagrep Limited

We have audited the financial statements of Citagrep Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet 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.

Citagrep Limited

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 31 December 2006 and of its profit for the year then 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



KPMG LLP
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB

5 July 2007

Citagrep Limited
Profit and Loss Account
for the year ended 31 December 2006

	Notes	2006 £	2005 £
Turnover	2	2,484,680	1,341,046
Administrative expenses		(1,196,508)	(340,379)
Operating profit	3	<u>1,288,172</u>	<u>1,000,667</u>
Interest receivable		3,492	1,242
Interest payable	5	(544,960)	(583,558)
Profit on ordinary activities before taxation		<u>746,704</u>	<u>418,351</u>
Tax on profit on ordinary activities	6	(185,131)	(106,044)
Profit for the financial year	14	<u>561,573</u>	<u>312,307</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

The company has no recognised gains or losses other than the profit above, therefore no separate statements of total recognised gains and losses has been presented


There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and its historical cost equivalent

The notes on pages 8 to 14 form part of these financial statements

Citagrep Limited
Balance Sheet
as at 31 December 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	7	7,498,827	7,658,049
Current assets			
Debtors	8	797,045	508,770
Cash at bank and in hand		927,612	308,000
		<u>1,724,657</u>	<u>816,770</u>
Creditors: amounts falling due within one year	9	(892,312)	(4,369,345)
Net current assets/(liabilities)		<u>832,345</u>	<u>(3,552,575)</u>
Total assets less current liabilities		<u>8,331,172</u>	<u>4,105,474</u>
Creditors. amounts falling due after more than one year	10	(8,364,125)	(4,700,000)
Net liabilities		<u>(32,953)</u>	<u>(594,526)</u>
Capital and reserves			
Called up share capital	13	1,175,000	1,175,000
Profit and loss account	14	(1,207,953)	(1,769,526)
Equity shareholders' deficit	15	<u>(32,953)</u>	<u>(594,526)</u>

S K Lee
Director
Approved by the board on



Citagrep Limited
Notes to the Financial Statements
for the year ended 31 December 2006

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 under the historical cost convention and in accordance with the Companies Act 1985 and with applicable accounting standards in the United Kingdom

The company is dependant for its working capital on funds provided to it by Orville SAS. The holding company, Eurimég SA is a subsidiary of Orville SAS. Orville SAS has provided an undertaking that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as they are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Tangible fixed assets

The cost of tangible fixed assets is the purchase cost together with any incidental cost of acquisition.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	40 years
Fixtures, fittings & equipment	over 5 years

Taxation

The charge for taxation is based on the profit for the year 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, with 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 FRS19.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Citagrep Limited
Notes to the Financial Statements
for the year ended 31 December 2006

Accounting policies (*continued*)

Leased assets and obligations

All leases are operating leases and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term

2 Turnover

Turnover, all of which is derived from the United Kingdom, represents the invoiced value of services supplied stated net of value added tax. Turnover is accrued on a daily rate basis for apartments occupied. The rental income from the Company's property, net of value added tax is also included in turnover and is stated net of value added tax.

3 Operating profit	2006	2005
	£	£
This is stated after charging		
Depreciation of owned fixed assets	163,897	163,132
Auditors' remuneration	<u>7,350</u>	<u>6,300</u>

4 Staff numbers and costs	2006	2005
	£	£
Wages and salaries	236,635	-
Social security costs	15,821	-
Other pension costs	<u>2,281</u>	<u>-</u>
	<u>254,737</u>	<u>-</u>

Directors' remuneration for the current and prior year was borne by the immediate parent company

Average number of employees during the year	2006	2005
Administration and operations	<u>10</u>	<u>-</u>

5 Interest payable	2006	2005
	£	£
Loans from fellow group undertakings	146,849	177,682
Bank loans	<u>398,111</u>	<u>405,876</u>
	<u>544,960</u>	<u>583,558</u>

Citagrep Limited
Notes to the Financial Statements
for the year ended 31 December 2006

