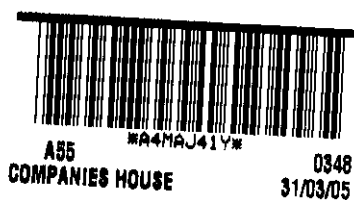


COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED
30 SEPTEMBER 2004



REGISTERED NUMBER 04422681

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 SEPTEMBER 2004

The Directors submit their annual report together with the accounts for the year ended 30 September 2004.

DIRECTORS

The Directors of the Company during this year were:

G S Cherry	
R P Hoyles	
R S Cherry	Appointed 3 December 2003
R A de Blaby	Resigned 13 November 2003
C P Crook	
J Dominiquez	Resigned 10 December 2003
J Robertson	
M Pashley	
B Benjamin	
R A James	Appointed 10 December 2003

DIRECTORS' INTERESTS

No Director had at any time during the year any interest in the shares of the Company.

ACTIVITIES AND RESULTS

The Company is undertaking the redevelopment of land at Brooklands Avenue, Cambridge which will comprise 364 mixed-tenure homes. The Company represents a joint venture development between Countryside Properties PLC and Apollo Accordia LLC. Sales related to the development will commence in the next financial year.

The company made a loss after tax of £1,094,565 in the year (2003: £Nil). The Directors do not recommend the payment of a dividend.

The Company made no political or charitable donations during the year (2003: £Nil).

DIRECTORS' RESPONSIBILITIES STATEMENT

Company law 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 those 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 confirm that suitable accounting policies have been used and applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing statements for the period ending 30 September 2004 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

AUDITORS

PricewaterhouseCoopers LLP have been appointed as auditors in accordance with the Companies Act 1985, and have indicated their willingness to continue in office and will be proposed for reappointment.

By Order of the Board

A handwritten signature in black ink, appearing to be 'G P Shillinglaw', written over a circular stamp or seal.

G P Shillinglaw
Secretary

7/2/ 2005

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

Independent auditor's report to the members of Countryside Properties (Accordia) Limited

We have audited the financial statements which comprise the balance sheet, profit and loss account, the cash flow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

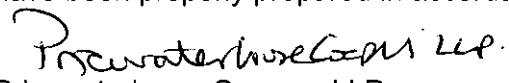
Basis of audit opinion

We conducted our audit in accordance with auditing standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 30 September 2004 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London

24 MARCH

2005

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

	Notes	2004 £	2003 £
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross Profit		-	-
Administration expenses		(487,466)	-
		<hr/>	<hr/>
Operating Loss		(487,466)	-
Interest payable	16	(1,076,198)	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(1,563,664)	-
Taxation	4	469,099	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(1,094,565)	-
		<hr/>	<hr/>
Retained loss for the financial year	10	(1,094,565)	-
		<hr/>	<hr/>

The loss for the financial year arises from continuing operations.

There is no difference between the reported loss and the historical cost loss on ordinary activities before taxation.

There were no recognised gains or losses incurred in the financial year other than those shown in the profit and loss account.

The notes on pages 7 to 11 form part of these accounts.

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Investments	5	21	-
CURRENT ASSETS			
Stocks	6	50,036,992	35,404,243
Debtors	7	627,927	2,869,627
Cash at Bank		834,744	-
		51,499,663	38,273,870
CURRENT LIABILITIES			
Creditors due within one year	8	(10,943,169)	(10,310,821)
Net current assets		40,556,494	27,963,049
Total assets less current liabilities		40,556,515	27,963,049
Creditors due after one year	8	(41,650,880)	(27,962,849)
Net (liabilities)/assets		(1,094,365)	200
CAPITAL AND RESERVES			
Share capital	9	200	200
Profit and Loss Account	10	(1,094,565)	-
Total shareholders' (deficit)/funds	15	(1,094,365)	200

The notes on pages 7 to 11 form part of these accounts.

Approved by the Board on 12, 2005

G S Cherry

R James

Directors

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

	Note	2004 £	2003 £
Net cash outflow from operating activities	13	(17,845,866)	(13,655,858)
Return on investment and servicing of finance			
Interest received		8,022	-
Interest paid		(604,943)	-
Issue costs on new bank loan		-	(375,000)
		<hr/>	<hr/>
Net cash outflow before financing		(18,442,787)	(14,030,858)
Financing			
Issue of share capital		-	199
Increase of shareholder loan		6,455,756	3,679,800
Increase in borrowings		12,821,775	10,350,859
		<hr/>	<hr/>
Net cash inflow from financing		19,277,531	14,030,858
		<hr/>	<hr/>
Increase in cash	14	834,744	-
		<hr/>	<hr/>

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

- 1 The principal accounting policies of the Company are as follows:

Basis of Preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and in accordance with the Companies Act 1985.

The Company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value. Cost of stocks comprises construction costs and other development expenditure.

The Directors regularly review all stocks and where, in their opinion, the net realisable value of any individual site is less than cost then provision is made to reduce the cost of stock to net realisable value. When each property is sold any provision which had been made against that unit at the previous year-end is released to trading profit. Where net realisable value exceeds cost, no account is taken of the increase until it is realised.

Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.

Interest payable and similar charges

Interest payable and similar charges are written off to the profit and loss account on an accruals basis.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is arrived as after charging:

	2004 £	2003 £
Auditor's remuneration	6,000	-
	<hr/>	<hr/>

3 EMPLOYEES AND DIRECTORS' EMOLUMENTS

None of the Directors received any emoluments in respect of their services to the company during the period. (2003: £Nil). The company has no employees. (2003: Nil).

