

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

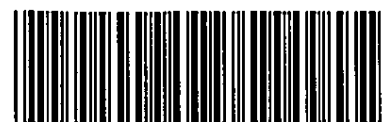
DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED

30 SEPTEMBER 2007

REGISTERED NUMBER 04422681

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COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007

The Directors submit their annual report together with the accounts for the year ended 30 September 2007

DIRECTORS

The Directors of the Company during the year were

G S Cherry
R P Hoyles
R S Cherry
C P Crook
J Robertson
M Pashley
W S Benjamin
A W Lamont

BUSINESS REVIEW

Activities of the Company

The Company is a specialist developer of luxury residential apartments in Cambridge and is a joint venture between Countryside Properties (UK) Limited, Apollo Accordia LLC and Apollo Accordia (EU) LLC

The Company has undertaken the development of a former M A F F site at Brooklands Avenue, Cambridge. Construction of 73 dwellings commenced in September 2003 and completed in June 2006. All 73 have now been sold on the open market to date along with associated car parking. In addition, 100 affordable dwellings were constructed and sold to the Wherry Housing Association. In September 2006, land with a detailed planning consent for a further 192 residential plus 13 affordable dwellings was sold to Redeham Homes.

The Company has utilised Kajima Construction Europe (UK) Limited under Design & Build contracts for the procurement and construction of the development. Contract administration services have been provided to the Company under contract by Philip Pank Partnership.

On 3 October 2005, Kajima Construction Europe (UK) Limited paid a sum of £19.5m to the Company to settle all claims for delays under the current phase of the development and to release them from their obligations under a fixed price design and build contract for the remaining phases of the site at Brooklands Avenue, Cambridge. As explained in note 2 to the accounts, £16.8m of the £19.5m was recognised as exceptional income in the year ended 30 September 2006. The balance of £2.7m was recognised within cost of sales being attributable to Phase 1 of the development and receivable in the ordinary course of the Company's activities during 2006.

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2007 (Continued)

Trading Results

The activities of the Company in the year resulted in the sale of the final 5 dwellings and associated car parking (2006 42). The average selling price of new dwellings sold during the year was £0.92m (2006 £0.68m). 8.88 acres of net developable land was sold for £32.23m to Redeham Homes (Accordia) Limited on 30 September 2006. Turnover for the year was £6.49m (2006 £64.67m) producing a post tax profit of £1.33m (2006 £15.64m).

During the year, a dividend of £5,000,000 was paid to the shareholders (2006 £10,000,000).

The Company was funded during the year by equity share capital and retained reserves (2006 Shareholder loans and a development loan facility provided by National Westminster Bank Plc. Both the development loan and shareholder loans were repaid in full during 2006).

Business Environment

Demand in the geographical location of the Company's operations coupled with the unit size and quality of product offered by the Company was strong throughout the year, with the result that all remaining units were disposed in line with, or exceeded budgeted expectations in the first trading quarter of 2007.

Future Outlook & Prospects

Subsequent to the balance sheet date, the Company has discharged the key performance obligations arising under the Land Sale Agreement dated 29 September 2006. As a result, the Company has reached a positive settlement in discharging its potential liabilities arising under the obligations. The attributable net profit of £0.50m and sums due receivable and payable are shown in the financial statements in accordance with FRS21 – Events After the Balance Sheet Date.

On 28 May 2008 a further dividend of £1,505,427 was approved by the Board and was paid to the shareholders.

No future development activities have been identified by the Directors and as such the Company will scale down operations in the forthcoming year.

Principle Risks & Uncertainties

As a result of the Company activities in the year and the discharge of key obligations after the balance sheet date, the Directors are of the opinion that there are no considered material risks or uncertainties facing the Company in the short term.

POLITICAL AND CHARITABLE DONATIONS

The Company made no political or charitable donations in the year (2006 £Nil).

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007 (Continued)

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 and cashflow for the 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,
- 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 they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the 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

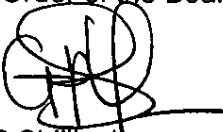
AUDITORS

So far as the Directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are not aware

The Directors have taken all the relevant steps that they ought to have taken in their duty as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Pursuant to Section 386 of the Companies Act 1985 (amended), an elective resolution was passed on 1 May 2002 dispensing with the requirement to appoint auditors annually. Therefore, PricewaterhouseCoopers LLP are deemed to continue as auditors

By Order of the Board


G P Shillinglaw
Secretary

16 June 2008

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

We have audited the financial statements of Countryside Properties (Accordia) Limited for the year ended 30 September 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 (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). 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 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.

