

MOORFIELD INVESTMENT MANAGEMENT LINTIED

ANNUAL REPORT

Year ended 31 December 2007

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COMPANY INFORMATION

Directors	Marc Gilbard Graham Stanley Graham Sidwell
Secretary	Timothy Sanderson
Registered office	Nightingale House 65 Curzon Street London W1J 8PE
Registered number	4017777
Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP
Bankers	Lloyds TSB Bank plc 1 Hay's Lane London SE1 2HA

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2007

Principal activities

The principal activity of the Company is property management

Business review and future developments

The Company continues to act as operator under property management and operator agreements in respect of the limited partnerships comprising the Newbury Business Park and the Westway Distribution Park

The Company also continues to act as investment manager to the limited partnerships comprising Moorfield Real Estate Fund "A", Moorfield Real Estate Fund "B", Moorfield Real Estate Fund II "A" and Moorfield Real Estate Fund II "B"

Directors

The present directors of the Company are set out on page 1 All directors served throughout the year

Directors' interest

None of the directors had an interest in the shares of the Company The interests of the directors in the shares of the ultimate parent company are shown in the financial statements of that company

Ultimate parent undertaking

The ultimate parent company is Stessa Holdings Limited, which is registered in England and Wales

Statement of directors' responsibilities for the Annual Report

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which 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 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 which 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 1985 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

Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and

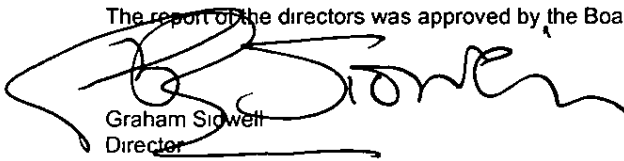
each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with Grant Thornton UK LLP ("Grant Thornton") with effect from 2 July 2007, with the successor firm being Grant Thornton. Robson Rhodes resigned as auditors on 31 July 2007, creating a casual vacancy which the directors have filled by appointing Grant Thornton. Grant Thornton is willing to continue in office.

Approval

The report of the directors was approved by the Board on 29 April 2008 and signed on its behalf by



Graham Sigwell
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOORFIELD INVESTMENT MANAGEMENT LIMITED

We have audited the financial statements on pages 5 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, 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 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2007 and of the company's 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.

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
London, England
29 April 2008

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover		6,932	4,766
Administrative expenses		(6,550)	(4,537)
		<hr/>	<hr/>
Operating profit/ (loss)		382	229
Interest receivable		-	1
		<hr/>	<hr/>
Profit before tax		382	230
Taxation	2	-	-
		<hr/>	<hr/>
Retained profit		382	230
		<hr/>	<hr/>

All activities are continuing activities

There are no recognised gains and losses other than the results shown above

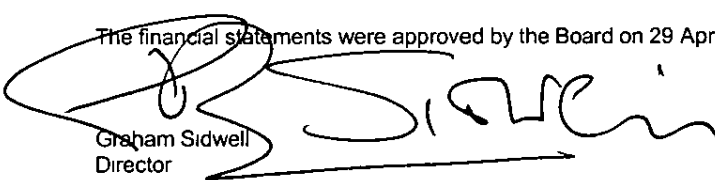
The notes of pages 7 to 9 form part of these financial statements

BALANCE SHEET

At 31 December 2007

	Note	2007 £'000	2006 £'000
Current assets			
Debtors	3	1,767	449
Cash at bank		6	6
		<hr/>	<hr/>
Creditors Amounts falling due within one year	4	1,773 (1,009)	455 (73)
		<hr/>	<hr/>
Net assets		764	382
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	-	-
Share premium account		5	5
Profit & loss account	6	759	377
		<hr/>	<hr/>
Equity shareholders' funds	7	764	382
		<hr/>	<hr/>

The financial statements were approved by the Board on 29 April 2008 and signed on its behalf by


Graham Sidwell
Director

The notes on pages 7 to 9 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention

Turnover

Turnover, excluding VAT, comprises amounts invoiced for goods and services provided

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences in the treatment of certain items for taxation and accounting purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Cash flow statement

The company is exempt from publishing a cash flow statement because it is ultimately a wholly owned subsidiary undertaking of Stessa Holdings Limited which publishes a consolidated cash flow statement.

2. TAXATION

	2007 £'000	2006 £'000
United Kingdom Corporation Tax		
Current tax on income for the year	-	-
Deferred taxation	-	-
	<hr/>	<hr/>
Total taxation	-	-
	<hr/>	<hr/>
Current tax reconciliation		
	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	382	230
	<hr/>	<hr/>
Theoretical tax at UK corporation tax rate 30%	115	69
Effects of		
- group relief	(115)	(69)
	<hr/>	<hr/>
Actual current taxation charge	-	-
	<hr/>	<hr/>

3. DEBTORS

	2007 £'000	2006 £'000
Other debtors	445	31
Amounts owed by group undertakings	1,322	418
	<hr/>	<hr/>
	1,767	449
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Tax and social security	-	12
Other creditors and accruals	-	61
Amounts owed to fellow subsidiary undertakings	1,009	-
	<u>1,009</u>	<u>73</u>

5. SHARE CAPITAL

	2007 £	2006 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted and fully paid		
3 ordinary shares of £1 each	3	3

6. PROFIT AND LOSS ACCOUNT

	£'000
Balance at 1 January 2007	377
Profit for the year	382
	<u>759</u>
Balance at 31 December 2007	

7. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2007 £'000	2006 £'000
Profit for the year	382	230
Opening shareholders' funds	382	152
	<u>764</u>	<u>382</u>
Closing shareholders' funds		

8. ULTIMATE PARENT UNDERTAKING

The ultimate parent company is Stessa Holdings Limited, which is registered in England and Wales

Group accounts are available to the public on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

9. RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose inter-company related party transactions on the grounds that it is a wholly owned subsidiary of a parent undertaking which prepares and publishes consolidated financial statements

During the year, the Company had the following transactions with other related parties

- Management fees of £192,577 (2006 £147,141) were charged to the WB Westway limited partnership associated undertakings to cover property management expenses,
- Management fees of £202,477 (2006 £487,100) were charged to the Newbury Business Park limited partnership associated undertakings to cover property management expenses,
- Management fees of £279,284 (2006 £206,913) were charged to the Jewel Hotel Trustees to cover property management expenses,
- Management fees of £1,270,983 (2006 £nil) were charged to MREF Hotels Limited to cover property management expenses

The above limited partnerships are considered to be related undertakings on the basis that the ultimate parent company has significant equity investments in each or a fellow subsidiary undertaking acts as General Partner. Balances due from these associated undertakings were settled in full during the year