6 Taxation	2006	2005
	£	£
(a) Analysis of charge in year		
Current tax		
UK corporation tax on profits of the year (note 5b)	475,842	241,976
Deferred tax		
Deferred tax charge - prior year	176,106	-
Deferred tax credit - current year	(466,817)	(135,932)
Origination and reversal of timing differences	(290,711)	(135,932)
Tax on profit on ordinary activities	185,131	106,044

(b) Factors affecting tax charge for year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows

	2006	2005
	£	£
Profit on ordinary activities before tax	746,704	418,351
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	224,011	125,505
Effects of		
Tax losses carried forward	-	152,696
Capital allowances	456,283	(21,756)
Utilisation of tax losses	-	(14,469)
Expenses not deductible for tax purposes	50,208	-
Adjustments to tax charge in respect of prior periods	(254,660)	-
Current tax charge for year (note 5a)	475,842	241,976

Refer to note 12 for details of deferred tax asset

Citagrep Limited
Notes to the Financial Statements
for the year ended 31 December 2006

7 Tangible fixed assets

	Freehold land and buildings £	Fixtures fitting and equipment £	Total £
Cost			
At 1 January 2006	8,624,803	1,718,023	10,342,826
Additions	-	4,675	4,675
At 31 December 2006	<u>8,624,803</u>	<u>1,722,698</u>	<u>10,347,501</u>
Depreciation			
At 1 January 2006	971,214	1,713,563	2,684,777
Charge for the year	161,869	2,028	163,897
At 31 December 2006	<u>1,133,083</u>	<u>1,715,591</u>	<u>2,848,674</u>
Net book value			
At 31 December 2006	<u>7,491,720</u>	<u>7,107</u>	<u>7,498,827</u>
At 31 December 2005	<u>7,653,589</u>	<u>4,460</u>	<u>7,658,049</u>

8 Debtors

	2006 £	2005 £
Trade debtors	93,694	-
Amount due from fellow subsidiary	100,953	352,772
Deferred tax (note 12)	354,938	64,227
Taxation and social security	93,454	91,771
Prepayments and accrued income	154,006	-
	<u>797,045</u>	<u>508,770</u>

9 Creditors amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts (note 11)	84,700	550,000
Trade creditors	58,362	376
Amounts owed to group undertakings	-	3,302,860
Amount due to fellow subsidiary	109,381	-
Amounts owed to related party	112,915	-
Corporation tax	402,896	298,568
Other taxes and social security costs	58,770	125,153
Other creditors	4,367	68,213
Accruals and deferred income	60,921	24,175
	<u>892,312</u>	<u>4,369,345</u>

Amounts owed to group undertakings are repayable at call, and interest is fixed at 5% per annum

Citagrep Limited
Notes to the Financial Statements
for the year ended 31 December 2006

10 Creditors amounts falling due after one year	2006 £	2005 £
Bank loan	<u>8,364,125</u>	<u>4,700,000</u>
11 Analysis of maturity of debt	2006 £	2005 £
In one year or less	84,700	550,000
Between one and two years	169,400	600,000
Between two and five years	508,200	4,100,000
After five years	<u>7,686,525</u>	<u>-</u>
	<u>8,448,825</u>	<u>5,250,000</u>

The interest rate applicable to the loan is LIBOR 3 months plus a applicable margin rate The debt becomes due in September 2015

Security interests are as follows

- Guarantee from Eurimeg in favour of the lenders and Deed of charge and memorandum of deposit from Eurimeg
- Guarantee from Orville in favour of the lenders and Deed of charge and memorandum of deposit from Orville
- Debenture creating fixed and floating from Citagrep Limited
- Pledge of the joint and the several guarantee issued by Citadines in favour of Citagrep Limited

The following financial covenants have been agreed with the bank

- The ratio of the loan to market value of the residence (LTV ratio) is less than 70%
- The ratio of net operating profit divided by four to the aggregate of all principal, interest and commitment fees owed over the last quarter ended before the calculation date (DSCR Ratio) is greater than 1 10
- The financial indebtedness ratio on the calculation date is less than 8 50