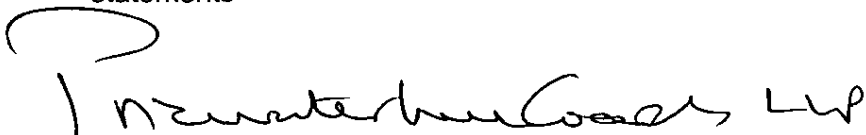
COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED (Continued)

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 30 September 2007 and of its profit and cashflows 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



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

18 June 2008

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Note	2007 £	2006 £
Turnover	1	6,493,976	64,672,601
Cost of sales		(4,848,413)	(57,710,547)
Gross profit		1,645,563	6,962,054
Administration expenses		(5,100)	(464,402)
Other operating income	2	-	16,751,473
Operating profit	3	1,640,463	23,249,125
Net interest receivable/(payable) and similar charges	4	262,000	(900,044)
Profit on ordinary activities before taxation		1,902,463	22,349,081
Taxation	5	(570,739)	(6,704,731)
Profit on ordinary activities after taxation		1,331,724	15,644,350
Dividend paid		(5,000,000)	(10,000,000)
Retained (loss)/profit for the financial year	11	(3,668,276)	5,644,350

The profit for the financial year arises from continuing operations

There is no difference between the reported profit and the historical cost profit 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 9 to 15 form part of these accounts

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED
BALANCE SHEET AS AT 30 SEPTEMBER 2007

	Note	2007 £	2006 £
CURRENT ASSETS			
Stocks	7	-	1,639,617
Debtors	8	778,425	2,668,451
Cash at bank		2,892,282	13,399,321
		<u>3,670,707</u>	<u>17,707,389</u>
CURRENT LIABILITIES			
Creditors due within one year	9	(1,957,758)	(12,326,164)
		<u>1,712,949</u>	<u>5,381,225</u>
NET ASSETS			
CAPITAL AND RESERVES			
Share capital	10	200	200
Profit and loss account	11	1,712,749	5,381,025
		<u>1,712,949</u>	<u>5,381,225</u>
Total shareholders' funds	15	<u>1,712,949</u>	<u>5,381,225</u>

The notes on pages 9 to 14 form part of these accounts

Approved by the Board on

16 June 2008

G S Cherry

Director

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Note	2007 £	2006 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	13	(1,827,142)	61,679,437
RETURN ON INVESTMENT AND SERVICING OF FINANCE			
Interest received		262,000	186,592
Interest paid		-	(802,636)
Bank loan fees		-	(125,000)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		262,000	(741,044)
Equity dividends paid		(5,000,000)	(10,000,000)
TAXATION			
UK corporation tax paid		(3,941,897)	(2,649,980)
DISPOSALS			
Disposal of interest in subsidiary undertaking		-	21
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(10,507,039)	48,288,434
FINANCING			
Decrease in bank borrowings		-	(23,500,000)
Decrease in shareholder loans		-	(12,000,000)
NET CASH OUTFLOW FROM FINANCING		-	(35,500,000)
(DECREASE)/INCREASE IN CASH	14	(10,507,039)	12,788,434

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

1 ACCOUNTING POLICIES

The principal accounting policies of the Company are as follows

Changes in accounting policies

The Company has adopted FRS20, Share Based Payments and FR26 Financial Instruments, Measurement in the previous year

FRS20 and FRS26 have not resulted in the restatement of retained earnings and have no impact on the results or net assets for the current or prior years

Basis of Preparation

The accounts are prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985

Turnover

Turnover comprises sales of land and sales of properties where building has been completed and the property has been legally transferred to the purchaser. In the case of the long term building contract with Wherry Housing Association, turnover includes amounts invoiced during the year for work certified as completed under the contract. Sales of secondhand properties acquired solely to assist the sale of new properties under the Company's part-exchange scheme are not included in turnover.

Gross Profit

Profit is recognised on legal completion of the land sale and of each property at the margin contemplated to be received on the completion of the development. In the case of building contracts, profit is recognised against work certified under the contract at the margin anticipated on the completion of the development.

Interest receivable/payable and similar charges

Interest receivable/payable and similar charges are charged to the profit and loss account on an accruals basis.

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.

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2007 (Continued)

1 ACCOUNTING POLICIES (Continued)

Taxation

The tax currently payable is based on the profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income and expense that are taxable in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised in respect of material timing differences that have originated but not reversed at the balance sheet date where the transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred. Deferred tax is measured at the tax rate expected to apply when the timing differences reverse, based on tax rates enacted, or substantially enacted at the balance sheet date.

A deferred tax asset is only recognised when it is more likely than not that it will be recoverable in the future. Deferred tax assets and liabilities are not discounted.

Interest payable, interest receivable and similar charges are charged to the profit and loss account on an accruals basis.

2 OTHER OPERATING INCOME

During year ended 30 September 2006 the Company has recognised an exceptional operating income of £16,751,473 in 2006 as part of the £19,500,000 settlement claim received from Kajima Construction Europe (UK) Limited for the release of all future development obligations under a design and build contract. The balance of £2,748,527 was recognised within cost of sales being attributable to the Phase 1 of the development and receivable in the ordinary course of the Company's activities.

3 OPERATING PROFIT

The operating profit is arrived at after charging

	2007 £	2006 £
Auditors' remuneration	5,100	7,000

None of the Directors received any emoluments in respect of their services to the Company during the year (2006: £Nil). The Company had no employees during the year (2006: Nil).