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

4 TAXATION	2004 £	2003 £
UK corporation tax at 30% Current year	-	-
Deferred tax credit	469,099	-

The deferred tax credit has been estimated at the standard rate of UK corporation tax (30%).

5 INVESTMENTS

Accordia Street Garden Limited is a wholly owned subsidiary of Countryside Properties (Accordia) Limited registered in England and Wales, and has been set up for the management of private open spaces on the Accordia site.

	2004 £	2003 £
Investments		
Opening balance at 1 October 2003	-	-
Additions	21	-
Closing balance as at 30 September 2004	21	-

6 STOCKS

	2004 £	2003 £
Work in progress	50,036,992	35,404,243

7 DEBTORS

	2004 £	2003 £
VAT	8,184	1,029,627
Deferred Tax	469,099	-
Shareholder Loans and Equity contributions due from:		
Apollo Accordia LLC	-	993,600
Apollo Accordia (EU) LLC	-	846,400
Countryside Properties PLC	150,644	-
	627,927	2,869,627

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

A deferred tax asset of £469,099 (2003: £Nil) has been recognised in respect of carried forward losses

	2004 £	2003 £
Deferred tax asset at 1 October	-	-
Credit to profit and loss in current year (Note 4)	469,099	-
	<hr/>	<hr/>
Deferred tax asset at 30 September	469,099	-
	<hr/>	<hr/>

8 CREDITORS

	2004 £	2003 £
Amounts falling due within one year:		
Trade Creditors	1,429,762	573,950
Land Creditors	8,656,076	7,611,910
Accruals and deferred income	857,331	284,961
	<hr/>	<hr/>
Shareholder Loan and Equity contributions due to Countryside Properties PLC	-	1,840,000
	<hr/>	<hr/>
	10,943,169	10,310,821
	<hr/>	<hr/>
Amounts falling due after one year:		
Land Creditors	8,013,025	14,307,190
Bank Borrowings	22,905,634	9,975,859
Amounts owed to subsidiary undertaking	21	-
Management Charge:		
Countryside Properties PLC	223,000	-
Apollo Accordia	223,000	-
	<hr/>	<hr/>
Shareholder Loans		
Countryside Properties PLC	5,143,100	1,839,900
Accordia LLC	2,777,274	993,500
Apollo Accordia (EU) LLC	2,365,826	846,400
	<hr/>	<hr/>
	41,650,880	27,962,849
	<hr/>	<hr/>

The bank borrowings are secured by a first charge on the development and work in progress owned by the Company and are repayable on 30 September 2007, interest on which is 1.75% over LIBOR. Loan costs of £375,000 have been amortised on a straight line basis over a 42 month period.

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

9 CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted, called up and fully paid		
5000 "A" Ordinary shares of 2p	100	100
5000 "B" Ordinary shares of 2p	100	100
	<hr/>	<hr/>
	200	200
	<hr/>	<hr/>

The "A" and "B" shares have identical voting and other rights.

10 RESERVES

	2004 £	2003 £
Profit and loss account		
At 1 October 2003	-	-
Loss for the year	(1,094,565)	-
	<hr/>	<hr/>
At 30 September 2004	(1,094,565)	-
	<hr/>	<hr/>

11 CAPITAL COMMITMENTS

The Company had no capital commitments at 30 September 2004 (2003: £Nil).

12 RELATED PARTY TRANSACTIONS

The Company is owned by Countryside Properties PLC (50%) Apollo Accordia LLC (27%) and Apollo Accordia (EU) LLC (23%). In accordance with the terms of the joint venture agreement, the company conducted the following transactions;

<u>Countryside Properties PLC</u>	
Management charge	£223,000
 <u>Apollo Accordia</u>	
Management charge	£223,000

As at 30 September 2004 a balance of £2,241,504 was payable to Countryside Properties PLC (2003: £4,124,961); payable to Apollo Accordia £223,000 (2003: £Nil).

The balance payable to Countryside Properties PLC can be analysed as follows:

Land introductory fee	£2,000,000
Management charge	£223,000
Miscellaneous reimbursements	£18,504

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

13 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2004	2003
	£	£
Operating (loss)	(487,466)	-
(Increase) in stock	(14,632,749)	(35,404,626)
Decrease/(Increase) in debtors	1,021,443	(1,029,626)
(Decrease)/Increase in creditors	(3,747,094)	22,778,394
	<hr/>	<hr/>
Net cash outflow from operating activities	(17,845,866)	(13,655,858)
	<hr/>	<hr/>

14 ANALYSIS OF CHANGES IN NET DEBT

	30/09/03	Cash Flow	Non Cash	30/09/04
	£	£	Items	£
			£	
Cash at bank	-	834,744	-	834,744
Bank borrowing	(9,975,859)	(12,821,775)	(108,000)	(22,905,634)
Shareholder loan	(3,679,800)	(6,455,756)	-	(10,135,556)
	<hr/>	<hr/>	<hr/>	<hr/>
	(13,655,659)	(18,442,787)	(108,000)	(32,206,446)
	<hr/>	<hr/>	<hr/>	<hr/>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	2004	2003
	£	£
Loss on ordinary activities after taxation	(1,094,565)	-
Issue of share capital	-	199
	<hr/>	<hr/>
Shareholders' (deficit)/funds at 1 October	200	1
Shareholders' (deficit)/funds at 30 September	(1,094,365)	200
	<hr/>	<hr/>

16 INTEREST PAYABLE

	2004	2003
	£	£
Interest payable on bank borrowings	(976,220)	-
Amortisation of loan costs	(108,000)	-
	<hr/>	<hr/>
	(1,084,220)	-
	<hr/>	<hr/>
Interest receivable	8,022	-
	<hr/>	<hr/>
	(1,076,198)	-
	<hr/>	<hr/>