12 Deferred taxation	2006 £	2005 £
Depreciation in excess of capital allowances	<u>354,938</u>	<u>64,227</u>
Undiscounted deferred tax asset	<u>354,938</u>	<u>64,227</u>
	2006 £	2005 £
At 1 January	64,227	(71,705)
Net deferred tax credit in profit and loss account (note 6)	<u>290,711</u>	<u>135,932</u>
At 31 December	<u>354,938</u>	<u>64,227</u>

Citagrep Limited
Notes to the Financial Statements
for the year ended 31 December 2006

13 Called up Share capital	2006	2005
	£	£
Authorised		
4,500,000 ordinary shares of £1 each	<u>4,500,000</u>	<u>4,500,000</u>
	2006	2005
	£	£
Allotted, called up and fully paid		
1,175,000 ordinary shares of £1 each	<u>1,175,000</u>	<u>1,175,000</u>
14 Profit and loss account	2006	2005
	£	£
At 1 January	(1,769,526)	(2,081,833)
Profit for the financial year	561,573	312,307
At 31 December	<u>(1,207,953)</u>	<u>(1,769,526)</u>
15 Reconciliation of movement in equity shareholders' funds	2006	2005
	£	£
At 1 January	(594,526)	(906,833)
Profit for the financial year	561,573	312,307
At 31 December	<u>(32,953)</u>	<u>(594,526)</u>

16 Event during the year

From January 2006, the responsibility of operating the apartment hotel has been taken over by the company from Soderetour UK Limited. Soderetour UK Limited will receive a management fee and it will be based as follows

- A basic management fee of 3% of the total revenue and
- A basic management fee of 6% of net operating profit as defined in the agreement

17 Cash flow statement and related party disclosures

Under FRS1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published financial statements

As the company is a subsidiary of Eurimeg SA, 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 Orville SAS Group

Citagrep Limited
Notes to the Financial Statements
for the year ended 31 December 2006

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

The company is a subsidiary of Eurimeg SA a company incorporated in France

The smallest group in which the results of the company are consolidated is that headed by Orville SAS, a company incorporated in France

The holding company is a subsidiary of Orville SAS, which is a subsidiary of the Ascott Group Limited a company incorporated in Singapore and listed on the Singapore Stock Exchange

The group financial statements for Orville SAS may be obtained from 120 rue Jaures, 925232 Levallois Perret, France and for Ascott may be obtained from No 8 Shenton Way, # 13-01 Temasek Tower, Singapore

The largest group in which they were consolidated is that headed by Capitaland Limited (ultimate parent company) a company incorporated in Singapore

Citagrep Limited
Unaudited schedule to the Profit and Loss Account
for the year ended 31 December 2006

	2006 £	2005 £
Sales		
Sales	<u>2,484,680</u>	<u>1,341,046</u>
Administrative and operating expenses		
Employee costs		
Wages and salaries	221,610	-
Pensions	2,281	-
Bonuses	15,025	-
Employer's NI	15,821	-
	<u>254,737</u>	<u>-</u>
Premises costs		
Rates	161,129	-
Light and heat	53,832	-
Accommodation expenses	45,082	-
	<u>260,043</u>	<u>-</u>
General administrative and operating expenses		
Management fees to Soderetour	-	192,984
Postage and stationery	12,899	-
Telephone	20,666	-
Bank & Credit Card charges	30,289	15
Insurance	18,081	-
Hotel & Office supplies	25,565	-
TV licence and hire	8,370	-
Repairs and maintenance	112,429	7,345
Depreciation	163,897	163,132
WHT re prior years	(78,430)	-
Foreign exchange loss / (gain)	(79,532)	(75,166)
Bad debts	(2,215)	-
Expenses from Head Office	101,885	-
Sundry expenses	(2,254)	-
	<u>331,650</u>	<u>288,310</u>
Legal and professional costs		
Audit fees	7,350	6,300
Accountancy fees	1,132	-
Solicitors fees	2,000	-
Management fees	264,565	-
Marketing & subscription costs	7,211	-
Other legal and professional	67,820	45,769
	<u>350,078</u>	<u>52,069</u>
	<u>1,196,508</u>	<u>340,379</u>

This page does not form part of the financial statements