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007 (Continued)

4 NET INTEREST RECEIVABLE/(PAYABLE) & SIMILAR CHARGES

	2007 £	2006 £
Interest payable on bank borrowings	-	(802,636)
Amortisation of loan costs	-	(284,000)
	-	(1,086,636)
Interest receivable	262,000	186,592
	262,000	(900,044)

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
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(i) Analysis of tax charge for the year

CORPORATION TAX

Current year	570,739	6,591,877
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Total current tax charge	570,739	6,591,877
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DEFERRED TAX

Deferred tax charge (note 8)	-	112,854
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Tax charge for the year	570,739	6,704,731
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	2007 £	2006 £
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(ii) Factors affecting the tax charge for the current year

Profit on ordinary activities	1,902,463	22,349,081
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Profit on ordinary activities multiplied by the standard rate of corporation tax of 30 per cent	(570,739)	(6,704,724)
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Deferred tax utilisation of losses	-	112,854
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Expenses not deductible for tax purposes	-	(7)
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Current tax charge for the year	(570,739)	(6,591,877)
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(iii) All previous losses have been fully utilised and there is no longer a deferred tax asset

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007 (Continued)

6 INVESTMENT

On 29 September 2006 the Company disposed of its interest in Accordia Street Garden Limited, a wholly-owned subsidiary undertaking

Investments	2007 £	2006 £
Opening balance at 1 October	-	21
Disposals	-	(21)
Closing balance as at 30 September	-	-

7 STOCKS

	2007 £	2006 £
Work in progress	-	1,639,617

8 DEBTORS

	2007 £	2006 £
Trade debtor	198,485	1,018,237
Other debtor	579,940	1,650,214
	778,425	2,668,451
	2007 £	2006 £
Deferred tax asset at 1 October	-	112,854
Charge to profit and loss in current year (Note 5)	-	(112,854)
Deferred tax asset at 30 September	-	-

9 CREDITORS

	2007 £	2006 £
Amounts falling due within one year		
Trade creditors	1,027,518	606,541
Corporation tax	570,739	3,941,897
Other taxation	-	5,503,522
Accruals and deferred income	359,501	2,274,204
	1,957,758	12,326,164

COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (Continued)

10 CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised, allotted, issued 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" Ordinary Shares have identical voting rights. Dividends and the return of assets on liquidation or otherwise, are subject to distribution following the payment of any priority payments due under any Relevant Agreement as defined in the Company's Articles of Association.

11 RESERVES

	2007 £	2006 £
Profit and loss account		
At 1 October	5,381,025	(263,325)
Profit for the year	1,331,724	15,644,350
Dividends paid	(5,000,000)	(10,000,000)
	<hr/>	<hr/>
At 30 September	1,712,749	5,381,025
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12 CAPITAL COMMITMENTS

The Company had no capital commitments at 30 September 2007 (2006 £Nil)

13 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	1,640,463	23,249,125
Decrease in stock	1,639,617	46,162,662
Decrease/(increase) in debtors	1,890,026	(2,502,167)
Decrease in creditors	(6,997,248)	(5,230,183)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(1,827,142)	61,679,437
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COUNTRYSIDE PROPERTIES (ACCORDIA) LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (Continued)

14 ANALYSIS OF CHANGES IN NET CASH

	30/09/06 £	Cash flow £	30/09/07 £
Cash at bank and in hand	13,399,321	(10,507,039)	2,892,282
	<u>13,399,321</u>	<u>(10,507,039)</u>	<u>2,892,282</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit on ordinary activities after taxation	1,331,724	15,644,350
Dividends paid	(5,000,000)	(10,000,000)
	<u>(3,668,276)</u>	<u>5,644,350</u>
Shareholders' funds/(deficit) brought forward	5,381,225	(263,125)
Shareholders' funds carried forward	<u>1,712,949</u>	<u>5,381,225</u>

16 POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the Company has discharged the key performance obligations arising under the Land Sale Agreement dated 29 September 2006. As a result, the Company has reached a positive settlement in discharging its potential liabilities arising under the obligations. The attributable net profit of £0.50m and sums due receivable and payable are shown in the financial statements in accordance with FRS21 – Events After the Balance Sheet Date.

On 28 May 2008 a further dividend of £1,505,427 was approved by the Board and was paid to the shareholders.

17 RELATED PARTY TRANSACTIONS

The Company is a joint venture owned by Countryside Properties (UK) Limited incorporated in Great Britain (50%), Apollo Accordia LLC (27%) incorporated in the USA and Apollo Accordia (EU) LLC (23%) incorporated in the USA. In accordance with the terms of the joint venture agreement, the Company has had the following transactions with related parties in the year:

	2007 £	2006 £
Countryside Properties (UK) Limited – Management charge	<u>-</u>	<u>225,000</u>
Apollo Accordia LLC – Management charge	<u>-</u>	<u>225,000</u>